



A Study on Green Growth of India-An Integrated Approach towards Endurable Development through Green Finance

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ABSTRACT

With growing global concern for environmental fortification, climate change and sustainable development, the policymakers and researchers focus has shifted to financial support for green growth.. The green growth emphasises on ensuring that natural assets can deliver their complete economic potential on a sustainable basis. Green finance is one of the mode through which monetary assistance provided for the projects that deal with environmental protection, mitigating the effects of climate change, investing in renewable sources of energy, increasing the green cover, and all other projects related to sustainable development The concept of green jobs, green buildings and other green projects also form the part of green finance which will cater to economic development of the country. In this paper an attempt has been made to describe integrated approach of green financing towards endureable development of Indian economy.

KEYWORDS: Environment, Green Growth, Green building, Green finance, Green projects

Introduction

Financial arrangements specifically for the implementation of environmentally friendly projects or projects that embrace climate change elements are called Green finance. Green growth reflects the growth of co-operation within the economy. Green growth is the answer to the three current threats to the global economy; that is, climate change, financial crisis and energy crisis. Green finance faces a major challenge in the general formulation of monetary policy in all countries.. In early90s environmental considerations began to play a major role in project finance, influencing and shaping corporate governance mechanisms.

Environmentally sustainable projects include the creation of energy from renewable sources like biogas, solar, wind, etc.; clean transportation that involves lower greenhouse gas emission; energy efficient projects like green building; efficient disposal and conversion to energy ,waste management that includes recycling, , etc. To meet the financial needs of these types of projects, new financial instruments such as green bonds; carbon market tools (e.g. carbon tax); and new financial institutions (eg green banks and green funds) are being established. Together they form the green economy.

OBJECTIVES OF THE STUDY

- To study the various aspects of green finance that aids in attaining goals of sustainability.
- To identify the areas of green financing .
- Exploring the various challenges in India's green financing

METHODOLOGY

The research paper is descriptive in nature. The data is collected from secondary sources collected through published sources such as reports, journals, research articles, and websites.. Every society need green finance for the eco-friendly business. The populations of the world growing rapidly and forthis large population we need green finance to make the earth as a living place of the all species of organisms.

REVIEW OF LITERATURE

Hopwood, 2005, emphasized the need for change it would be agreed that conversion in the usual model for the sustainable development is crucial in order to understand the evolution of the banking sector towards sustainability. Jeucken (2001) highlighted significant differences between regions, countries

and banks with regard to justifiable banking. Chowdari Prasad (2002) has studied the Impact of Economic Reforms on Indian Banking and suggested how banking sector will face the changes and challenges. McKinsey & Co. (2007) On the top of all these, there is certainly the aspect of profitability and productivity for all these banks to achieve. Jeffrey D. Saches et al (2019) analyzed that the investment in renewable and energy efficiency has been declining which would threaten the expansion of green energy and concluded that to achieve the sustainable development goals, Green Financing needs to be accelerated which covers green projects, green investments, green banking, financial technologies ,etc Sharif Mohd et al (2018) examined the role played by Green Finance as a solution to bring harmony between the environment and the economy and also discussed the various Green financial instruments available and the sustainability initiatives in India and opined that India has a great potential to generate a green infrastructure needed for green finance. Parvadavardini Soundarrajan et al (2016) described Green finance as the core part of low carbon growth connecting, financial industry, environmental improvement, and economic growth and concluded that sustainable finance is the future and Indian banks should continue to play the role of change agent with the overall emphasis on three P's of People, Planet and Profit.

Green finance as an effective tool to durability

Green financing through funding the projects which aim at achieving sustainable development helps in creating harmony between the environment, finance, and development. Thus it helps in protecting the natural resources, encourages using of renewable energy resources, and thus attempts to reduce the exploitation of the environment by the human beings. Hence it works as an effective tool to accomplish sustainable development goals

Areas covered by Green Finance

Green Banking

Green banking concept deals with encouraging eco-friendly practices with the help of banking activities. Green Banking contributes to environmental protection and thus contributes to environmental welfare and the financial sector. It works by integrating technological improvements, changing participants' expectations, and innovation. Indian banks provide green banks to their customers Indian State Bank, Punjab National Bank, Baroda Bank, Canara Bank, ICICI Bank Ltd, DFC Bank Ltd, Kotak Mahindra Bank, IndusInd Bank, YES Bank, HSBC Group, IDBI, etc..

