

GREEN BANKING THROUGH GREEN LENDING

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STATEMENT OF THE RESEARCH PROBLEM

- As Socially Responsible Corporate Citizens (SRCC), banks have a major role and responsibility in supplementing governmental efforts towards substantial reduction in carbon emission. Bank's participation in sustainable development takes the form of "Green Banking".

OBJECTIVE OF THE STUDY

- To examine and compare the green lending policies of banks in India in the light of their compliance and commitment to environment protection and environment friendly projects

RESEARCH DESIGN

- Secondary Data
- RBI Web Site
- Inter Net
- Right To Information Act

Response to Letters Through Right to Information Act- Canara Bank(Mysore)

- 1) Our Bank is encouraging issue of debit cards and providing internet Banking facilities to customers to conserve paper and benefit the environment.*
- 2) Total of 1.70 lakh debit cards have been issued as on June 2011 and 5,000 number of customers have enrolled for Internet Banking.*
- 3) However, a separate record/classification for such advances made is not maintained by the Bank*

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- *Canara Bank Bangalore (Rural) 2003-11 funded one project Renewable Energy (Wind) for Rs.5,500 lakhs*
- Information sought includes commercial confidence, trade secrets or intellectual property, the disclosure of which would harm the competitive position of a third party.

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- No larger public interest is involved in the disclosure of the information. Hence the information sought is exempted from disclosure under sec.8(1)(d) of RTI ACT 2005
- Have to take up the matter with HRD section, personal wing, Head office, Bangalore to do the project in the prescribed manner for research/studies.

STANDARD CHARTERD BANK- PROMOTING SUSTAINABLE FINANCE

- Introduced a formal Environmental and Social (E&S) risk policy to govern lending activities in 1997
- Ensuring the projects funded meet International environmental and social standards (Environment, Health & Social (EHS) guidelines developed by International Finance Corporation (IFC)

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- Have been a signatory to the Equator Principles (EP) since 2003 and applied to all projects
- Founding signatory and adopter of Climate Principles since 2009
- Four distinct stages to lending and Environmental and Social risks management process introduced in 2010

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- **Preliminary screening:**-(All project finance transactions are categorized and assessed against Equator principles)
- **Due diligence:** – Sustainable Finance team identifies environmental and social reputational risks, while credit department assesses specific credit risk. Client relationships and specific transactions that require scrutiny are escalated to Wholesale Banking Responsibility and Reputational Risk Committee (WBRRRC)

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- **Approval:-** All transactions require approval from credit department and depending on the level of risk, the WBRRRC
- **Monitoring:-** For project Finance, Portfolio monitoring team is responsible for ensuring client compliance with any agreed action plans. Any material deviation against the action plan is referred back to WBRRRC

CAN INDIAN BANKS IMPLEMENT GREEN LENDING