

A Study On the Green Finance Using Sustainable Development in Finance

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ABSTRACT

Green finance refers to financial activities, investments, and instruments that support environmentally sustainable proposals and promote the transition to a low-carbon, climate-resilient, and resource-efficient economy. In recent times of technological growth, the global economy is undermined from three different challenges, environmental change, vitality limitations and money related emergency. This is on account of financial advancement conveys alongside itself expenses to the countries in the shape of environmental degradation. Green finance is the solution for accomplishing contract between the economy and nature. Green finance is considered as the monetary help for green development, which decreases ozone depleting substance discharges and air contamination emanations altogether. Green fund in horticulture, green structures, green security and other green activities should increase for the monetary improvement of the nation. In this paper an endeavour has been made to explore the existing literature on the green finance and future scope of green finance in India.

Keywords: Green Finance-environment-investments-technological growth

1. Introduction

This paper identifies the important themes in the green finance sustainability, particularly, the strategies to increase green financing; efforts to make green investment profitable; promoting green financing using technology and policy, the role of regulators and financial institutions in the green finance agenda, and the challenges of green financing. Several cross-country observations about the challenges of green finance and solutions to green finance issues are documented. The findings show that green finance has the potential to make a significant difference in the environment, society and for climate change mitigation, but many challenges abound such as the lack of awareness about green finance, inconsistent definitions of green finance, lack of policy coordination for green financing, inconsistent policies, and lack of profitable incentives to investors and financial institutions who are willing to invest in climate change mitigation

2. OBJECTIVES OF THE STUDY

- ❖ To identify the factors influencing the effectiveness of Green Finance scheme
- ❖ To trace factors influence the effectiveness of Green Finance from borrowers side
- ❖ To find the factors influence the effectiveness of Green Finannce from banker side

- ❖ To offer suggestion to improve the effectiveness of Green Finance for both borrowers and bankers

3. HYPOTHESIS OF THE STUDY

H1: Institutional factors are not influencing the effective implementation of Green Finance scheme

H2: Personal Factors are not an influencing factor for the effective implementation of Green Finance Scheme

4. RESEARCH METHODOLOGY

The convenient sampling method was adopted for this study. The sample is consisting of the respondents who are seeking for green finance to carry out their tiny business. Further loan provider (Bank) is also become respondent for the study. The sample size of the study is 200 which includes 150 borrowers and 50 lenders. A structured questionnaire is framed and distributed among the beneficiaries and the authority sanction such loans. A pilot study was carried with the sample of 75 to test the reliability of the questionnaire.

5. Literature Review

Thulasiraman(2023)-In Asia, there are notable developments in green finance show that the amount of green finance in Asia has increased to meet the growing demand for sustainable economic development in the region. Countries like Japan, China, and South Korea have witnessed significant increase in green bond issuance. China has been a global leader in green bond issuance since 2015 while green bond issuance by large financial corporations and development banks in Japan and South Korea continue to grow.

Gokulnath.T(2023)- The objective of green finance is to increase the level of financial flows from financial institutions to economic agents involved in projects and activities that preserve the environment towards achieving the sustainable development goals. The need to reduce harm to the environment, caused by fossil fuel emissions, has led to calls for divestment from fossil fuel activities, and a shift to investing in low-carbon projects and activities that protect the environment in a sustainable way.

Devanath.R(2022)-The financial resources are commonly referred to as green finance or green financial instruments. The transition to 'low carbon' or 'environment-friendly' economic activities requires novel financing to cater for the needs of a small but growing green economy. Therefore, proponents of a green economy have proposed 'green finance' as a viable solution to meet the financing needs of individuals, corporations and governments involved in projects and activities that preserve the environment.

Suryaprakash.H(2022)-Green finance is a recent innovation that offers an alternative financing pathway to individuals, corporations and governments willing to fund and invest in green activities or low carbon

activities. The benefits of green finance include: the distribution of funds to preserve the environment, the flow of funds to sustainable trade and investment activities, low-risk financing and the development of green investment and financing instruments. Despite these benefits of green finance, it is important to understand that green finance is only one aspect of sustainable finance for sustainable development. Apart from green finance, there are other sustainable finance options such as social finance, blue finance and digital finance, among others.

