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A Study on Green Finance India

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ABSTRACT: Green finance in India is rapidly gaining momentum as the country seeks to balance economic growth with environmental sustainability. This financial approach supports initiatives aimed at reducing carbon footprints and fostering renewable energy projects. Key instruments in India's green finance landscape include green bonds, climate funds, and sustainable banking practices. The Indian government and financial institutions are increasingly prioritizing investments in solar and wind energy, sustainable agriculture, and eco-friendly infrastructure. Regulatory frameworks and policy measures, such as the National Action Plan on Climate Change (NAPCC), play a crucial role in promoting green finance. Additionally, public-private partnerships are emerging as a vital mechanism to mobilize the necessary capital for large-scale green projects. Despite the progress, challenges remain, including the need for greater awareness, capacity building, and addressing risks associated with climate change. Strengthening green finance in India is essential for achieving the country's climate goals and transitioning to a low-carbon economy. As such, continued efforts and innovations in this sector are vital for ensuring sustainable development and combating environmental degradation.

I. INTRODUCTION

Green finance in India plays a pivotal role in advancing sustainable development and addressing environmental challenges. With strong policy support from the government and increasing private sector involvement, India has witnessed significant progress in promoting green finance initiatives. Investments in renewable energy projects, issuance of green bonds, and schemes promoting financial inclusion and sustainable practices are key components of this progress. However, challenges such as lack of awareness, policy implementation issues, access to finance barriers for SMEs, data transparency concerns, and technological hurdles persist. Overcoming these challenges requires collaborative efforts from stakeholders to further accelerate the growth of green finance in India and foster a more sustainable future.

Despite progress, green finance in India faces significant challenges. Firstly, there's a widespread lack of awareness among investors and financial institutions about green finance opportunities and products, highlighting the need for better education and outreach. Secondly, policy implementation hurdles, including bureaucratic delays and inconsistencies, hinder the effective execution of green finance initiatives. Addressing these challenges will necessitate collaborative action from policymakers, financial institutions, investors, and other stakeholders to unlock the full potential of green finance in India.

II. REVIEW OF LITERATURE

MAXIMILLIAN M.J. KAPA, AGUS A. NALLE, PAUL G. TAMELAN, WORAKAMOL WISSETSRI (SEP 2022)

Accurate predictions are crucial for assessing future energy performance levels across the country, which, in turn, aids in the development of clear policies aimed at monitoring and reducing carbon and other harmful emissions. By employing the most accurate and recognized methodologies from six significant countries - China, Japan, India, Indonesia, Russia, and the United States, which collectively account for 61% of global emissions - we have made informed estimates regarding carbon emissions.

The results indicate a negative correlation between green finance, agricultural economics, and creativity with carbon emissions across the selected countries. Conversely, variables such as population and economic growth demonstrate a positive association with carbon emissions. Additionally, this research provides valuable insights for both researchers and policymakers seeking to mitigate carbon emissions.



PARVADAVARDINI SOUNDARRAJAN, NAGARAJAN VIVEK (JAN 2016)

Green finance serves as a cornerstone in fostering low-carbon, sustainable growth, serving as a conduit between the financial industry, environmental conservation, and economic development. This paper sets out to delve into the realm of green finance, aiming to affirm its viability within Indian industries to combat ecological degradation stemming from the accumulation of carbon emissions in the atmosphere.

Green investing recognizes the inherent worth of the environment and its natural assets, striving to bolster human well-being and social equity while curtailing environmental hazards and safeguarding ecological balance.

SREENU NENAVATH, SHASHWAT MISHRA (MAY 2023)

This research study analytically investigates the influence of green finance and financial technology (fintech) on sustainable economic growth, utilizing data from Indian states spanning from 2010 to 2021. Employing panel regression analysis, the paper examines the relationship between fintech, green finance, and economic growth, employing a two-step Generalized Method of Moments (GMM) approach to address endogeneity concerns.

These recommendations include enhancing the integration of fintech with green finance, formulating a comprehensive environmental disclosure framework to guide state governments in enhancing the efficacy of green finance, and fostering sustained collaborative efforts as part of an external intervention strategy to promote green finance in the private sector.

MD. HASANUR RAHMAN, JUNNAID RAHMAN, TIPON TANCHANGYA MIGUEL ANGEL ESQUIVIAS (DEC 2023)

The study examines green banking practices, initiatives, and prospects in India and Bangladesh to assess how green finance can contribute to achieving Sustainable Development Goals (SDGs), particularly SDG 7 for affordable and clean energy, and SDG 13 for climate action. Using secondary data, the study conducts a comparative analysis of the green banking practices and initiatives of the Bangladesh Bank (BB) and the State Bank of India (SBI).

