

Green Banking And Agricultural Credit Cooperatives

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Abstract:

Green banking means encouraging eco-friendly practices and lowering the carbon footprint of banking operations. It describes procedures that take into account all social and environmental aspects and strive to use information technology and banking procedures in a way that has the least possible negative environmental effects. The Indian economy is based on agriculture, and the prosperity of the sector has a substantial impact on the country as a whole. The advancement of the economy is being greatly aided by cooperative societies. In India, agricultural cooperatives are involved in a variety of activities directly and actively related to agriculture. Cooperatives have played a key role in geographically spreading conventional banking services to villages and small towns in India. The role of credit and credit institutions is well recognized concerning augmenting production and productivity. One of the basic objectives of rural credit institutions is to expand lending to effectively meet the demand of rural people. Over the 118 years of their existence, credit cooperatives have played an important role in the promotion of agriculture and rural development. The main objective of the paper is to identify the areas where green banking methods can be applied by the Agricultural credit cooperatives. It also highlights the challenges faced, opportunities, and benefits of green banking available for Agricultural credit cooperatives. This paper is mainly based on secondary data. Data is collected from a variety of sources, including websites, books, periodicals, and journals.

Keywords: Green Banking; Agricultural credit cooperatives; Environment; Technology

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I. Introduction

Green banking means encouraging eco-friendly practices and lowering the carbon footprint of banking operations. It describes procedures that take into account all social and environmental aspects and strive to use information technology and banking procedures in a way that has the least possible negative environmental effects. Technologies should only be utilized in a way that is sustainable and that does not harm the environment or ecosystem. The Indian economy is based on agriculture, and the prosperity of the sector has a substantial impact on the country as a whole. The advancement of the economy is being greatly aided by cooperative societies. In India, agricultural cooperatives are involved in a variety of activities directly and actively related to agriculture. The distribution of fertilizers and other inputs like seeds, pesticides, agricultural tools, etc., along with the disbursement of short-term and medium-term finance, are the most crucial activities. A minor percentage of the largely bank-dominated financial system is made up of cooperatives. However, they occupy a significant position in the system because of their geographic and demographic reach. Cooperatives have played a key role in geographically spreading conventional banking services to villages and small towns in India. According to demographics, these institutions have made it possible for low and middle-income individuals in both urban and rural locations to receive financial services. Most farmers in India fall into the category of small and marginal farmers. For their farming operations, they rely largely on credit. Unless these farmers are supported by a system that assures enough and timely availability of loans on reasonable terms and conditions, they will not be able to embrace modern agricultural practices.

II. Importance of study

The role of credit and credit institutions is well recognized concerning augmenting production and productivity. The three primary approaches for promoting rural financial services are institutional structure expansion, directed lending, and concessional or subsidized credit. One of the basic objectives of rural credit institutions is to expand lending to effectively meet the demand of rural people. Over the 118 years of their existence, credit cooperatives have played an important role in the promotion of agriculture and rural development. Their outreach has put them on the top of rural banking networks. The cooperative banks are providing financial assistance to various agro-based businesses like dairying, poultry, fisheries, agricultural marketing, and other related ventures with the aid of NABARD. Since the commencement of the cooperative movement, they have played a very important part in enabling farmers to access institutional loans. Agricultural credit cooperatives' primary goal is to advance their members' financial interests by upholding the cooperative ideals. Agricultural credit cooperatives offer finance to farmers, provide agricultural inputs, and manage the

marketing of agricultural products in order to achieve this goal. The majority of the farmers in India depend on cash /currency transactions for their daily needs and economic activities. Non-cash transactions (Internet banking and card transactions) are limited in rural areas. Farmers need information on things like weather, transportation, farming techniques, and commodity prices. The Indian government is working hard to encourage the application of science and technology in rural areas. Rural residents' needs for information on the weather, markets, etc. can be met by e-technology in an efficient manner. In the Union Budget 2016–17, the Central Government debuted the 'Digital Literacy Mission' program. The ability to use digital technologies like computers, smartphones, and the internet is known as digital literacy. The National E-Governance program's goal for e-government is to reach out to villages as quickly, inexpensively, and transparently as possible. The development of rural areas is significantly influenced by information and communication technologies. The degree of e-technology awareness is quite low and has to be raised through ongoing advertising and training initiatives. Social networking sites, television, and mobile devices can all help raise awareness. Changes in rural India are possible thanks to science and technology. Agricultural credit co-operatives are an integral part of the Indian rural economy. They are actively contributing to the growth of the economy.

III. Objectives

The main objective of the paper is to identify the areas where green banking methods can be applied by the Agricultural credit cooperatives. It also highlights the challenges faced, opportunities, and benefits of green banking available for Agricultural credit cooperatives.

IV. Methodology

This paper is mainly based on secondary data. Data is collected from a variety of sources, including websites, books, periodicals, and journals.

