

GREEN BANKING IN INDIA: A STUDY OF EVOLVING PRACTICES AND INSTITUTIONAL CONTRIBUTIONS

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ABSTRACT: Green banking in India is rapidly transforming from a niche concept into a key strategy for ensuring sustainable financial growth. As climate concerns and ecological degradation escalate, the Indian banking sector is under increasing pressure to embrace environmentally responsible practices. This paper examines the evolution of Green banking within the country, focusing on both its institutional adoption and the regulatory frameworks that shape its development. With a focus on real-world examples, the study evaluates initiatives by leading banks such as SBI, HDFC, and ICICI, who are driving change through innovations in digital banking, Green loans, and sustainable infrastructure. At the same time, the Reserve Bank of India (RBI) is taking a proactive role, particularly through frameworks like the 2023 Green Deposit Scheme and enhanced ESG reporting requirements. These developments indicate a clear policy shift toward mainstreaming sustainability in finance. However, the journey is far from smooth. Challenges such as inadequate awareness, inconsistent implementation, and the absence of unified standards still pose significant hurdles. Using a qualitative methodology rooted in secondary data, this study offers a thematic analysis that encompasses policy evolution, institutional strategies, practical barriers, and future opportunities. The findings emphasize the necessity for stronger regulatory clarity, improved stakeholder collaboration, digital innovation, and comprehensive awareness programs. Ultimately, this paper positions Green banking not only as an environmental imperative but also as a strategic economic opportunity for India's sustainable development agenda.

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1. INTRODUCTION

The world of finance is undergoing a profound transformation as it embraces the urgent call for sustainability. Environmental consciousness is no longer a peripheral concern but a central pillar shaping economic policy and corporate behaviour. As the renowned environmentalist Rachel Carson once observed, "The control of nature is a phrase conceived in arrogance, born of the Neanderthal age of biology and philosophy." This reminds us that our relationship with the environment demands humility, respect, and responsibility. In the banking sector, this mindset shift has given rise to what is known as "Green banking"-financial practices that aim to support environmentally sustainable projects while minimising ecological harm.

India, as a rapidly growing economy with pressing environmental challenges, stands at a critical crossroads. The country's development trajectory is marked by the need to balance industrial growth with the stewardship of natural resources. This is underscored by the words of Mahatma Gandhi, who

famously said, "Earth provides enough to satisfy every man's needs, but not every man's greed." Green banking emerges as a crucial instrument in aligning financial incentives with environmental protection, supporting sectors that reduce carbon footprints, promote renewable energy, and foster sustainable development.

Traditionally, Indian banks have been conservative and risk-averse, often prioritising short-term financial returns. However, in recent years, there has been a growing awareness of the importance of integrating environmental considerations into banking operations. Initiatives such as paperless banking, Green loans, and investments in energy-efficient infrastructure are gaining traction. These efforts reflect India's commitments under international frameworks like the Paris Agreement and the United Nations Sustainable Development Goals (SDGs), which urge nations to pursue development without compromising the planet's future. Due to the voluntary nature of reporting, research on Green loan disclosures remains limited, primarily because of a

lack of available data and a unique regulatory environment.

Unlike the extensive literature on sustainability reporting by non-financial firms, studies concentrating specifically on Green loan disclosures are relatively few. Some research has examined banks' Green lending practices (Hoque et al., 2024; Zhou et al., 2020), but these have mainly investigated the factors influencing Green lending performance rather than the disclosure aspects. Nevertheless, as previously noted, disclosing Green lending information is equally crucial for stakeholders and policymakers. It is worth highlighting that banks are increasingly beginning to report on Green lending, although the overall level of disclosure remains quite low (Hoque et al., 2024). To promote comprehensive Green loan reporting at the bank level, regulators first need to grasp how banks currently approach such disclosures in the absence of regulatory mandates. This raises a crucial research question: what factors influence banks' Green loan reporting when no regulatory pressure exists? Addressing this question will lay essential groundwork for future policy development. While prior research on sustainability reporting determinants has primarily focused on banks' direct environmental actions—such as emission reduction and adoption of clean energy technologies (Birindelli & Palea, 2023; Khan et al., 2021)—there remains a notable gap concerning disclosures related to banks' indirect contributions to sustainable development through financing Green projects. This study seeks to bridge that gap by investigating the key factors driving Green lending disclosures within the banking sector, thereby enriching the existing body of sustainability literature.

