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KEY VISIONS OF FINANCIAL SECTORS ON SUSTAINABLE DEVELOPMENT: AN ANALYSIS

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ABSTRACT

Sustainability The Brundtland Commission, convened by the United Nations in 1983, produced the report our common future, which established the widely accepted deûnition of sustainable development as "Meeting the needs of the present without compromising the ability of future generations to meet their own needs." The deûnition is supported by the three main heads such as: economic, social and environmental development.

Sustainability has since become a generic concept utilized in a variety of domains, to support the worldview that economic, social and environmental issues are fundamentally interlinked and must therefore en e considered in unison.

In a UNEP Statement of Commitment by Financial Institutions (FI) on Sustainable Development, Financial Services Sector recognized that economic development needs to be compatible with human welfare and a healthy environment. To ignore this is to risk increasing social, environmental and ûnancial costs. The members of UNEP further recognized that sustainable development is the collective responsibility of governments, businesses and individuals and committed to working collectively toward common sustainability goals.

The present paper will try to highlights the visions of nationalized banks in India and their plan policies regarding sustainable development through their business management at present.

KEY WORDS: *Financial Sector, UNEP, Vision, Sustainability, Government responsibility.*

1.INTRODUCTION

Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Formerly known as the WorldCommission on Environment and Development(WCED), the mission of Brundtland Commission is to unite countries to pursue sustainable development together."The ûnancial sector holdings, investment and lending activities, whether for the core of all saving companies, governments or other entities. As a result, individuals, companies, institutions need to consider and deûne their objectives of ûnancial institutions in the context of society, and as a member of the community they service. Responsible ûnance further requires ûnancial institutions to be keenly aware of the constant changes around them, so as to be able to meet society's expectations.

Bangladesh In January 2011, the Central Bank o f Bangladesh took a proactive step in promoting the management of environmental and social issues by the country's û nancial sector, by issuing a set of Environmental Risk Management Guidelines for Banks and Financial Institutions and a further set of Policy guidelines for Green Banking in Bangladesh. These now make it obligatory for banks to address environmental and social issues in their lending processes, develop internal frameworks, introduce sector-specific policies, train staff and start reporting on environmental and social issues.

Sustainability is a complex, cross-cutting set of issues that needs to be understood and managed by all of the bank's departments. Finding hard and soft governance structures that will hold all the pieces together is key. Some banks have set up dedicated sustainability teams, while others have embedded sustainability responsibilities directly into traditional management functions. To-date experience seems to show that there is no silver bullet – each institution needs to ûnd its own setup.

2. OBJECTIVES OF THE PRESENT STUDY

The present paper has tried to highlights the following objectives:

1) To study the banking business management and its sustainability
2) To know the Key visions of financial institutions on sustainable development
3) To identify the Key responsible for the Governments regarding sustainable management of financial resources in collaboration with banking sectors.

3.REVIEW OF RELATED LITERATURE

Karmakar, S.,(2015) stated the Sustainable Development Goals (SDGs) were officially adopted by the UN member countries. They replaced the expiring Millennium Development Goals (MDGs). The 17 SDGs are universal and focus on five key elements that are to be achieved by 2030. These include People, Planet, Peace, Prosperity, and Partnership.

The Rotterdam Development Finance Forum (2015), had created a connected cluster of representatives from the public and private sector that can give substance to the joint "Billions to Trillions" vision and its constituent elements. As this joint vision is being operationalized through the future portfolios of the MDBs, the group that was assembled in Rotterdam will be a much-needed sounding board to strengthen existing partnerships and identify new opportunities that can help scale up the financial resources needed to attain the SDGs and end extreme poverty in less than a generation.

Robert W. Kates, Thomas M. Parris, and Anthony A. Leiserowitz, 2005. The concept of sustainable development does imply limits—not absolute limits but limitations imposed by the present state of technology and social organization on environmental resources and by the ability of the biosphere to absorb the effects of human activities.

International Finance Corporation (2002) stated that sustainable ûnance is deûned as the provision of ûnancial capital and risk management products to projects and businesses that promote, or do not harm, economic prosperity, environmental protection, and social justice. A Sustainable banking can be deûned as a decision by banks to provide products and services only to customers who take into consideration the environmental and social impacts of their activities.

Bank Association of Turkey (2014) stated that failure to properly manage environmental and social effects may give rise to reputational and/or financial risks in the banking sector. For this reason, firstly it is important to give consideration to environmental and social impact issues just as one does to financial, technical, and economic matters in credit assessment processes and secondly to make them subject to executive-level decisions. Envi- ronmental and social risk management involves defining the environmental and social risks that arise in the conduct of the banking sector's core business activities, analyzing them during assessment processes, identifying the dimensions of potential effects and risk, determining the obligations and practices needed to minimize risk, and taking these last into account in the decision-making process.

