

## Harmony in Banking: Kerala Bank's Sustainable Development Journey

*Discipline: Commerce*

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### Abstract

This abstract explores the sustainable development policies implemented by Kerala Bank, a financial institution in southwestern India. Kerala Bank has emerged as a pioneering force in aligning its operations with the principles of sustainable development, seeking to harmonize economic growth with social equity and environmental stewardship. The findings demonstrate that Kerala Bank has been found to promote agriculture, farmers, MSMEs, and women by maintaining the concept of sustainable development.

### Introduction

The world of finance has seen a paradigm change in favor of sustainable and ethical banking practices in recent years. Kerala Bank, which was founded in 2019 as a result of the state of Kerala's District Cooperative Banks merging, has been a leader in integrating sustainable development principles into its day-to-day operations. This article examines Kerala Bank's sustainable development initiatives and demonstrates how it has become a role model for other financial institutions. In order to meet the needs of both the current and future generations without jeopardizing nature's capacity to offer vital resources, sustainable development is a key idea in today's society. This idea is especially pertinent in India, where discussions about large dams and ambitious projects generate issues with sustainable development and environmental conservation. "The Development which meets the requirements of the present while not hampering the ability of generations to come to meet their own needs" is how the Brundtland Commission of the United Nations describes sustainable development. Sustainable development is continuous. It is a continuous process that adapts to evolving capacity and technology. "Is sustainable development improving?" is a crucial issue to ponder frequently.

Nevertheless, estimating the total rate of sustainability improvements in Indonesia is challenging because there are currently few, if any, baselines devoted expressly to sustainable development. The goal of this study is to start bridging this gap. Three dimensions of sustainability are widely used to describe sustainable development:

economic, environmental, and social. Rene Passet, an economist, first put up this three-dimensional paradigm in 1979.

In today's world, sustainable development is crucial considering social equality, economic prosperity, and environmental preservation. People must behave ethically towards future generations. Laws govern parts of sustainable development.

Kerala State Cooperative Bank Limited, also known as Kerala Bank, is an Indian cooperative bank established by the Kerala government. In 2019, the Kerala State Cooperative Bank and 14 District Cooperative Banks merged to form the bank. The Kerala State Cooperative Bank was established on November 29, 2019, following the publication of a notification announcing its founding. Kerala Bank stands out as a significant stakeholder dedicated to sustainable development. Kerala Bank promotes environmentally friendly practices, local economic development, and financial inclusion in the Indian state of Kerala. Kerala Bank emphasizes the value of ecological stewardship while positioning itself as a major contributor to the socioeconomic advancement of the state through integrating financial services with sustainable principles.

### Review of Literature

- There are so many studies that laid the ground work for the study of sustainability and banking.
- Pierre chollet and Louis- Antoine (2023) Discussed in their article that the response of cooperative banks to SDGs, their drivers, and their managerial implication lead to more important changes.
- Flippi, Bidet and Battesti (2023) Discussed in their article especially focusing on the contribution of SSE purposes, some critical thoughts on the cooperative model and recommendations for reinforcing commitments to achieving sustainable development goals.
- Kinan Salim, Disli, Adam, Dewandaru, Malik (2023) found the results are robust to various econometric specifications and have significant policy implications for investors, bankers, and regulators.
- Their findings of Zedda, Michele, Carmen (2024) demonstrate that "tailor-made" credit scoring models for cooperatives and non-cooperatives outperform a generic one, enhancing credit classification specificity and sensitivity.

### Objective

1 To determine Kerala Bank's sustainable development policies.

## Description of the Issue

The conversation surrounding sustainability has garnered considerable momentum recently, leading financial institutions such as Kerala Bank to embrace and execute various sustainable development initiatives. Notwithstanding the increasing focus on these endeavors, there is a significant deficiency in the literature about the thorough assessment of the true effects of Kerala Bank's sustainable development activities. This study aims to close this gap by thoroughly evaluating the results and efficiency of the bank's sustainability programs. This research aims to provide significant perspectives on the wider domain of sustainable finance and provide Kerala Bank with actionable suggestions to improve the efficacy of its sustainable development initiatives.