V. Opportunities for green banking in the agricultural cooperative sector

Sustainable economic growth can be aided by green banking, which can be a means of lowering pollution and protecting the environment. Protecting the environment and natural resources is the key advantage of the green banking strategy. Green banking emphasizes electronic transactions including the use of ATMs, mobile banking, online banking, etc. for a variety of banking activities by the clients in order to minimize paperwork. The goal of green banking is to offer financial services and products that promote economic growth while protecting the environment. The banking sector affects the environment both directly and indirectly. Bank operations directly affect the environment through the use of energy for heating, lighting, computers, ATMs, paper, water, etc. The effects brought on by customers of banks who get financial services are referred to as indirect consequences (external impacts). This includes a variety of activities like deposits, lending, and the sale of financial products. Although these activities are crucial to the global economy, they could have a negative effect on the environment. Indirect influence is more important to consider than direct impact. Green banking aims to protect the environment by promoting environmentally friendly investments and giving priority to lending to businesses that have already gone green or are making efforts to do so. These comprise funding for renewable energy initiatives, biodiversity preservation, energy efficiency, buying bonds and investing in mutual funds with an environmental focus, etc. Agricultural credit cooperatives play a major role in financing the agriculture sector. They indirectly contribute to the environmental upgradation by financing agricultural activities. Co-operatives undertake educative, advisory, and welfare functions for the benefit of farmers. Agricultural credit co-operatives discharge some functions of State Government as may be assigned to them and act as an agency for implementing socio-economic development-oriented schemes of the Government. Through member-approved policies, cooperatives work toward the sustainable development of their communities while focusing on the needs and desires of their members. Innovative green banking financial products created by nationalized banks may contribute directly or indirectly to the reduction of carbon emissions. Mutual aid, accountability, and cooperation are encouraged by cooperative banks. They place a strong emphasis on societal well-being. They follow eco-friendly practices by providing finance to agriculture and allied activities. They provide loans for crop production, horticulture, plantation crops, farm mechanization, digging of wells, irrigation projects, and allied activities like a dairy, poultry, fisheries, rearing of silkworms, etc. Micro irrigation systems with a high potential for water conservation, such as drip, sprinkler, etc., are given financial support by agricultural societies. Kisan Credit Cards are offered to farmers in India to assist agriculturists in having easily accessible cash credit facilities. Agricultural credit cooperatives can adopt green banking initiatives such as online saving accounts, paperless statements, direct deposit, debit and credit cards, online bill payments, net banking, mobile banking, and electronic fund transfer. The banks should view the adoption of environmentally friendly technologies as a fresh potential for better earnings rather than as a financial burden. Paperless banking reduces the transaction cost. For both the bank and its consumers, green banking is convenient. The transaction costs incurred by the bank using green banking services like ATMs, mobile banking, and internet banking are

significantly lower than the costs incurred by consumers conducting transactions in-person at the branch.

Customers can manage their time, energy, and fuel more efficiently by taking use of these banking services, which eliminate the need for them to visit the branch for every transaction. Agricultural cooperatives have numerous options for being green with their functional units and operations. Agricultural cooperatives can incorporate green banking practices into their daily operations. Rainwater harvesting projects and solar energy systems can be implemented in office buildings. Cooperatives can encourage green energy by financing solar, biogas, and windmill projects and rainwater harvesting projects. Cooperatives can launch a variety of social responsibility initiatives as part of their green banking strategy, including environmental awareness campaigns for both customers and workers, camps for planting trees, upkeep of parks, camps for pollution inspections, etc.

VI. Challenges

The majority of agricultural societies typically have a few members, and they operate in one or two villages. The capital contributions of the cooperative society's members and its ability to obtain loans from state cooperative banks determine its financial stability. Due to the low and middle class nature of their membership, they are unable to raise significant sums of money. Thus, cooperatives may find it difficult to go for green banking initiatives. A cooperative society is run solely by its members. They lack managerial or specialized abilities. This is regarded as a significant disadvantage of this sector. To give consumers the services they deserve, green banks need people that are both talented and experienced. The numerous categories of employees from various social, economic, and academic backgrounds make up society's management. They frequently have significant disagreements with one another on a number of crucial matters.

VII. Conclusion

Green banking refers to actions performed by banks to promote investments that are favorable to the environment. Today, businesses are eager to put environmental issues on the agenda through implementing solutions. Some justifications for choosing green banking include the rising consumer interest in eco-friendly products and services, the public's greater expectations, and the need to comply with regulations. Stakeholders ought to be included and educated about environmental problems and the requirement for green banking services. Agricultural societies should take steps to persuade their employees to adopt green practices as well as to encourage their customers and suppliers to do the same. Implementing green banking correctly will serve as a check on the polluting businesses. The idea of green banking will be advantageous to businesses, the economy, and banks alike. The reasonable and sensible application of technology that are in tune with nature is the key to a developed and prosperous village.

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