

## **Green Banking and Sustainable Practices for Regional and Community Development in Tourism: A Conceptual Study on Ancillary Industries of Coastal Karnataka**

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### **Abstract**

Unequal and unfair financial distribution is the major threat for the economic development of a nation. Tourism is the finest source of revenue generation and employment creation which diminishes the possible unequal distribution of financial resources through its ancillary industry. Streamlining the banking sector through that offering funding facility for the those service providers and social entrepreneurs who practice sustainable development and community services, encouraging the indigenous and local entrepreneurs to produce, promote and market souvenirs in a tourist destination strengthen the ancillary industry. Hence financial inclusion is the key factor for community development. Unfortunately financial services accessible for tourism industry are very limited. Green banking can be the finest strategy for developing sustainable tourism through which achieving community development. Coastal Karnataka is a major tourist hub to which thousands of tourists visit a day. It is also famous for wide variety of local products. Creating a favorable business environment and encouraging the local communities to produce the local products in large quantity and marketing it through a competitive marketing strategy and financing such projects through green banking may irradiate the financial inequality in this region. From this perspective this conceptual study aims at exploring the need of green banking for the sustainable growth and local community development of Coastal Karnataka. The study also suggests various sustainable practices through green banking for local community development and ancillary industry in Coastal Karnataka.

**Keywords:** Green Banking, Financial inclusion, Sustainable development, Ancillary Industry, Coastal Karnataka

### **Introduction**

Situated in the Southern part of India, Karnataka is the eighth largest state in India in both area and population. The state is situated between 74<sup>o</sup> E and 78<sup>o</sup> E longitudes and between 11<sup>o</sup> N and 18<sup>o</sup> N latitudes. With the punch line of “One State Many Worlds” Karnataka tourism offers fabulous sightseeing opportunities to the travelers in and around the country. Sandy beaches, dense forest, gardens, mountains, rivers, waterfalls, museums, forts, buildings, memorials, palaces, temples, well developed communication and technology, roads and infrastructure and so on are the major hubs of Karnataka tourism. As one of the

fastest growing service sectors, there is an ample opportunity to invest in the tourism related products in Karnataka. Simultaneously the government of Karnataka has to impulse a number of programmes to attract private investors and to formulate policies which shall boost investment on tourism services. Introducing attractive packages in tourism undeveloped areas, encouraging local communities to extract the benefits of tourism, financial aid to the local communities and the organizations who are active in pro tourism growth and involving the banking sector to benefit the local communities towards micro financing for tourism empowerment are the key issues of financial inclusion which could bring sustainable growth in tourism sector of Karnataka.

Banking and financial activities in this region is not so strong to cater the needs of local community. Down the line local communities represent the sustainable growth of a region. Availing investments on sustainable projects, introduction of paperless, internet and mobile banking would result in balanced distribution of income in this region.

### **Literature Review**

In 1976 the Tourism Society of England defined Tourism as “the temporary short term movement of people to destination outside the places where they normally live and work and their activities during the stay at each destination. It includes movement for all purposes” (Geethanjali, 2010). Tourist attractions have been defined by Goodall (1990:262) as "place characteristics, often unique, e.g. natural environment or historic artifacts, or events, such as festivals and sporting occasions".

### **Sustainable Development:**

Sustainable development is the development that meets the needs of present without compromising the ability of future generations to meet their own needs. Sustainable development is important to preserve the resources for the future generation. The basic principle of sustainability is the participation of the local community (India and You 2009).

### **Green Banking**

To define Green banking is a financial institution which plays an intermediary role between economic development and environmental protection, for promoting environmentally sustainable and socially responsible investment. Green banks approve and fund those projects which are environment – sustainable, promote inclusive growth. Green banking also includes paperless banking activities such as internet banking, mobile banking, ATM's and CDM's etc.

### **Why green Banking?**

Paperless banking has many advantages for local community. Cash transactions in an economy lead high level of bribery and corruption. A sound economic policy with paperless banking such as mobile banking, internet banking etc maintains accuracy and transparency in the financial transactions. Local community of a region is the worst sufferers of unfair practices in trade and economy. They are cheated in terms of quality, quantity and price. Green banking is strongest weapon to avoid these mal-practices.

### **Objectives of the study**

- An overview of Green banking and sustainable development.
- To evaluate how green banking in tourism brings sustainable development of local communities in Karnataka
- To analyze strength and weakness of green banking and sustainable development of ancillary industries in Karnataka

### **Methodology:**

#### **a) Study Area**

The Karnataka state is situated between 74<sup>o</sup> E and 78<sup>o</sup> E longitudes and between 11<sup>o</sup> N and 18<sup>o</sup> N latitudes. The state is stretched to an area of 191791 sqkms and an average population of 6 crore. Bangalore is the capital of the state and it has 30 districts. Karnataka is famous for vivid tourist attractions.

#### **b) Data Collection**

To realize the objectives of the study, both primary and secondary data is used. Primary data has been collected through personal interview with the people in the projected area. Interview was conducted with the officials of Tourism at various levels to compare the views expressed by both the functionaries.

Secondary data related to the issue was collected from the sources like, Journals, Books, Internet sources etc.

#### **Financial inclusion for sustainable development in tourism sector:**

Banks play a crucial role in financial inclusion. The modern system oriented approaches adopted by banks made their services to reach common unreachable people. Hence inclusive economic growth is taking place. Micro financing is a strategy that the banks follow to access the people from remote areas.

