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GREEN BANKING AS THE PROSPECTIVE DIMENSION OF BANKING IN INDIA

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Abstract

This study examines the function of environmental, or green, banking in fostering holistic and sustainable development. The notion of environmental banking is crucial due to the considerable limits of assessing a nation's prosperity exclusively through gross domestic product (GDP). The main aim of this research is to determine how green banking can facilitate and guarantee sustainable growth. This descriptive study utilises current literature and survey-based questionnaires to examine the correlation between environmental banking and sustainable development. The findings indicate that several organisations often overlook significant environmental initiatives, underscoring the necessity for effective green finance processes. The study indicates that banking staff has significant influence in formulating economic policies concerning rights and liabilities within emissions trading schemes and financial carbon banking. The overall findings underscore the essential significance of implementing effective environmental banking practices to attain sustainable development. Emphasis is placed on environmental taxation, the pricing and appreciation of ecosystem services, the assessment of greenhouse gas emissions, and the expenses associated with pollution. These factors are essential for promoting a comprehensive approach to sustainable development.

Key Words: Sustainable Development, Banking Environment Initiative (BEI), Banking for Natural Resources, New Dimension of Banking.

Introduction

Environmental banking is a field that deals with resource management as well as assessing and expressing the economic effects of national or corporate actions on the environment. It includes many expenditures, including repair of contaminated areas, environmental fines and levies, investment in pollution prevention technologies, and waste management costs. The structure of environmental banking consists of two main methodologies: Conventional banking and ecological banking that are ecologically differentiated. Ecologically differentiated banking operates by quantifying in financial terms natural environment into which organisations are exposed. In contrast, ecological banking quantifies the physical environmental impacts of a firm. Operational efficiency and financial performance are frequently critical to organisational development and survival, but these criteria alone do not provide the basis for consistent growth. Today's enterprises are increasingly expected to value economic performance together with environmental and social responsibilities.

In the 1990s, the notion of sustainability was much talked about the term being 'accounts of sustainability.' Generally perceived as an ambiguous expression of duty, sustainability has become a fundamental framework for breach in planetary boundaries, human rights and social

justice, all essentials for sustainable development. These things are no longer only mere abstractions, they are tied to existential human challenges. These are issues that organisations must take on, be responsible for the welfare of the planet and ensure their operations are aligned to sustainable development goals. The discussion of sustainability has significantly expanded into fields including areas of environmental biology and ecotoxicology, legislation, facility engineering, waste management, social science, entrepreneurship, and banking. In this regard, Environmental Management Accounting (EMA) and Environmental Financial Accounting (EFA) integrate questions of academic research with questions of practical application to address sustainability challenges in a systematic way. Despite their importance, the methodologies above cannot resolve intrinsic difficulties in their complexity and interrelatedness.

There are considerable disparities between environmental banking methods used in rich and developing countries because of different research sites, ecological states, and the propensities on the grounds. In turn, banking has been gradually widening the scope of its business to move beyond the financial sector, managing financial resources in such areas as environment, society and others. Like any other sector, social behaviours such as poor waste management practices coupled with an increased reliance on fuel powered vehicles have significantly impacted the environmental sector, worsening the environment and worsening human health. There has been a growing concern about these issues, and remedial actions are being taken among stakeholders from the governments, the corporations and civil society. These efforts aim to lower pollution and its related risks to an human and environment's health. A pivotal inquiry arises: How can we efficiently implement environmental banking within industrial enterprises? Given the high pollution levels generated on account of chemicals and gases released as a consequence of industrial activities, this inquiry is particularly pertinent. This situation requires increasing knowledge and prioritizing societal and environmental benefits.

The significance of environmental banking is pointed out in this study through analysis of a number of sources and evaluation of the implementation status of this form of banking in industrial enterprises. Environmental banking has become significant as a way to quantify and regulate the costs for waste disposal attributable to manufacturing operations. The information serves as an important decision-making tool, helping organizations improve resource efficiency and reduce environmental impact. Environmental banking concepts are integrated into enterprises to achieve sustainability and guarantee that society and the world receive enduring advantages.

