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Management

INVESTORS PERCEPTION–A STUDY ON GREEN FINANCE IN INDIA

Dr. Deepika Aggarwal

Guest Faculty, Department Of Commerce, Punjabi University Patiala.

ABSTRACT Green finance has become a major concern for better environmental growth. It plays an important role in achieving sustainability goals. This research paper emphasizes investor's perception on green finance in India. It also highlights the escalating consciousness and knowledge of green finance for common public. The research study is based on primary data collected from 80 respondents. The research methodology entails review of literature, scope of the study including wide variety of green finance instruments. The responses of the respondents were examined through a "5 point Likert scale" and scale reliability was checked through Cronbach's Alpha. SPSS software was used for data analysis. Statistical tool ANOVA was used to gather the conclusions and findings from the research data. The findings of the study inferred that some people were aware with the term 'green finance' while some were totally ignorant about its understanding. The study suggested that green finance should be prioritized so that eco-friendly economic growth is achieved.

KEYWORDS : Green finance, instruments, sustainable, bond, eco-friendly.

INTRODUCTION

Due to enhancement of industrialization it has become more difficult to keep sustainable development aligned with the economic diversification. So, going green is the need of the hour. Green finance refers to the comprehensive range of investment structures and funding for environment friendly industries, projects or business. Green financing increases ecological safety and reduces environment risks. Green finance connects financial and business industry with pollution free environment which promote economic growth. It distributes financial capital to foster energy efficiency, enhance renewable energy and promote environmental friendly practices.

Financial investment should be diverted towards green loans, green bond, sustainability bonds and green equity which will therefore manage environmental risks in a better way. Government's role should be enhanced in the promotion of green finance in the country. Green financing understands environmental value and improves public welfare and brings ecological integrity. Corporate disclosure should be strengthened for green management practices. Moreover, financial assistance should be provided for such businesses.

Review Of Literature

Roy and Sharma (2019) explores the current position of green finance instruments in India. The study concludes that banks in India are major issuer's of green finance instruments. Stock exchanges are also implementing green finance instruments by changing their operations.

Ozoli (2022) highlighted the strategies of making green investment profitable and the challenges of green financing. The findings concluded that green finance has significant potential in making climate change mitigation but there is a lack of awareness about green finance.

Kumar and Kundalia(2023) examined the importance of green bonds in Indian context. It was observed that government has taken various steps to motivate the use of green bonds by providing tax benefits to investors. Green bonds can also be used to finance the projects across the country.

Martin (2023) assessed that development of green finance brings green transition towards preserving the environment. The study concludes that for the faster adaptation of green finance significant amount of funds are needed from public and private sectors.

Mudalige (2023) purposed upcoming themes on green finance over the past 12 years. For the study review was performed on 978 Publications from the database of Scopus. The analysis will contribute to existing knowledge and will provide insights into the landscape of green finance.

Li et al. (2024) focussed on Environmental, Social and Governance (ESG) and Corporate Social Responsibilty(CSR) aspects. These both have developed as important performance metrics for business concerns. In order to balance both the metrics, government should strengthen the effect of green financial policies.

Objectives Of The Study

1. To study the awareness of investors towards green finance instruments.
2. To study investing behaviour of investors regarding green finance instruments.

Research Methodology

The study is based on primary data which was collected through a well defined structured questionnaire. The questionnaire was circulated to the respondents personally. The research design used in the study is exploratory research. The data collected was analyzed through statistical tool ANOVA. The responses of the respondents were examined through a "5- point Likert scale".

Data Collection

For the study, questionnaire was filled from 80 respondents including both men and women. The respondents included were above 25 years of age. The investor's above this age are supposed to select their investment avenues independently. The sample data consists of entrepreneurs, working people, self employed people, students pursuing higher education and housewife's engaged in work from home. All categories of people were included so that the survey results would be close to reality. The questionnaire was designed to assess the investor's awareness and investing behavior on green loans, green bonds, green equity, renewable energy and sustainable mutual funds. The technique used in the research study is purposive sampling. The significance level in accepting or rejecting the null hypothesis is taken as 5%.

Data Analysis

The analysis included demographic analysis and ANOVA supported by findings and conclusions.

Demographic Analysis

Table 1.1 Demographic Analysis Table

AGE(Years)	COUNT	COUNT%
25-40	25	31.25%
40-55	30	37.5%
Above 55	25	31.25%
EDUCATIONAL QUALIFICATION		
Below Bachelor Degree	10	12.5%
Bachelor Degree	14	17.5%
Masters Degree	30	37.5%
Professional Degree	26	32.5%
OCCUPATION		
Student	12	15%
Salaried Employee	25	31.25%
Entrepreneur	28	35%
Work from home	15	18.75%
ANNUAL INCOME		
Below Rs 5,00,000	30	37.5%
Rs 5,00,000 – Rs 10,00,000	27	33.75%

Rs 10,00,000 – Rs 20,00,000	15	18.75%
Above Rs 20,00,000	8	10%
EXPERIENCE OF INVESTMENT		
Less than 1 year	18	22.5%
1 year to 5 years	23	28.75%
More than 5 years	39	48.75%

Some Conclusions Drawn From The Above Data Are:

- The data reflects that most of the participants are between age group 40-55 years (37.5%).
- Majority of participants have Master's degree (37.5%) followed by professional degree (32.5%).
- The sample data shows that entrepreneurs make up the maximum participants (35%). The proportion of students is the least (15%).
- Greater share of participants have annual income below Rs 5, 00,000 whereas only 10% of participants have annual income above Rs 20, 00,000.
- Investment experience indicates that 48.75% of participants have experience of more than 5 years.