Financial institutions have a unique role to play in this Green transition. As Mark Carney, former Governor of the Bank of England, noted, “The financial sector has the tools to allocate capital to sustainable investments and to help society transition to a net-zero economy.” In India, banks like the State Bank of India (SBI), HDFC Bank, and ICICI Bank are leading the charge by introducing innovative Green products, enhancing ESG (Environmental, Social, and Governance) reporting, and encouraging responsible lending practices. Moreover, the Reserve Bank of India (RBI) has shown progressive leadership by issuing guidelines such as the 2023 Green Deposit Framework, signalling a shift towards embedding sustainability in the financial system.

Despite this momentum, challenges persist. Limited awareness among stakeholders, infrastructural constraints, and regulatory enforcement gaps remain

barriers to scaling Green banking effectively. Additionally, the lack of standardised metrics for measuring environmental impact complicates efforts to assess and compare Green initiatives. As environmental activist Greta Thunberg reminds us, “You say you love your children above all else, and yet you are stealing their future in front of their very eyes.” This stark warning emphasises the urgency of embedding sustainability in all sectors, including finance.

This paper seeks to explore the development and practical implementation of Green banking in India. It aims to evaluate the roles played by banks and regulators, identify challenges, and propose actionable solutions. Through a qualitative analysis of policy documents, bank reports, and scholarly literature, this study aspires to illuminate how Green banking can be a pivotal force in steering India towards a more sustainable and resilient economic future.

In sum, the evolving landscape of Green banking in India offers a powerful opportunity to rethink finance as a driver of environmental stewardship. By embracing innovation and collaboration, Indian banks can help realise Gandhi's vision of harmonious coexistence with nature, ensuring that economic progress does not come at the cost of ecological degradation.

2. OBJECTIVES

This research is guided by the following key objectives:

- To unpack the concept and relevance of Green banking in today's Indian financial landscape.
- To study how top Indian banks are putting Green banking into action.
- To assess the role of regulatory bodies like the RBI in promoting sustainable banking.
- To spotlight the challenges facing Green banking in India.
- To suggest practical steps and policy tweaks to improve its implementation.

The core research questions this paper seeks to address include:

- How has Green banking grown and evolved in India?
- What are Indian banks doing to adopt Green practices?
- What role is the RBI playing in shaping Green banking policies?
- What are the major roadblocks that need to be tackled?

- What strategies can help make Green banking more widespread and effective?

3. RESEARCH METHODOLOGY

This study follows a qualitative, exploratory approach. The research is rooted in secondary data, drawing from academic studies, RBI regulations, annual sustainability disclosures from banks, and insightful reports from global institutions.

Main sources include:

- RBI documents, especially the 2023 Green Deposit Framework
- ESG (Environmental, Social, and Governance) reports from leading banks like SBI, HDFC, and ICICI
- Peer-reviewed academic articles from Scopus, ScienceDirect, JSTOR, and more
- International resources from the UNEP Finance Initiative, the International Finance Corporation, etc.

4. LITERATURE REVIEW

Bhome and Jha (2013) conducted interviews and surveys using custom questionnaires to outline essential Green banking measures. Their recommendations include Green Checking Accounts with features like special touch screens and ATMs, Green Loans offering reduced rates for solar equipment purchasers, Green Credit Cards, and mobile banking options aimed at saving paper. They argue that such initiatives will help businesses move towards long-term sustainability.

Kaur, Rajput et al. (2013) aimed to understand how Indian banks respond to environmental challenges and the actions they have taken concerning Green banking. Their findings revealed that Indian banks have been slow to align with global environmental initiatives, as none of them are signatories to the United Nations Environment Programme Finance Initiative. Through factor analysis, the researchers identified key obstacles to sustainable development, including the risk of losing business to competitors and the absence of mandates from the Reserve Bank of India. They also pointed out gaps in environmental awareness and understanding in India. One ongoing initiative is the Emission Disclosure project, which calls for public transparency regarding emissions; however, it currently has limited participation, with only eight signatories. The study suggests that current management systems must be integrated with environmental and sustainability concerns.

Pathak and Yadav (2013) examined Green banking strategies in both private and public sector banks through case studies, discovering that Indian banks recognize the need to adopt environmentally

responsible practices. Their research showed that, except for ICICI Bank, public sector banks have implemented more Green measures compared to their private counterparts. Among private banks, only ICICI Bank's approach was found to be sustainable.