4.METHODOLOGY

The Present study has adopted the secondary data as well as adopting the description method to analyse the objectives of the seminar paper

5.KEY VISIONS OF FINANCIAL SECTORS ON SUSTAINABLE DEVELOPMENT

5.1.Financial Sustainability

The key visions of financial sector are to promote a sound and sustainable economy by strengthening the bank's with customers' long-term competitiveness. This will be done by avoiding large credit impairments and operating losses, focusing on long-term profitability, developing long-term relationships with customers and employees, and maintaining adequate buffers on a strong balance sheet. They will also work towards open, stable and honest markets.

5.2.Social Sustainability

Another vision is that the bank will contribute to society's development through all its businesses – within the organisation and through lending and asset management. They will do this by actively promoting human rights, fair working conditions, diversity and gender equality. They will try to engage in social challenges in the areas of education, employment and integration.

5.3. Environmental Sustainability

Another vision of financial sector towards sustainable development is that the bank will contribute to sustainable use of earth's finite resources and lower greenhouse gas emissions through all its businesses – within the organisation and through lending and asset management. This is achieved by integrating climate change and resource efficiency issues in our business decisions.

5.4. Nation Building

In India, SBI Life envisions supporting genuine initiatives with an aim to promote and facilitate children to emerge as productive assets in a sustainable and scalable manner and thereby, set a foundation for nation building.

5.5.Strengthening the Bank's Social and Environmental Management System

The bank has added social and environmental components to a risk minimization system previously developed with the help of Andersen Business Consulting. The earlier system streamlined decision-making, better deûned various management processes, reduced the overlap of functions, and developed better inter- action between processes. This helped the bank control costs while maintaining its market share. After a representative from Aval attended IFC's Competitive Business Advantage training in

5.6. Strengthening Sustainability Management

In 2002, Unibanco became one of the ûrst Brazilian banks to launch a social and environmental risk management system and to disclose nonû nancial information, including information on sustainability, through external reporting. Unibanco has successfully implemented its Environmental Management System (EMS), as agreed with IFC. The system has helped Unibanco increase its awareness of social and environmental matters and strengthen its overall risk management. The bank has a team of professionals dedicated to environmental management in the areas of domestic and international lending and project û nance. Environmental managers have attended many sustainability training events, including IFC's Competitive Business Advantage workshops in 2002 and 2004.

Since 2004, Unibanco has carried out a training program for its employees on social and environmental issues.

5.7. Adopting the Equator Principles

In June 2004 Unibanco became the ûrst emerging market bank to adopt the Equator Principles. It signed the Principles to strengthen its project ûnance expertise and improve its position in the market. Unibanco applies social and environmental standards to all projects eligible for the Principles, and has more consistently implemented social and environmental control of the bank's investment projects through uniûed standards and tools. The bank's approach is

5.8.Pursuing Sustainability Initiatives

At present, the different financial sectors pursuing sustainability initiatives through the Environmental Credits Cards.

6. RESPONSIBILITIES OF LOCAL – SELF GOVERNMENTS ON SUSTAINABLE DEVELOPMENT

Little attention has been given to purposefully investigating the roles and responsibilities of local government in addressing sustainable development within tourism destination regards. Governments have a critical role in creating the new and stimulating actions to ensure the tourism as a more sustainable in the future. Local government has become an important arena for discussions about the interpretation and implementation of sustainable development. Discussions at international and national levels reinforce the importance of local government because it is at this local level that local policy debates unfold and decisions about resource use are made. Governments should provide an environment that enables and encourages the private sector, local community, tourists and other stakeholders to respond to sustainability issues. This can best be achieved by establishing and implementing a set of policies for tourism development and management, drawn up in concert with others. The principles of sustainable development put emphasis on local determination and implementation of policies and actions. This should be placed within a supportive national policy framework. Indeed, it is often local governments which assume much of this responsibility as they are closest to many of the problems associated with tourism development and they control most of the development planning aspects associated with tourism. Local governance get fast information's about the problems that have the community.

7.DISCUSSIONS OF THE STUDY

From the above discussions we have found that the present paper has tried to focus the sustainable development and its importance all over the world. It is also found that the present study has highlighted the visions and missions of financial institutions and their roles regarding on sustainability of business management. The study also highlighted the roles and responsibilities of Local-Self governments on sustainable development.

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