In this study the independent variables are

	Institutional Factors		Borrower Factors
a.	Sanction system	a.	Personal factor
	(i) Process & procedure (ii) Credit Limit (iii) Eligibility		(i) Age (ii) Education (iii) Income
b.	Control System	b.	Entrepreneurial Factor
	(i) Supervision (ii) Penalty		(i) Skill & Knowledge (ii) Experience
c.	Recovery System	c.	Loan facilities
d	(i) Instalment (ii) Repayment period (iii) Experience		(i) Sanction system (ii) Control system (iii) Recovery system
e	Loans Schemes provided at preferential rates for eco-friendly projects. (i) Solar & wind power projects (i) Energy-efficient buildings (ii) Electric vehicles (EVs) (iii) Waste management & recycling (iv) Water conservation projects		(i) Sanction system (ii) Control system (iii) Recovery system (iv) Sanction system (v) Control system (vi) Recovery system

6. DATA ANALYSIS & DISCUSSIONS

To test the hypothesis framed for this study, the mean and standard deviation test is applied to get the result.

H1: Institutional Factors are not the influencing factor for effective implementation of Green finance scheme

Table 1: Institutional Factors and Effective implementation of Green inance Scheme

	Institutional Factors	Mean	SD	Result
a.	Sanction system	3.89	0.835	Influenced moderately
	(i) Process & procedure	4.43	0.869	Highly influenced
	(ii) Credit Limit	3.08	0.909	Influenced moderately
	(iii) Eligibility	2.96	0.935	Influenced moderately
b.	Control System	4.20	0.690	Highly influenced
	(i) Supervision	4.48	0.669	Highly influenced
	(ii) Penalty	4.54	0.691	Highly influenced
c.	Recovery System	3.15	0.867	Influenced moderately
	(i) Instalment	3.98	0.846	Influenced moderately
	(ii) Repayment period	3.26	0.926	Influenced moderately
	(iii) Experience	3.15	0.729	Influenced moderately

Source: Computed Data

The decision rule is formulated as per the value of each respondents for a variable is compared with the medial value 3.

Based on this it is identified from Table 2, among 3 major factors, control system is highly influenced on the effective implementation of the green finance scheme. It is opined by the bankers that if the control system is effective then the implementation of the micro finance scheme will also become an effective one. However all the institutional factors are an influencing factors, but only the degree varies. Hence the framed hypothesis is rejected and it can be concluded that the institutional factors are an influencing factor.

H1: Personal Factors are not the influencing factor for effective implementation of green finance scheme

Table 2: Borrower Factors and Effective implementation of Green Finance Scheme

		Mean	SD	Result
a.	Personal Factors	3.09	0.935	Influenced moderately
	(i) Age	3.05	0.914	Influenced moderately
	(ii) Education	2.05	1.037	Lowly influenced
	(iii) Income	2.96	1.226	Lowly influenced
b.	Entrepreneurial Factor	2.20	1.390	Lowly influenced
	(i) Skill & knowledge	2.00	1.069	Lowly influenced
	(ii) Experience	2.17	1.243	Lowly influenced
c.	Loan factors	3.35	0.997	Influenced moderately
	(i) Sanction system	2.94	0.964	Influenced moderately
	(ii) Control system	3.08	1.006	Influenced moderately
	(iii) Recovery system	3.48	0.819	Influenced moderately

Source: Computed Data

From the above table it is clear that the personal factors and the loan factors are influenced moderately. The entrepreneurial factors are lowly influenced. There is no relationship between the skill, knowledge and experience of the entrepreneurs and the effectiveness of green finance scheme. However the result shows that there is a moderate relationship between loan sanction, control and recovery systems. Hence the null hypothesis is rejected and alternative hypothesis is accepted.

7. Conclusion

Green finance markets can expand with the help of regulations and transparency programs, but more work is needed to support the expansion of undeveloped markets and create new ones that support green investments. In the case of green bonds, which have grown considerably as public banks and other global financial institutions continue to issue them, public agencies and policy actions are essential to the formation of new markets. Beyond this, more focus should be put on creating markets for financing instruments for sustainable infrastructure that suit the risk profiles of investors at every stage of the project.

Creating tax and regulatory structures to encourage infrastructure investment trusts and other creative investment arrangements that direct resources toward the long term is part of this for the member nations. Building deeper and more robust economies based on the division of labor requires a stable and effective banking sector. Financial institutions make ensuring that resources are used as efficiently as possible within an economy by mobilizing, allocating, and monitoring capital as well as pooling, transferring, and minimizing risks. Through their lending, investing, and underwriting operations, banks and insurers hold a special position in directing company operations and affecting the accomplishment of economic goals.

Reference

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