Review of Literature

One main standard setter for the disclosure of environmental data is the Global Reporting Initiative (GRI) which offers a multi stakeholder framework (Orazalin & Mahmood, 2019). According to García et al. (2019), GRI rules lead to improved corporate communication as well as adaptation of organisational plans to meet the expectations of external stakeholders. According to Fuente et al. (2017), the introduction of these rules meets stakeholders' expectations of openness and gives businesses avenue to borrow legitimacy and accountability in environmental operations (Wachira et al., 2019). The GRI standards greatly support the

articulation of environmental performance in terms of 'limits and demands' for global or regional contexts (Tost et al., 2018). This is something that companies are now able to offer diverse environmental disclosures across sectors and that is becoming ever more popular with stakeholders and investors (Gallego et al., 2018). Furthermore, the use of a standardised reporting language has been essential in order to increase the clarity and comparability of these disclosures. Environmental banking in India is in its infancy. Business records for the most part contain data that represents current regulations, not environmental stewardship. A lack of widespread public awareness on environmental safety slows our progression. To progress sustainability objectives Organisations, have to conceptualize and implement comprehensive environmental policies, execute pollution mitigation strategies and produce to relevant environmental regulations. Sustainable development activities should explicitly include in annual financial statements and built on top of inclusive policies and structured banking practices (Malik & Mittal, 2015).

Sustainable development includes mitigation of environmental consequences. However, most of these corporations chronically fail to maintain comprehensive records of how their environmental impacts impede on the financial and operational viability of the corporation. Therefore, there is not enough data to evaluate environmental outcomes properly. Moreover, Ionescu et al. (2014) pointed to the need of environmental factors to be brought into national accounts in order to control the methods of production, and the way resources are deployed. Integrated economic-environmental banking evaluates the possibility of sustainable economic growth preserving natural capital. According to Bartelmus (1992) the responsibility for environmental impacts of socio-economic policies is an important aspect for sustainable development. This method comprises of the social evaluation of non-economic objectives through the norms, standards and aims for the all-round improvement. Bartelmus (2013) assessed environmental bank techniques by looking at the national level to highlight the importance of energy in banking and sustainability assessments.

There is a need to save biodiversity, improve ecosystem management and use renewable resources such as bioenergy and harvested wood products. The merging of national and international banking systems with emission trading framework, for instance, carbon banking strategies offer more benefits than disadvantages as per research, such as the one by Ellison, Lundblad, and Petersson (2011). Environmental banking and sustainability reporting have become important tools to achieving sustainable development and handling global environmental issues. Primarily, the GRI is a premiere non-financial disclosure framework which allows organizations to easily and clearly give the public environmental data. According to Argento et al. (2019) the GRI is a multi-stakeholder initiative which hires governance frameworks, management systems and sustainable practices. The implementation of GRI principles will help companies align how they address stakeholder expectations, improve transparency and accountability in operations (García-Sánchez et al,. 2019). According to KPMG, (2017) their survey on non-financial reporting declares the increasing use of GRI standards by enterprise organization due to heightened sense of their importance. Standardization of environmental reporting is led by GRI, central to which is made the statement by the Alliance for Corporate Transparency (2020). Fuente et al. (2017) highlight, that these rules both address the clamor of stakeholders to be more open, and help corporations

justify their environmental actions. In addition, such environmental performance can also be assessed in the framework of the GRI rules regarding 'limits and demands' in specific regions as explained by Tost et al. (2018). Sustainability reporting variability among industries constitutes a substantial factor of environmental disclosures. According to Gallego et al. (2018), given the high demand from stakeholders and investors these variations need to be standardized as part of the reporting language in order to increase the clarity and comparability of disclosures.

Malik and Mittal (2015) further analyze that the disclosures in business records are mainly earmarking regulatory mandates than proactive environmental initiatives. The banks have not reached this point of environmental sustainability development due to insufficient public knowledge of environmental safety. Corporations must create total environmental policy, obey the legislation and make sustainability a part of the annual financial report to approach to this theme. Ionescu et al. (2014) argue that to steer production processes and resource use globally environmental factors must be incorporated into national accounts, and in particular into total capital. Assessing natural capital and formulating socio economic policies for sustainable development are essential (Bartelmus 1992, 2013). According to Ellison et al. (2011), carbon banking schemes and emission pricing systems are promising, but to safeguard biodiversity and improve ecosystem management their scope needs to be extended. Promoting sustainable development is also going to need some frameworks (such as GRI) and developing practices (such as environmental banking). These instruments increase openness and accountability and provide the basic architecture to address environment problems at corporate and national levels.

Research Methodology

The study was conducted on a descriptive research model with the use of a survey analysis style and therefore knowledge was drawn from each primary and secondary source. Primary knowledge was obtained from respondents drawn from Delhi NCR; whereas the secondary knowledge was from contributions from previous researchers. A sample size of three hundred ninety respondents was used when implementing judgmental sampling techniques on the dimensions of the population of the realm. The collected knowledge was analyzed victimization the Pearson parametric statistic as a correlation coefficient and chi-square with cross-tabulation. The survey questionnaire results in questions related to Banking Environment Initiative (BEI) emissions reduction, material use, energy use, and reduction in deforestation, etc.; and included questions related to the organization that plays an important role in the government's sustainable development programs.