Chinnadorai and Sudhalakshmi (2014) highlight the current state of Green banking among Indian banks, noting that although adopting eco-friendly practices is vital for developing countries like India, considerable efforts are still lacking. They argue that banks must incorporate environmental considerations into their lending strategies to contribute to a more sustainable future. The authors call for strong policy measures to encourage Green banking, pointing out that Indian banks are trailing in embracing this Green movement and require urgent, focused action.

Gopal, Sharma et al. (2014) conducted a study to evaluate consumer awareness of Green banking initiatives in Mumbai, India. Their survey results showed that more than 75% of online banking users were unfamiliar with the term "Green Banking." Among the respondents who knew about Green banking, most associated it with online bill payments and cash deposit services, while awareness of other Green banking products such as Green certificates of deposit, solar-powered ATMs, and environmental bonds was quite limited. The study also examined gender differences in awareness of Green banking services like net banking, e-statements, and Green loans. Statistical analysis using the Chi-Square test revealed no significant difference between males and females in their understanding of Green banking. The researchers identified technological challenges and a lack of education as the primary barriers to the widespread adoption of Green banking practices.

Jaggi (2014) explores the Green banking initiatives of ICICI Bank and SBI. SBI has launched eco-friendly services such as no-queue banking, dedicated Green channel counters, and has enhanced its commitment to carbon neutrality through investments in wind energy and online money transfers. On the other hand, ICICI Bank offers Green products like insta-banking, enabling banking anytime and anywhere, along with environmentally conscious auto and home financing options.

Nayak, Nath et al. (2014) explore the Reserve Bank of India's Green rating framework and the adoption of eco-friendly practices by Indian banks. This Green Coin Rating system assesses banks based on their carbon footprint and recycling efforts. The study also refers to environmental and social guidelines established by the World Bank for financial institutions, which include mandates for

environmental audits, consistent reporting, and the implementation of sustainable technologies to lessen environmental harm. The authors present a range of Green initiatives carried out by Indian banks and stress that to maintain competitiveness in the global market, banks must demonstrate strong corporate responsibility towards environmental sustainability.

Prabhu and Athal (2021) explore the existing research gaps and suggest potential themes for connecting Green banking practices with corporate social responsibility (CSR) initiatives among selected private and public sector banks in India. Drawing on secondary data from previous studies and internet sources, their review assesses the current state of Green banking and CSR activities. The study evaluates the influence of Green banking initiatives—such as internet banking, mobile banking, and eco-friendly debit and credit card loans—on sustainable banking practices. They identify the need for further research based on the current scenario and propose the most effective ways to allocate CSR funding to support Green initiatives. Additionally, the authors develop and examine various research themes aimed at integrating Green banking efforts with CSR operations to address the identified gaps in the literature.

Sarma and Roy (2021) highlighted a significant lack of research in this area. Between 1995 and March 2019, only 178 articles across various disciplines explored this topic. To bridge this gap, they conducted an extensive scientometric analysis of the sustainable banking literature, examining diverse facets such as legal frameworks, modeling approaches, stakeholder involvement, Green bank performance, and financial aspects. Their study revealed that sustainable banking still receives limited scholarly attention.

Chen et al. (2022) analyzed the impact of sustainable financing incentives on banks over the period from 2011 to 2021. Their findings indicate that greater exposure to Green financing positively influenced the intermediation spread, while simultaneously lowering the default risk.

Kumar et al. (2022) evaluated the determinants affecting the adoption of Green banking practices by surveying 161 banking officials from commercial banks in the Delhi NCR region of India. Their study highlighted six key factors, among which regulatory compliance and environmental awareness emerged as the most influential.

Mir and Bhat (2022) investigated the adoption and implementation of Green banking practices, emphasizing their importance in fostering

environmental sustainability. They further analyzed the contributions of banks towards advancing sustainable development goals (SDGs) set by the United Nations. Their study clearly highlighted the pivotal role that financial institutions, especially banks, play in facilitating the transition to low-carbon economies.

5. GREEN BANKING: MEANING AND EVOLUTION

5.1 Meaning of Green Banking

Green Banking refers to banking practices that are environmentally sustainable and socially responsible. It encompasses all forms of financial products, services, and operations that reduce the carbon footprint of banking activities and contribute positively to ecological conservation. In simpler terms, Green Banking aims to promote eco-friendly initiatives through the banking sector by encouraging the use of digital banking, financing Green projects, integrating environmental, social and governance (ESG) considerations into lending and investment decisions, and supporting renewable energy ventures. The core idea behind Green Banking is not merely about reducing paper usage or shifting to online platforms, but about mainstreaming sustainability into financial services. It reflects a paradigm shift in how banks perceive their role—not just as economic entities, but also as stewards of environmental responsibility. Green Banking ensures that banks do not finance projects that are environmentally harmful and instead prioritise investments in Green infrastructure, clean technology, sustainable agriculture, and conservation efforts.