Governments should focus on raising awareness about climate change and green banking practices while ensuring strict supervision of these activities.. Moreover, achieving a universally agreed-upon consensus on green practices necessitates a more proactive regulatory role.

III. RESEARCH METHODOLOGY

RESEARCH GAP

Despite the growing momentum of green finance in India, there still exists a notable research gap in several areas. Firstly, there's a need for more empirical studies examining the effectiveness of various green finance mechanisms, such as green bonds and sustainable investment funds, in driving environmental sustainability and economic growth. Additionally, research focusing on the social impacts of green finance initiatives, particularly in terms of job creation, community development, and poverty alleviation, is lacking. Furthermore, there's limited research on the barriers and challenges faced by different stakeholders, including financial institutions, businesses, and policymakers, in implementing green finance initiatives effectively. Bridging these research gaps is essential for informing evidence-based policies, improving the design of green finance instruments, and accelerating the transition towards a sustainable and inclusive economy in India.

NEED FOR THE STUDY

The need for further study on green finance in India is paramount due to several reasons. Firstly, as India strives to address pressing environmental challenges and achieve its sustainable development goals, understanding the effectiveness of green finance mechanisms is essential. Research in this area can provide insights into how financial instruments like green bonds and sustainable investment funds can be optimized to drive environmental sustainability while fostering economic growth. Furthermore, studying the social impacts of green finance initiatives, such as their contribution to job creation and poverty alleviation, can help policymakers design more inclusive and equitable green finance strategies. Overall, conducting research on green finance in India is crucial for informing evidence-based policies, promoting innovation, and accelerating the transition towards a sustainable and resilient economy.



PROBLEM STATEMENT

The problem statement for green finance in India revolves around understanding barriers hindering its adoption, assessing effectiveness in driving sustainability, and evaluating social impacts. This research aims to identify challenges, inform policy reforms, and optimize green finance strategies to accelerate India's transition to a more sustainable and inclusive economy.

OBJECTIVE OF THE STUDY

1. To assess the effectiveness of existing green finance mechanisms in driving environmental sustainability and economic growth.
2. To identify barriers and opportunities for the adoption of green finance initiatives and provide insights for policymakers and financial institutions to optimize strategies and foster a more sustainable and inclusive economy.

RESEARCH DESIGN

The research design for studying green finance in India entails a mixed-method approach. Quantitative analysis will evaluate the effectiveness of green finance mechanisms, analyzing financial data and performance metrics. Qualitative methods, including interviews and surveys, will gather insights on barriers and opportunities for green finance adoption. This combination of quantitative and qualitative approaches will offer a comprehensive understanding of green finance dynamics in India, informing evidence-based policy recommendations for a more sustainable financial ecosystem.

RESEARCH TYPE

The research on green finance in India adopts a mixed-method approach, combining quantitative analysis to assess effectiveness and qualitative methods to explore barriers and opportunities for adoption, ensuring a comprehensive understanding and evidence-based policy recommendations.

DATA COLLECTION METHOD

Data collection for the study on green finance in India will employ a combination of primary and secondary methods. Primary data will be gathered through surveys, interviews, and focus group discussions with stakeholders including policymakers, financial institutions, businesses, and civil society organizations. This mixed-method approach will ensure a comprehensive and nuanced understanding of green finance dynamics in India.

POPULATION: 100

SAMPLE SIZE: 30

SAMPLE UNIT: MEDCHAL

TOOL USED: Google forms, charts, barographs

QUESTIONNAIRE

The questionnaire for the study on green finance in India will assess stakeholders' awareness, attitudes, and experiences to guide policy.

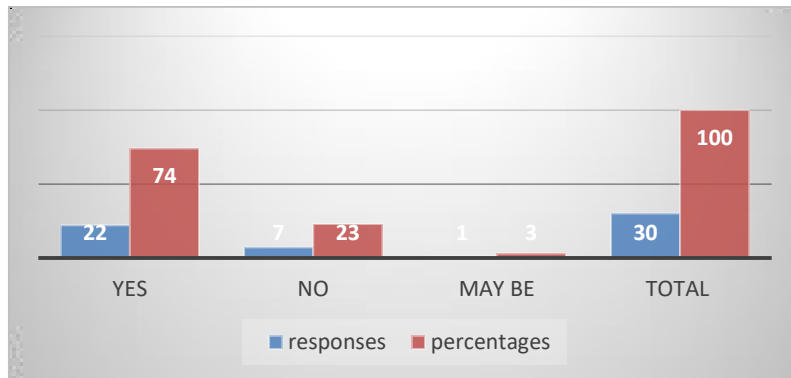
HYPOTHESIS

H0: There is no significance relationship between green finance in India progress and challenges.