Objectives

1. To know the role of Banking Environment Initiative (BEI) perspective on sustainable development.
2. To analyze the impact of Banking Environment Initiative (BEI) on sustainable development.

3. To examine the relationship between sustainable business practices and growth standards

of banking.

Hypothesis

H1o: Banking Environment Initiative (BEI) is not related to sustainable development. H1a: Banking Environment Initiative (BEI) is related to sustainable development.
H2o: There is no significant relationship between sustainable business practices and growth standards of banking.

H2a: There is a significant relationship between sustainable business practices and growth standards of banking.

Analysis and Interpretation

The calculated Pearson correlation coefficient (r cal.) used to evaluate the correlation between the dependent variable and the explanatory variable in the analysis turned out to be 0.79.
Table 1.1 SPSS output for Pearson correlation coefficient

Variable Calculated	**∑X ∑Y**	**$\sum X^2$ $\sum Y^2$**	**∑XY**	**r – calculated**
Banking Environment Initiative (BEI)	1043	3178	2976	0.79
Sustainable Development	986	2689		

The following table for modelling the association relationship between Banking Environment Initiatives (BEI) and Sustainable Development through a Pearson correlation analysis. The data includes the values for each variable aggregated together and in squared units, as well as the cumulative totals. It also computes the correlation coefficient (\(r \)) which measures the degree of association between the two variables. The Banking Environment Initiatives total score is 1043, with squared total sum up to 3178. The squared totals for Sustainable Development is 2689, and the total score is 986. The overall score for the two variables is 2976. The correlation value exhibits positive strong association with the Pearson value 0.79. The results suggest that if interior banking activities for environmental protection are intensified, sustainable development will enhance notably. A correlation of 0.79 displays a strong relationship which shows that the environmental banking measures are effective in promoting a green growth. Thus, ecofriendly finance is important in helping achieve overreaching sustainability goals. The research results show that Banking Environment Initiative (BEI) is positively associated with sustainable development in India, so the researcher rejects the null hypothesis and accepts the alternative hypothesis, which states that Banking Environment Initiative (BEI) in India There is an important connection between and sustainable development. The analysis thus found the impact of Banking Environment Initiative (BEI) on sustainable development.

Relationship between sustainable business practices and growth standards of Banking

To test whether there is a relationship between sustainable business practices and the growth standards of Banking, Chi-Square's contingency tests have been implemented with a critical

level of 5% (α =.05). The relevant part of the SPPS output generated for analysis is as follows.

Table 1.2 Sustainable business practices * Growth standards of Banking Cross-tabulation

			Improvement in Growth standards of Banking					
			SD	D	N	A	SA	Total
Sustainable Business Practices	SD	Count	31	0	0	0	0	31
		% of Total	6.80%	.00%	.00%	.00%	.00%	6.80%
	D	Count	0	61	0	30	0	91
		% of Total	.00%	13.40%	.00%	6.60%	.00%	2.00%
	N	Count	30	0	91	0	60	181
		% of Total	6.60%	.00%	2.00%	.00%	13.20%	39.70%
	A	Count	30	0	0	92	0	122
		% of Total	6.60%	.00%	.00%	2.20%	.00%	26.80%
	SA	Count	0	0	0	0	31	31
		% of Total	.00%	.00%	.00%	.00%	6.80%	6.80%
	Total	Count	91	61	91	122	91	456
		% of Total	2.00%	13.40%	2.00%	26.80%	2.00%	10.00%

The table presents a cross-tabulation analysis of Sustainable Business Practices and Enhancement of Growth Standards in banking, analyzing the links of these factors based on the responses of the participants. The scales for ratings were applied to both sustainable company practices and growth criteria on a 5-point likert scale (Strongly Disagree, Disagree, Neutral, Agree, and Strongly Agree). The total number of respondents was 456. Moreover, 6.8% of the respondents strongly oppose sustainable business practices and banking expansion, 20% oppose, and 39.7% are neutral. Moreover, 26.8% agree that sustainable methods improve the banks' growth criteria and 6.8% strongly agree. All 31 of the individuals in the top quartile of opposition to sustainable procedures (6.8% of the total) also strongly opposed enhancements in banking growth. Likewise, individuals opposed to sustainable methods exhibited a varied response: 13.Six point sixtyone percent supported growth criteria; four percent opposed. About 20% of the total respondents held a neutral standpoint about the banks' growth. A large percentage of people that endorse sustainable practices also agree with banking growth guidelines (20.2% of all). We found that none of the respondents expressed strong agreement with sustainable practices coupled with strong disagreement for banking growth. This work reveals a strong correlation among endorsement of sustainable practice with banks growth requirement perceived favourably. Ambiguity and indecision exist amongst some of the respondents in regards to the relationship between sustainability and growth, which is supported by the numerous indifferent replies, the lack of understanding and communication towards advantages of sustainable business practices in the banking sector is needed.