Some of the most common Green banking practices include:

- Paperless banking (e-statements, e-KYC, online forms)
- Green loans for energy-efficient homes or electric vehicles
- Solar-powered ATMs and Green-certified branches
- Green credit cards offering incentives for low-carbon purchases
- Investment in Green bonds and ESG-aligned portfolios

5.2 Historical Evolution of Green Banking

The concept of Green Banking evolved alongside the growing awareness of environmental degradation, climate change, and sustainable development. Initially, the financial sector had limited engagement with ecological matters, considering them external to core business decisions. However, several global events and economic shifts over the last few decades

pushed sustainability into the mainstream of banking practices.

5.2.1 1970s–1980s: The Roots of Responsible Finance

The seeds of Green Banking can be traced back to the broader concept of ethical and socially responsible banking which emerged in the 1970s and 1980s. During this period, financial institutions in Europe and North America began adopting principles that took into account social justice, human rights, and environmental integrity. Community development banks and ethical investment funds led the way in integrating non-financial concerns into credit and investment decisions.

5.2.2 1992: The Rio Earth Summit and Financial Awareness

The 1992 United Nations Conference on Environment and Development (UNCED), also known as the Rio Earth Summit, was a significant turning point. It brought together global leaders to chart a path for sustainable development. The banking sector began to acknowledge its indirect but powerful influence on the environment through financing decisions. In response, a number of banks and financial institutions started formulating internal policies to assess and mitigate the environmental impacts of their loans and investments.

5.2.3 1990s: The UNEP Finance Initiative (UNEP FI)

In 1992, following the Rio Summit, the United Nations Environment Programme Finance Initiative (UNEP FI) was launched. This initiative brought banks, insurers, and investors together to promote sustainable finance. It was the first concerted global effort to embed environmental considerations into financial practices. Many international banks signed voluntary codes of conduct to commit to environmentally sound operations.

5.2.4 2003: The Equator Principles

Another watershed moment came with the launch of the Equator Principles in 2003. These were voluntary guidelines adopted by major global banks to assess and manage environmental and social risks in project financing. This step marked a significant movement towards institutionalising sustainability in banking.

5.2.5 2007–2008: Global Financial Crisis and a Shift in Priorities

The 2008 financial crisis highlighted the unsustainability of unchecked financial practices. In its aftermath, regulators and policymakers emphasised the importance of long-term value creation, risk mitigation, and responsible banking. This paved the way for banks to reconsider their portfolios, and integrate sustainability into the heart of their risk frameworks and investment philosophies.

5.2.6 2010s–Present: Green Banking Goes Mainstream

The last decade has witnessed a marked acceleration in Green Banking, driven by:

- The Paris Agreement (2015): India's commitment to reduce carbon emissions and promote Green infrastructure sparked renewed interest in Green finance.
- The United Nations Sustainable Development Goals (SDGs): These 17 goals have acted as a guiding framework for banks to align their operations with environmental and social sustainability.
- National and international Green finance policies: India, among other nations, introduced several guidelines via the Reserve Bank of India (RBI) and Securities and Exchange Board of India (SEBI) to promote environmental, social and governance (ESG) disclosures and Green bonds.
- Digital transformation: With the rise of internet and mobile banking, banks could significantly reduce paper consumption, enhance energy efficiency, and reach customers in a more environmentally conscious manner.

6. GREEN BANKING INITIATIVES OF SELECTED BANKS IN INDIA

6.1 STATE BANK OF INDIA

State Bank of India (SBI), the country's largest public sector bank, has been at the forefront of Green banking in India. Over the last decade, it has introduced a variety of initiatives aimed at integrating environmental sustainability into its banking operations:

- Green Bonds: SBI launched Green bonds to fund projects related to renewable energy, sustainable water management, and pollution

control. In 2018, SBI raised USD 650 million through Green bonds.