Green Loans: refers to a loan for a project or business that is considered to be environmentally friendly.

Green Mortgages: refers to a type of loan that offers you a discount on savings or a larger loan than normally approved as a reward for improving energy efficiency or buying a home that meets certain energy saving standards.

Green Credit Cards: credit cards have become green by promoting the material environment friendly and biodegradable .

Green Saving Accounts: In the case of Green Saving Accounts, banks make donations on the basis of customer savings .The more savings, the more the environment benefits from donations or donations made by banks.

Mobile banking and online banking: These new age banking forms include less paperwork, less mail, and less travel to branch offices by bank customers, all of which has a constructive impact on the environment.

Sl.no	Areas covered	Explanation
1	Green home equity loan	The Loan provided to purchase install energy-efficient equipment at home.
2	Online Banking	Providing banking services to the customers with the help of internet. Encourages paperless and cashless transaction.
3	Green mortgage	The mortgage provided for the purchase of a green building or for renovating the already built building to green building.
4	Alternative fuel Vehicle and Fuelling Infrastructure loans.	Incentives and loans provided to the conversion of existing vehicles to cleaner and efficient fuels
5	Green car loan	offers less interest rate for purchase of non to low emission vehicle
6	Green credit cards	Every time the cardholder makes the payment, a certain percentage of the amount is deducted and used for environment-friendly projects
7	Home office conversion loans	Loans to create working place at home and start home working
8	Energy-efficient loans	Loans for efficient management of energy

Green Insurance

green insurance (often referred to as eco-friendly insurance) can be defined as insurance that not only covers people in the event of injury or damage, but also contributes to protecting our environment. The insurance industry is a member of the Green financial family, and thus plays a key role in achieving the goals of sustainability. Although the insurance industry has not been directly involved in environmental degradation and has nothing to do with regulations on these issues, it serves as the backbone of green funding by providing information related to disaster risk management and significantly reduces the risks involved with its various strategies. and its subscription business. The Insurance Regulatory and Development Authority of India (IRDAI) recently announced that Third Party (TP) prices for private electric motor vehicles will be discounted at 15 percent discount from FY 2019-20.

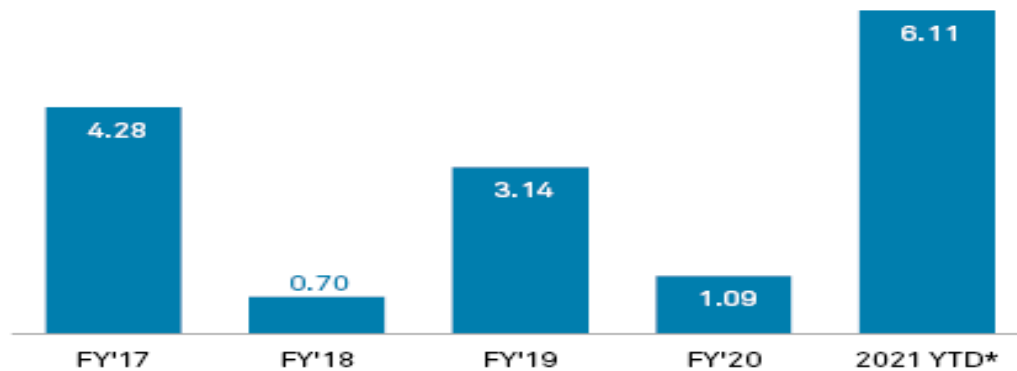
Sl.no	Areas covered Explanation	Explanation
1	Eco-friendly home insurance	Provides technological and maintenance support for the renewable energy power systems along with insurance
2	Green car insurance	The amount of insurance premium will depend on the miles travelled by car thus will reduce the unnecessary use of private vehicles and hence contributes to the environmental protection
3	Green life insurance.	The insurance company will donate a certain percentage of the insurance premium received for eco-friendly projects
4	Green travel insurance	This insurance compensates for the effects of emission of carbon dioxide on the environment during travelling by donating part of the premium paid for the projects with the aim to reduce carbon emissions.
5	Green business insurance	Incentives to the owners of the business for the renewal or reconstruction of the damaged buildings with environment friendly products
6	Carbon insurance	Provides insurance cover for the plantation forests against the weather-related risks.
7	Green building insurance	green building insurance covers the materials and technologies that green building possessors have.