H1: there is significance relationship between green finance in India progress and challenges.

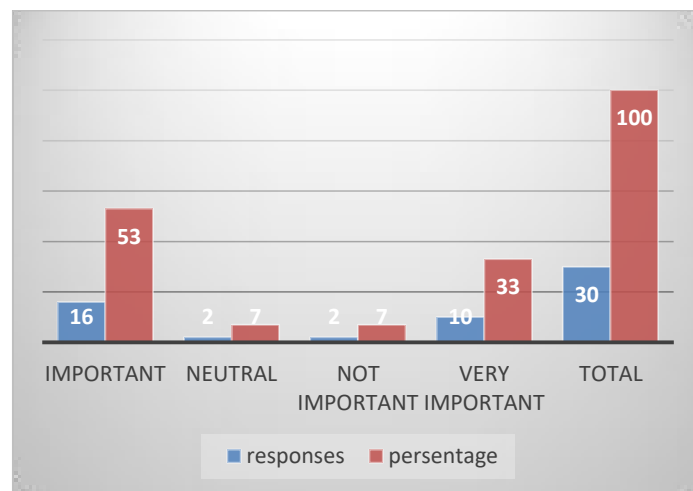
DATA ANALYSIS

2. Do you believe green finance initiatives contributes to economic growth?	yes	no	may be	total
responses	22	7	1	30
percentages	74	23	3	100



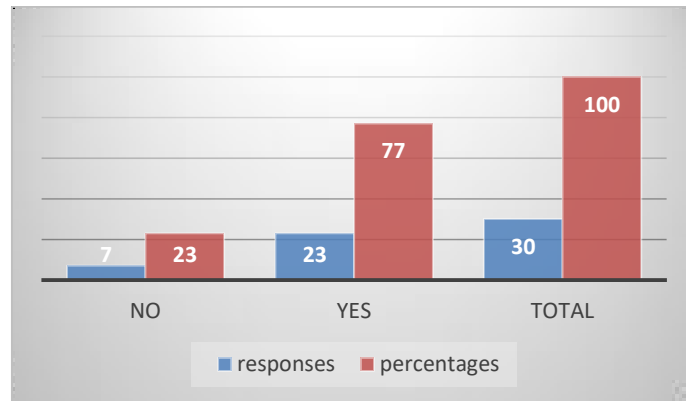
INTERPRETATION: Most of the respondents are yes with 74% believe green finance initiatives contributes to economic growth.

3. How important do you consider green finance mechanisms in driving environmental sustainability?	important	neutral	not important	very important	total
responses	16	2	2	10	30
percentage	53	7	7	33	100



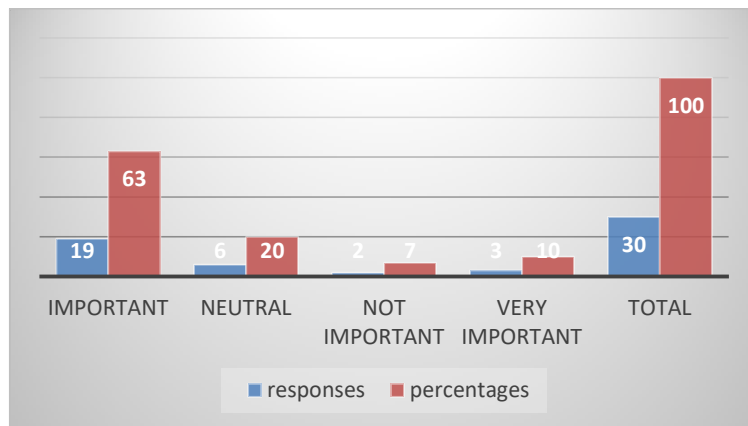
INTERPRETATION: majority of the people respondents are important with 53% green finance mechanisms in driving environmental sustainability.