DISCUSSION

Hypothesis Testing

The assumptions which are based on some evidence is called hypothesis.

Hypothesis 1: Null hypothesis (Ho): There is no significant association between Age and investors awareness with green finance instruments.

Table 1.2: ANOVA test.

Age	N	Mean	S.D	F-Value	P-Value	Post Hoc Test	Hypothesis (Ho) Accepted/ Rejected
25-40	25	4.1667	0.42153	10.379	0.000	g1	Rejected
40-55	30	3.6291	0.40122			g2	
Above 55	25	3.2124	0.12131			g2	

Table 1.2 showed that the lowest mean satisfaction score 3.2124 was observed among the investors with age above 55 years whereas the highest mean satisfaction score of 4.1667 was observed among the investors with age group 25-40 years. The difference in mean score was found to be significant as P-value 0.000 was less than 0.05. Thus the null hypothesis was rejected suggesting that there is a significant association between the variables being tested. It appears that higher proportion of familarity with green finance instruments was observed among younger respondents as in comparison to above age group respondents.

Hypothesis 2: Null hypothesis (Ho): There is no significant association between Educational Qualification and investors awareness with green finance instruments.

Table 1.3: ANOVA test.

Educational Qualification	N	Mean	S.D	F-Value	P-Value	Post Hoc Test	Hypothesis (Ho) Accepted/Rejected
Below Bachelor Degree	10	3.3321	0.42154	1.327	0.283	g1	Fail to reject
Bachelor Degree	14	3.3174	0.38210			g1	
Masters Degree	30	4.1223	0.10000			g1	
Professional Degree	26	3.4271	0.39410			g1	

Table 1.3 reveals that the mean score was not found to be significant as F=1.327, p-value 0.283 was greater than 0.05. Thus we fail to reject the null hypothesis indicating that there is a strong evidence which supports the null hypothesis. The Anova test infers that there is statistically no significant association between educational qualification and investors familiarity with green finance instruments.

Hypothesis 3: Null hypothesis (Ho): There is no significant association between Occupation and investors awareness with green finance instruments.

Table 1.4: ANOVA test.

Occupation	N	Mean	S.D	F-Value	P-Value	Post Hoc Test	Hypothesis (Ho) Accepted/ Rejected
Student	12	3.5556	0.35777	1.667	0.181	g1	Fail to reject
Salaried Emplyee	25	3.7133	0.4347			g1	
Entrepreneur	28	4.007	0.71848			g1	
Work from home	15	3.6308	0.79456			g1	

Table 1.4 shows that the difference in mean score was not found to be significant as, p-value 0.181 was greater than 0.05. Thus we fail to reject the null hypothesis suggesting that there is not enough evidence to determine that occupation is associated with investor perception to the knowlede for green finance instruments.

Hypothesis 4: Null hypothesis (Ho): There is no significant association between Annual income and investors awareness with green finance instruments.

Table 1.5: ANOVA test.

Annual Income	N	Mean	S.D	F-Value	P-Value	Post Hoc Test	Hypothesis (Ho) Accepted/ Rejected
Below Rs 5,00,000	30	3.7750	0.69091	13.711	0.000	g1	Rejected
Rs 5,00,000 - Rs 10,00,000	27	3.5273	0.71279			g1	
Rs 10,00,000 - 20,00,000	15	4.2500	0.38490			g2	
Above Rs 20,00,000	8	3.9375	0.48189			g2	

Table 1.5 The difference in mean score was found to be significant as P-value 0.000 was less than 0.05. Thus the null hypothesis was rejected suggesting that the investors falling in higher income group are more inclined towards green finance instruments. They are more comfortable investing in instruments having a positive environmental impact. It also depicts that individuals with high income have promising investment attitude towards sustainable finance instruments.

Hypothesis 5: Null hypothesis (Ho): There is no significant association between investing experience and investors awareness with green finance instruments.

Table 1.6: ANOVA test

Investing Experience	N	Mean	S.D	F-Value	P-Value	Post Hoc Test	Hypothesis (Ho) Accepted/ Rejected
Less than 1year	18	3.8571	0.63657	14.348	0.021	g1	Rejected
1year to 5 years	23	3.8100	0.64281			g1	
More than 5 years	39	4.0000	0.72722			g2	

Table 1.6: The difference in mean score was found to be significant as P-value 0.021 was less than 0.05. Thus the null hypothesis was rejected suggesting that investing experience strengthens the knowledge of investing and helps in making sound investment decisions. Further experience brings confidence in investing the hard earned money. Better experience will address the environmental issues in a satisfactory way and will have positive ethical impact.

Findings

The study findings suggest that investors awareness is very pertinent if they prefer to invest in green finance instruments. Sometimes investors are fully awared but they are reluctant to invest in green instruments due to low returns and regulatory risks. It was found out that there was significant association between annual income invested and awareness level of green investment. However graduates and under graduates should be targetted and made aware about environmental benefits of such investments and their long term sustainable goals towards the economy.

Government agencies should collaboratively work to educate the investors on such investments which have long term growth opportunities. Moreover, public investing in green investment products should be incentivised. Lack of comprehensive knowledge and information gaps is basic hindrance in investing in such avenue. Information gaps should be reduced whereas trust and knowledge should be enhanced.

CONCLUSION

Investing decisions of investors are primarily affected by their level of income, investing experience, level of motivation and their personal value for investments. Young youth is even willing to accept less financial returns in consideration of eco- friendly sustainable environment.

Green investment has augmented in recent years which evidence speedy economic expansion. Green finance and green investment are the pillars of green growth. There is lack of studies about green finance in Indian context. Hence, government should take appropriate steps to educate the investors about green finance instruments and their persistent sustainable advantage to the environment.

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