- Digital Banking Push: SBI has heavily promoted digital platforms like YONO to reduce the carbon footprint associated with physical banking. Paperless banking has been encouraged through e-statements, digital onboarding, and internet banking.
- Green Channel Counters: These no-paper transaction counters have been introduced at branches to support environmentally friendly banking. Customers can carry out routine transactions without paperwork.
- Renewable Energy Financing: SBI has financed several solar and wind energy projects. It has signed MoUs with solar power developers and institutions like the World Bank for promoting clean energy.
- Energy Efficient Branches: SBI has constructed energy-efficient buildings certified by IGBC and implemented energy-saving measures in its data centres and offices.
- Internal Policies: SBI's Environmental and Social Policy Framework outlines environmental risk assessment procedures, particularly for large-scale projects.
- CSR and Awareness Campaigns: Through its CSR initiatives, SBI promotes environmental sustainability by sponsoring tree plantation drives and environmental awareness programs in schools and colleges.

6.2 ICICI Bank

ICICI Bank has adopted several environmentally sustainable practices such as:

- Offering Green loans to support clean energy projects
- Implementing paperless banking systems
- Promoting automated and internet-based financial services to reduce in-branch visits

- Installing solar-powered ATMs in rural regions

6.3 HDFC Bank

HDFC Bank's initiatives focus on:

- Financing renewable energy and energy efficiency projects
- Launching the Sustainable Livelihoods Initiative (SLI), which empowers rural women entrepreneurs while promoting sustainability
- Reducing environmental impact across its operations through energy audits and recycling practices

6.4 Axis Bank

Axis Bank stands out for:

- Publishing an annual Sustainability Report detailing its Green finance portfolio
- Launching the Green Deposit Program to fund environment-friendly projects
- Incorporating environmental risk assessments into their lending process

6.5 Yes Bank

Yes Bank has positioned itself as a leader in Green finance:

- First Indian bank to raise a Green infrastructure bond (INR 1000 crore in 2015)
- Partnered with UNEP FI and other sustainability networks
- Invests in climate action and biodiversity conservation initiatives

These examples highlight that while the Indian banking sector is gradually embracing sustainable practices, there is variability in the scale, transparency, and impact of these efforts. Government policy, RBI's frameworks, and public pressure will remain critical drivers in accelerating Green banking adoption across the board.

7. RBI RECOMMENDATIONS ON GREEN BANKING

The Reserve Bank of India (RBI) has played a pivotal role in guiding banks toward environmental sustainability. Over the years, it has issued various recommendations and advisories aimed at integrating Green principles into mainstream banking operations.

- 7.1 2007 Notification:** RBI issued a circular advising banks to adopt practices that are in harmony with sustainable development. It encouraged banks to formulate Green policies and include them in their credit appraisal processes.
- 7.2 Inclusion in CSR Framework:** RBI has recommended that banks allocate a part of their CSR budgets for environment-related activities, including awareness drives and funding for renewable energy projects.
- 7.3 Credit Appraisal Guidelines:** The RBI encouraged banks to include environmental and social risks as part of the project appraisal and loan disbursement process, especially for large infrastructure and industrial projects.
- 7.4 Encouraging Green Bonds:** RBI has supported the development of the Green bond market in India by facilitating policies that allow Indian banks to raise capital for Green projects domestically and internationally.
- 7.5 Discussion Papers and Working Groups:** RBI has published discussion papers on climate risk and sustainable finance. These papers provide frameworks for banks to assess climate-related financial risks and recommend integrating Environmental, Social, and Governance (ESG) factors into risk management systems.
- 7.6 Disclosure Mandates:** Although not yet mandatory, RBI has signalled future requirements for banks to disclose their Green portfolios and environmental impact as part of annual financial statements.
- 7.7 Collaborations with Global Bodies:** RBI collaborates with international forums like the Network for Greening the Financial System (NGFS), advocating for climate-aware monetary and regulatory policies.
- 7.8** Through these measures, the RBI aims to embed environmental sustainability into the core of banking regulations and operations. Its evolving stance underscores the need for a cohesive policy framework that enables and

accelerates the Green transformation of India's financial sector.

8. PRESENT GAPS IN INTERNATIONAL GREEN BANKING AND THE INDIAN FRAMEWORK AND RECOMMENDATIONS TO BRIDGE THE GAPS

Despite the progress made, several gaps remain in both international Green banking efforts and India's domestic framework:

8.1 International Gaps:

8.1.1 Lack of Standardised Definitions:

Different countries and institutions use varying definitions and taxonomies for what constitutes 'Green' finance, causing inconsistencies in tracking and comparability.