4. Do you believe green finance can promote social inclusion by supporting projects providing access to clean energy and sustainable infrastructure?	no	yes	total
responses	7	23	30
percentages	23	77	100



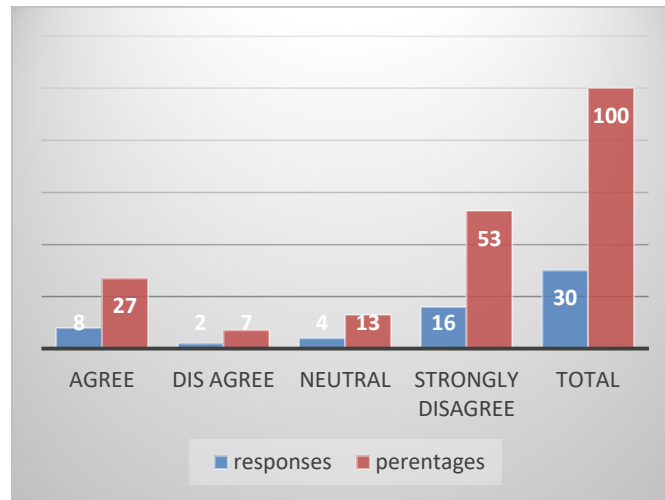
INTERPRETATION: majority of the respondents are believed 77% with yes green finance can promote social inclusion by supporting projects providing access to clean energy and sustainable infrastructure.

5.How important is it to fund renewable energy projects through green finance mechanisms?	important	neutral	not important	very important	total
responses	19	6	2	3	30
percentages	63	20	7	10	100



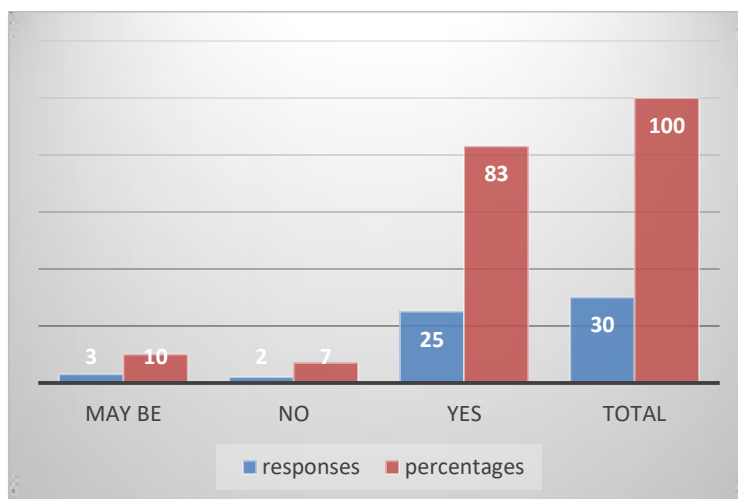
INTERPRETATION: 63% respondents are important is it to fund renewable energy projects through green finance mechanisms.

6.To what extend do you agree that identifying barriers and opportunities for the adoption of green finance initiatives is essential?	agree	dis agree	neutral	strongly disagree	total
responses	8	2	4	16	30
percentages	27	7	13	53	100



INTERPRETATION: Most of the respondents are follows strongly agree 53% agree that identifying barriers and opportunities for the adoption of green finance initiatives is essential.

7.Do you believe that understanding barriers and opportunities in green finance adoption can lead to a more sustainable economy?	may be	no	yes	total
responses	3	2	25	30
percentages	10	7	83	100