Table 1.3 Chi-Square Tests

Chi-Square Tests	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	847.437[a]	18	.001
Likelihood Ratio	830.112	18	.001

Linear-by-Linear Association	103.407	1	.007
N of Valid Cases	390		

a. The minimum expected count is 4.15 and 2 cells (8.0%) have expected count less than 5.

The results presented in Table 1.3 of the Chi-Square test imply a close relationship between Sustainable Business Practices and the Improvement of Banking Growth Standards. More specifically, the Chi-Square test is equal to 847.437 for 18 degrees of freedom with a significance level being equal to 0.001 in the present case. Since $p < 0.05$ which is the agreed level of significance, the null hypothesis which states that there is no relationship between sustainable practices and the expansion of the banking sector is rejected. As it stands, this finding supports the argument in this research that sustainable business practices improve banking growth indices. The statistical significance meant that sustainability should become part of business strategies since this matches the expectations of stakeholders, and it ensures sustainable development and stability in the banking industry.

From the table, we see that the Likelihood Ratio equals 830.112 and a p-value equal to 0.001. The p-value is analogically below 0.05 so, in other words, the null hypothesis is rejected with the support of the similar Pearson Chi-Square test. This further supports the argument that there is a substantial relationship between sustainable practices and bank's growth norms. A test of the Linear-by-Linear Association with a value of 103.407 and p-value of 0.007 suggests a linear relationship between the two variables. This shows that as sustainable business practice evolves, so is the set yard stick in banking practices. The table shows that 8.0% of the cells have an expected count less than 5 and hence problem with the credibility of the results, but the overall importance of the chi-square tests implies a strong connection. The chi-square test results show compelling evidence that sustainable business practices greatly improve banking growth requirements. This is supported by the cross-tabulation data in Table 1.2 where 20.2% believe that sustainability measures help banking to grow.

Conclusions

India's GDP suffers from a primary shortcoming as an indicator of growth due to not taking into account the environmental degradation. The problem of incorporating environmental resource utilisation into GDP assessment is due to the problem of measuring environmental degradation. In this context, the challenge to the economics and banking sectors lies in how to promote data collaboration, formulate a framework that explicitly incorporate the environmental considerations, develop a legitimate way to value the environment, and recognize the multifarious ethical views on the value of natural resources held by different groups.

This study found that stakeholders believe the Banking Environment Initiative (BEI) is correlated with the sustainable development. The consequences of India's unchecked natural resource consumption, elevated greenhouse gas emissions, and ozone depletion, highlight the rapaciousness and irreparable damages associated with them which are barriers to the creation of a healthy business climate and human welfare. The recommendation to mitigate these

difficulties entails less of such harmful actions, with investors and stakeholders demanding organisations to accept responsibility for the environmental effects of their actions.

Environmental banking and reporting is instrumental in the enhancement of the decision making as it needs organisations to establish carbon emissions, energy consumption and other critical environmental metrics baselines. Organisations can recognize that that transition away from unsustainable consumption and production practices and to safeguard and manage India's natural resources is necessary, and establish reduction targets. These environmental reports are about accountability, openness, and trustworthiness. The failure to provide such information could be seen as biassed, ambiguous, deceptive and hazardous, thus putting in jeopardy relationships with consumers, suppliers, investors, local communities, etc., perhaps even with governmental consequences.

Corporations are increasingly needed to manufacture efficient products, at competitive rates, yet without detrimental environmental consequences. The goal is to encourage sustainable development through minimisation of ecological impacts, creation of business value, improvement of human well-being and reduction of resource intensity using environmental performance metrics revealing the relationship between environmental parameters and financial performance. The research also seems to back that correlation between sustainable business practices and the banking growth metrics. Chi square and cross tabulation analyses reveal that majority of the respondents believe sustainability measures are indispensable in raising the banking growth. Performance evaluation and objective setting are essential for organisations as a way of increasing their productivity, profit and sustainability. Organizations can reduce carbon emissions and waste as well as material utilization and cost of operation by carefully monitoring energy consumption, waste, water and materials, which in turn, strengthen operational efficiency. Having accurate data, unlike data provided by most vendors, allows Indian enterprises to benchmark their performance, and work towards necessary changes to tackle environmental issues. Whenever possible, establishing environmental standards or baselines and the use of graphical indicators to consistently show whether organizations are getting to, improving, or are not doing well to achieve their environmental objectives is advisable. It will enable the prompt corrective measure and also help in doing the effective execution of sustainable initiatives.

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