Green bonds

The green bonds were first issued by the European Investment Bank and the World Bank in 2007. Later, private companies, banks, and financial institutions began issuing green bonds. Here the issuer promises to use the proceeds of the bond to finance energy-efficient products, forestry reforestation, climate-related projects, and other assets or business activities aimed at protecting the environment. A balanced approach is required to consider the appropriate allocation of funds for environmentally friendly projects and at the same time, to consider the risks and rewards involved in bonds. Green bonds assist the issuing company or financial institution in developing its favour among the participants and help to achieve a base of investors who are willing to invest only in green investment products. At the same time, it helps those investors who want to invest in projects that have a public obligation and thus satisfy their desire to combine investment and public responsibilities. The Securities and Exchange Board of India (SEBI) has issued guidelines on the listing and issuance of these securities in India. According to SEBI guidelines, the proceeds of such bonds should be invested in green projects that include renewable energy, climate change efforts, conservation of biodiversity, pollution reduction, waste management, etc.

Sl.no	Type of green bond	Explanation
1	Green project bond	Secured by a project's assets and liabilities
2	Green "Use of Proceeds" bond	Secured by types of assets
3	Green securitized bond	Secured by a large asset pool
4	Green "Use of Proceeds" revenue bond	Secured by projects with income-producing nature

Volume of Indian green bond issuance (US\$B)



Data compiled Nov. 30, 2021.

Green bonds are limited to those for which at least 95% of proceeds are designated for green projects aligned with the Climate Bonds Taxonomy.

* Represents data up to Nov. 28, 2021.

Source: Climate Bonds Initiative

CHALLENGES IN GREEN FINANCING IN INDIA

India's green bond market is emerging and has not been able to attract a sufficient number of investors. Investors tend to invest in high-yield bonds or low-risk investment options. The bond market needs the right framework to make these bonds attractive to investors. Due to the high cost of credit the investment in green projects is very expensive. The high cost of debt is due to factors such as high interest rates, short maturity and the absence of unpaid debt. Renewable energy financing in India continues to face many challenges, largely focused on the current financial situation in India as a whole, such as short-term borrowing, high costs, and lack of adequate credit financing etc., as well as issues affecting the renewable energy sector. Success in introducing new funding mechanisms and tools requires the necessary conditions to exist.

RECOMMENDATIONS

In the 21st century, in the development of economic and financial sustainability, green finances are a global concern. Government, banks, financial institutions, and business organizations must come forward to raise awareness of the need to protect the environment, and the variety of green financial products available. Technology must be integrated into finance to come up with new products that attract investors and at the same time contribute to environmental development. An appropriate regulatory framework is required to evaluate projects related to environmental management and to protect the interests of investors. The controlling authority must ensure that the funds collected for each project are used for the intended purpose only. Strict laws need to be enacted to punish those market participants who take advantage of the growing need for green projects. The law should also focus on the use of funds collected. In the event of a breach of the guidelines, appropriate action must be taken. Steps to be taken to promote research in the green financing sector that will integrate technological advances with the financial sector and thus help unleash new green investment products, effective green projects, and appropriate policy actions, needed for full development and growth.

CONCLUSIONS

Sustainable development is a daily necessity, green funding is an effective sustainability tool gaining added value in the current situation. When Investors starts to think beyond the risk and benefit, and they become more socially responsible. Awareness of the need to protect the environment and increased funding for green projects has opened up a variety of opportunities in the green financial sector. Policymakers, researchers, environmentalists, government, investors, and financial institutions must work together to articulate the concept of green finance. A proper regulatory framework should be put in place to monitor green projects and thus ensure that investors are not deceived by the green label. India as a developing country should focus on renewable energy generation, protection of natural resources, good energy management, climate change, and other environmental issues with green financial assistance. Therefore, it can be concluded that green funds if managed properly will serve as an effective tool for sustainable development.

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