8.1.2 Inadequate Climate Risk Integration:

Many banks globally still lack robust frameworks for integrating climate risk into credit risk, operational planning, and asset valuation.

8.1.3 Greenwashing Concerns:

In the absence of strict oversight, some banks may market their products as Green without real sustainability impacts.

8.1.4 Limited Access in Developing Countries:

Global Green finance often fails to reach developing economies due to complex funding procedures and inadequate local banking infrastructure.

8.2 Indian Gaps:

8.2.1 Lack of Mandatory Regulation:

While RBI issues recommendations, there is no enforceable mandate for Green lending quotas or ESG disclosure standards.

8.2.2 Awareness and Capacity Gaps:

Many banks, especially in Tier-2 and Tier-3 cities, lack the training, infrastructure, or expertise to implement Green practices effectively.

8.2.3 **Low Public Participation:** Limited customer awareness about Green banking products and their benefits hampers market demand.

8.2.4 **Fragmented Initiatives:** Efforts remain decentralised, with no central Green finance roadmap or uniform tracking mechanisms.

8.3 Recommendations to Bridge the Gaps

8.3.1 **Adopt Uniform Standards:** India should take the lead in adopting globally accepted taxonomies such as the EU Taxonomy for Sustainable Activities or develop a comprehensive national Green finance classification system. This will bring clarity and consistency in identifying and promoting Green projects.

8.3.2 **Strengthen Regulatory Mandates:** The RBI and other financial regulators must shift from issuing non-binding advisories to implementing statutory obligations that make Green disclosures, lending targets, and ESG compliance part of mandatory banking operations.

8.3.3 **Capacity Building Initiatives:** It is essential to empower banking staff through workshops, certifications, and educational programs focusing on climate finance, ESG integration, and risk-based lending frameworks.

8.3.4 **Public Awareness Campaigns:** An informed consumer base is a powerful force for change. Nationwide campaigns using mass media, financial literacy initiatives, and inclusion in school curricula can demystify Green banking and drive demand.

8.3.5 **Technology and Innovation:** Technologies such as artificial intelligence (AI), blockchain,

and big data analytics can be harnessed to develop traceable, tamper-proof systems that measure and validate Green finance outcomes, discourage Greenwashing, and streamline ESG reporting.

8.3.6 **Fiscal Incentives and Support:** The government can provide financial incentives, including interest subventions, tax benefits, and regulatory relaxations (such as lower risk weights or reduced CRR/SLR obligations) to banks that meet Green targets.

8.3.7 **Institutional Collaboration:** Multi-stakeholder collaboration involving banks, environmental experts, technology firms, and policymakers can produce innovative solutions tailored to Indian needs. A central coordinating authority or task force for Green banking could ensure alignment and momentum.

8.3.8 **Standardised Monitoring and Evaluation:** Developing centralised performance indicators, metrics, and periodic impact assessment frameworks will foster accountability and enable comparisons across institutions, enhancing transparency in the Green finance ecosystem.

9. CONCLUSION

Green banking is no longer a peripheral concept but a strategic imperative for financial institutions aiming to align with global sustainability agendas and national environmental goals. This paper has examined the evolution of Green banking in India, underscoring the efforts of major institutions like SBI, ICICI, HDFC, Axis Bank, and Yes Bank in adopting sustainable banking practices. It is evident that while commendable progress has been made through innovations such as Green bonds,



renewable energy financing, paperless banking, and ESG reporting-India still faces significant challenges in the widespread adoption and integration of Green finance principles.

The regulatory encouragement provided by the Reserve Bank of India has laid a foundational framework; however, the lack of enforceable mandates, inconsistencies in Green finance classification, and insufficient awareness continue to hinder holistic transformation. Internationally, the absence of a standardised taxonomy, risk integration models, and global financial inclusivity in sustainability funding presents further obstacles.

To bridge these gaps, a multi-pronged approach is necessary-encompassing stricter regulatory standards, coordinated institutional collaboration, public engagement, and innovative technological solutions. With India poised to play a leading role in global climate commitments, a well-defined and enforced Green banking framework will be pivotal in driving sustainable growth and fulfilling the dual objective of financial inclusion and environmental stewardship.

Ultimately, Green banking is not merely about reducing the ecological footprint of financial operations; it is about reimagining the role of banks as active agents in building a resilient, low-carbon economy. The road ahead demands vision, commitment, and coordinated action-traits that must now define the future of Indian banking.

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