## Need and Significance of the Study

Investigating Kerala Bank's sustainable development policies is essential since responsible management of resources and environmental stewardship are becoming increasingly important globally. Kerala's distinct socioeconomic environment, defined by elements like high population density, dependence on agriculture, and susceptibility to climate change, calls for a customized strategy for sustainable development in the banking industry. This study is important because it adds to the expanding global conversation on corporate responsibility and sustainable finance, which transcends geographical boundaries. The study endeavors to guide Kerala Bank in formulating future policies and plans, setting standards for additional financial entities, and bolstering stakeholder confidence through a thorough analysis of the bank's sustainable practices. Furthermore, by aligning the bank with global sustainability targets, the findings will strengthen its dedication to responsible banking practices and establish it as a major factor in promoting local and worldwide sustainable development projects.

## Research Methodology

The secondary data forms the basis of this investigation. Secondary data were gathered from relevant websites and papers in various periodicals.

## Kerala Bank Adheres to Sustainable Banking Practices

The idea behind sustainable development is to satisfy current needs without affecting the capacity of generations to come to satisfy their own. Building a more just and resilient society entails striking a balance between social, environmental, and economic variables. Sustainable development aims to address the problems of inequalities, poverty, and environmental damage by encouraging wise and effective use of resources.

Kerala, a state in southwest India, has been actively involved in efforts to promote sustainable development. Kerala, a state renowned for its distinct social and economic

structure, has made significant progress in poverty alleviation, healthcare, and education. The state has played a leading role in advancing inclusivity and social justice, aiding its general advancement.

Kerala Bank is a noteworthy establishment within the state's sustainable banking landscape. In 2019, the Kerala State Cooperative Agricultural and Rural Development Bank, district cooperative banks, and state cooperative banks merged to establish Kerala Bank. Kerala Bank's main goals are to support and service the rural and agricultural sectors financially and to encourage sustainable development methods.

Kerala Bank supports projects that advance community well-being and the conservation of natural resources to incorporate social and environmental concerns into its banking operations. This aligns with the more general objectives of sustainable development since the bank aims to balance social justice, environmental care, and economic prosperity.

Kerala Bank ensures the equitable distribution of benefits while playing a vital role in promoting economic growth in the region through a range of programs and services. Integrating sustainable practices into the bank's operations enhances the communities it serves by promoting overall resilience and long-term prosperity. In Kerala, sustainable development is a comprehensive strategy for achieving social, economic, and environmental goals. As an important financial institution in the state, the Kerala Bank is essential to promoting and putting into practice sustainable practices, which helps the state continue to develop responsibly and inclusively.

In addition to launching two new programs for women on Women's Day, Kerala Bank also promotes other new initiatives and unique plans for women and farmers. Kerala Bank begins at the grassroots level to enable sustainable development, which must begin at the lowest feasible level of society. Farmers are essential to the development of society, which is why Kerala Bank has created several programs for them, individually and collectively. Encouraging farmers and agriculture is crucial for sustainable development. Kerala Bank offers farmers several programs, including KB FARMERS AWAS HOME LOAN and KB SUVIDA BHAVANA. LOAN, SUVEGA CAR LOAN, KISAAN MITHRA etc.

Kerala Bank has demonstrated a strong interest in similarly promoting MSMEs. The expansion of MSMEs is a means of solving all issues, including unemployment and poverty, and it also represents the nation's growth. A large number of MSMEs is creating jobs. Providing microfinance services strengthens small businesses and encourages local economic growth. Kerala Bank has created several initiatives to empower women and promote gender equality. Kerala Bank has also developed the idea of green banking to

support sustainable development. Examples include the zero-waste concept, paperless banking, and technology integration with sustainable banking practices, including digital initiatives to reduce paper usage. Kerala Bank makes sustainable development possible by offering financial support for improving society and the environment through the bank itself.

### Conclusion

The state's dedication to sustainable development is demonstrated by the Kerala Bank, which combines sound financial practices with environmental and social accountability. By consolidating multiple cooperative banking organizations, the Kerala Bank has become a significant driver of economic development, especially among the agricultural and rural domains, while concurrently maintaining the values of fairness and ecological conservation values. Kerala Bank offers its members economic opportunities, which contribute to reducing poverty and inequality, maintaining productivity, and assisting with sustainable farming. In summary, Kerala Bank has actively involved to fulfil sustainable development goals such as Poverty Eradication and Zero hunger, Food security and gender equality.

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