Tourism sector demands investments in various levels. Karnataka, through various schemes could able to attract a large number of investors towards the tourism sector. The Global Investors Meeting (GIM) is an annual entrepreneurs meeting to attract the domestic and foreign investors to Karnataka. A number of tourist circuits and various components are developed through financial inclusion.

Financial inclusion and sustainable development aims at overall economic development through availing the banking facility to the common people. From the tourism background the financial inclusion can be identified from the different perspectives.

- Financial aid to maximum number of tourism entrepreneurs at various levels.
- Extending the banking facility to the people/community indulged in tourism related activities.
- Financial inclusion for the sustainable development of ancillary industry.

In 2008, there were 78787 all India level bank offices were functioning. Among these 30927 were in rural India, which has been increased to 109811 all India level bank offices in 2013. The rural India had 39439 offices. The actual increasing trend was 39.3 percent for a period of 5 years (Dr. A Tamilarasu, 2014).

The number of bank branches has been increased tremendously in Karnataka. Financial institutions have introduced a series of financial aid and loan facilities to attract investors at various levels. As a result backward areas have developed in tourism perspective. Financial inclusion has an eternal objective of sustainable development and inclusive growth of local community. In tourism sector the ancillary industry plays a vital role which is associated with Multiplier effect. A tourist expenditure on purchase of souvenirs supports the tourism ancillary industry.

The problem is associated with the financial stability of ancillary industry. Fishing, Pottery making, Stone art, cane art and weaving, honey extracting are the traditional ancillary industry of Coastal Karnataka. Except fishing all traditional cottage industries are weakened due to financial distress. Tourists who visit coastal Karnataka prefer to purchase the local souvenirs which are the source of income for the local community engaged in traditional art and craft industry. Majority of the workers engaged in the production of traditional art and craft are from the lower class of the society. Majority of those who are the laborers in such industries don't have bank accounts and banking accessibility. Financial institutions have to reach this lowest category of the society to enhance the sustainable development. Educating such laborers and bring them into the stream of banking is difficult task. Such community will have to be educated of green banking and they will have to be given priority in investment on green banking projects.

### **Green banking in tourism brings sustainable development of local communities in Coastal Karnataka**

Ancillary industry in Coastal Karnataka requires huge investment. Ancillary industry does not harm the rich natural resources. Due to lack of financial facilities and marketing the industry is suffering hence the green banking can promote the ancillary industry by providing financial support. Through green banking financial support can not only be given to ancillary industry but also to establish, develop and rejuvenate tourist attractions. This would result in increased inflow of tourist to a destination. Coastal Karnataka is rich with natural forest and water resources which are the prime attractions where the green banking projects can be implemented. Local community will be benefited so that regional economic imbalance in this region will be reduced.

Strength and weakness of green banking and sustainable development of ancillary industries in Karnataka

### **Strength and weakness of implementing Green banking in coastal Karnataka**

#### **Strength:**

Untapped natural resources are the prime attraction of tourism in Coastal Karnataka. Green banking projects can be implemented here without harming the natural resources. Advanced communicative technology has reached every corner of coastal Karnataka. It is an added advantage. There are good numbers of ancillary industries in Coastal Karnataka which are seeking for financial aid. These industries can be the major target of Green banking. Many governmental and non-governmental organizations are striving for survival of natural

resources and the green banks can effectively implement the plans and policies with the support and guidance of such organizations.

**Weakness:**

Majority of people who involve in artisan work belong to the generation aged 40 years and above. Though the technology has reached each corner of the district many artisans of this age group are not aware of using technology. Investing on ancillary industry is backed by huge risk as one cannot easily predict profit and loss in business. Only the monopolies in market are ready to invest and the poor artisans are looking for the job security than the risk matter. Accumulation of wealth, meeting the completion is not easy as these marketers don't possess such skill. Eventually carrying forward the handcraft business is associated with the caste system and people from such class/caste are socially deprived. In many regions availing bank loan is also the matter of social standard. Most importantly these working groups don't have a clear vision about what they do. All these are the major drawbacks to the implementation of green banking in ancillary industry.

**Suggestions:**

In tourism ancillary industry souvenirs are the unique products that need to be highly marketed. The study found that the local souvenir manufacturers don't have a union to represent, hence there need to be an association which would voice the needs of them. Commercial and nationalized banks are inaccessible for the ancillary industry oriented laborers. Providing financial assistance is the matter of trust for most of the financial institutions. They don't trust in rendering financial assistance to such manufacturers. It is suggestible that, a separate union for the ancillary manufacturer has to be formed at panchayat level. A frill bank account should be opened. As the income of the members is low, an initial loan amount of Rs10000 can be sanctioned at a subsidized rate of interest. Further, the loan amount can be increased based on the capacity of repayment. The local tour operators and service providers (Resorts, Jungle Lodges, Hotels and Home stays) have to channelize the market for ancillary products. Technical guidance, help and support can be provided from expert team. Profit should be shared equally. The tourists must be induced to purchase the local products which would earn livelihood for the local artisans and ancillary manufacturers. Effective implementation of green banking for the development of ancillary industry, framing sound policy for sustainable development, regulating the ancillary tourism market through proper boosts are the solution for the effective results of green banking and sustainable development.

**Conclusion**

Green banking is the finest idea of environmental sustainability. In order to strengthen ancillary industry local community has to be empowered. When the local community is given economic strength, regional balanced growth can be attained easily. From this perspective, green banking in sustainable development of ancillary industry gains importance.

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