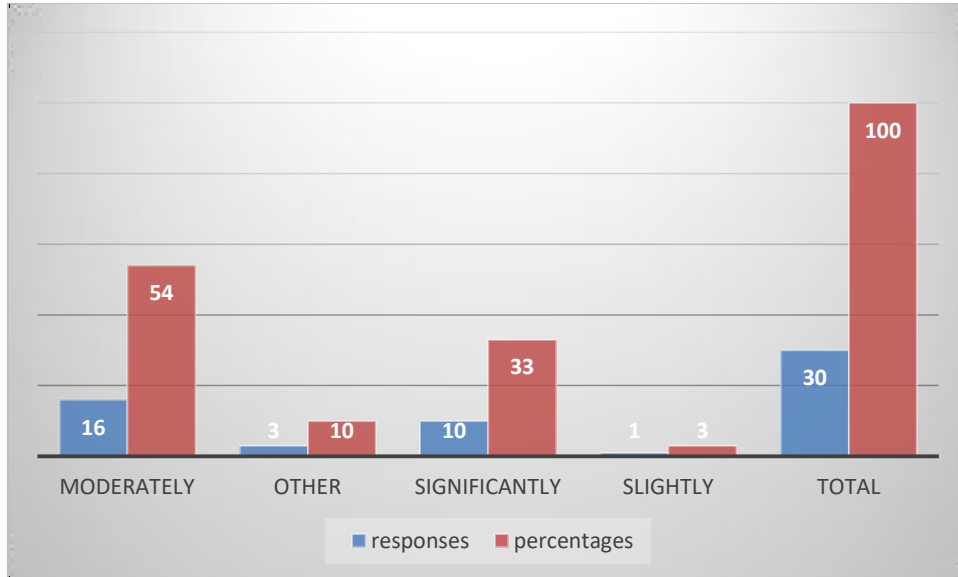


INTERPRETATION: Majority of the respondents follows through yes are 83% understanding barriers and opportunities in green finance adoption can lead to a more sustainable economy.

8.How important is it for policymakers and financial institutions to collaborate in optimizing green finance strategies?	moderately	other	significantly	slightly	total

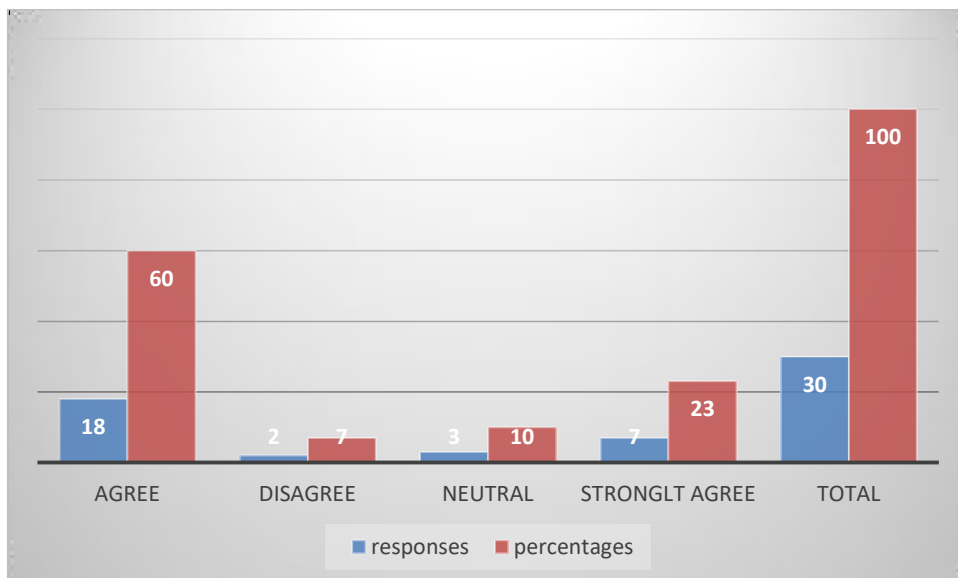


responses	16	3	10	1	30
percentages	54	10	33	3	100



INTERPRETATION: Most of the respondents moderately with 54% policymakers and financial institutions to collaborate in optimizing green finance strategies.

9.Do you believe that insights on green finance adoption can help foster economic growth in underserved communities?	agree	disagree	neutral	strongly agree	total
responses	18	2	3	7	30
percentages	60	7	10	23	100





INTERPRETATION: Most of the respondents are follows agree with 60% insights on green finance adoption can help foster economic growth in underserved communities.

IV. STATISTICAL TOOL FOR ANALYSIS

H0: There is no significance relationship between green finance in India progress and challenges.

H1: there is significance relationship between green finance in India progress and challenges.

gender	agree	Dis agree	neutral	Strongly agree	Column total
Female	3(2.67) [0.04]	1(0.67) [0.17]	2(1.67) [0.07]	4(5.00) [0.20]	10
Male	5 (5.33) [0.02]	1(1.33) [0.08]	3(3.33) [0.03]	11(10.00) [0.10]	20
Rows total	8	2	5	15	30

The chi-square statistic is 0.7125. The p-value is .87026. The result is not significant at $p < .05$.

Since p value is less than 0.05, H0 rejected and H1 accepted relationship between green finance in India progress and challenges.

age	agree	Dis agree	neutral	Strongly agree	Column total
16-25	3(3.40) [0.05]	3(2.83) [0.01]	5(5.10) [0.00]	6(5.67) [0.02]	17
26-30	2(1.80) [0.02]	1(1.50) [0.17]	3(2.70) [0.03]	3(3.00) [0.00]	9
Above 30	1(0.80) [0.05]	1(0.67) [0.17]	1(1.20) [0.03]	1(1.33) [0.08]	4
Rows total	6	5	9	10	30

The chi-square statistic is 0.634. The p-value is .995806. The result is not significant at $p < .05$.

V. FINDINGS

Green finance in India has experienced significant growth in recent years, driven by various factors that align with sustainable development goals. One notable finding is the increasing adoption of renewable energy projects across the country, supported by financial instruments tailored to incentivize investments.

The total responses are 30 out of which are male are 18% and female are 12%.

Majority of the respondents are followed in in range between 16-25 with 60%.

The most respondents are from PG of 33%, as MBA 27%, UG of 23% B. TECH of 13%.

Most of the respondents are students contribute with 73%.

It is observed that 67% of the respondents are un married and remaining 33% are married.

Most of the respondents are important with 73% green finance initiatives are in fostering innovation and job creation.

Most of the respondents are yes with 74% believe green finance initiatives contributes to economic growth.

Majority of the people respondents are important with 53% green finance mechanisms in driving environmental sustainability.

Majority of the respondents are believed 77% with yes green finance can promote social inclusion by supporting projects providing access to clean energy and sustainable infrastructure.

63% respondents are important is it to fund renewable energy projects through green finance mechanisms.

Most of the respondents are follows strongly agree 53% agree that identifying barriers and opportunities for the adoption of green finance initiatives is essential.

Majority of the respondents follows through yes are 83% understanding barriers and opportunities in green finance adoption can lead to a more sustainable economy.

Most of the respondents strongly agree with 50% that optimizing green finance strategies can address social and environmental challenges.

Most of the respondents moderately with 54% policymakers and financial institutions to collaborate in optimizing green finance strategies.

: Most of the respondents are follows agree with 60% insights on green finance adoption can help foster economic growth in underserved communities.



VI. SUGGESTIONS

Green finance, a rapidly growing area of finance dedicated to supporting environmentally sustainable projects and initiatives, is gaining traction in India as the country seeks to address its environmental challenges while promoting economic growth. Several factors contribute to the increasing importance of green finance in India. Faces significant environmental challenges, including air and water pollution, deforestation, and climate change impacts.

The Indian government has been proactive in promoting green finance through policy measures and regulatory initiatives. The introduction of schemes such as the Green India Mission, the National Action Plan on Climate Change, and the Clean Energy Fund demonstrates the government's commitment to sustainable development and environmental conservation.

Regulatory reforms, such as mandating environmental disclosures for listed companies and promoting green bonds, further encourage investments in green projects. There is growing awareness among investors, financial institutions, and businesses about the risks and opportunities associated with environmental sustainability. Institutional investors are increasingly integrating environmental, social, and governance (ESG) factors into their investment decisions, recognizing the importance of long-term sustainability and resilience. Financial institutions are expanding their offerings of green financial products, including green bonds, green loans, and sustainable investment funds, to meet the rising demand for responsible investment options.

In the green finance has emerged as a critical tool for promoting sustainable development and addressing environmental challenges in India. By mobilizing capital towards environmentally sustainable projects, fostering regulatory support, and aligning investor preferences with sustainability goals, green finance contributes to India's transition towards a greener and more resilient economy.

VII. CONCLUSION

In conclusion, the trajectory of green finance in India reflects a promising shift towards sustainability and climate resilience within the financial sector. The emergence of regulatory frameworks and policy interventions has provided a conducive environment for the proliferation of green finance, signalling a commitment from the government to prioritize sustainability goals.

Moreover, the active involvement of institutional investors and corporate entities underscores a broader societal acknowledgment of the business case for sustainability, wherein environmental considerations are increasingly integrated into investment decision-making processes.

However, despite the progress made, several challenges persist on the path towards mainstreaming green finance in India. These include the need for enhanced awareness and capacity building among stakeholders, particularly within the financial industry, to effectively identify and seize opportunities in the green economy.

Additionally, ensuring the scalability and replicability of successful green finance initiatives remains imperative to accelerate the transition towards a low-carbon future.

Looking ahead, sustaining the momentum of green finance will require concerted efforts from various stakeholders, including policymakers, financial institutions, businesses, and civil society organizations.

Continued innovation in financial instruments, coupled with robust regulatory frameworks, will be essential to unlock the full potential of green finance in India and contribute towards achieving the nation's sustainable development goals.

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