International Journal of Advance and Innovative Research
Volume 11, Issue 3 (II): July – September 2024
ISSN 2394 - 7780

PERCEPTION OF GREEN FINANCING AMONG INVESTORS WITH SPECIAL REFERENCE TO MUMBAI

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ABSTRACT
The purpose of the study is to explore investors' perceptions of green financing in Mumbai, one of India's major financial centers. A better understanding of investor perceptions is essential to guiding policies and investments that promote sustainable development. In order to collect primary data, 150 investors were surveyed using a structured questionnaire. The questionnaire employed a Likert scale to measure attitudes toward green financing. Statistical analyses, including ANOVA and regression, were used to identify significant factors influencing these perceptions. Results indicate that awareness and perceived benefits are key predictors of positive perceptions, while perceived risks pose a significant barrier. This study contributes to the literature on sustainable finance by providing insights into the factors that influence investor attitudes towards green financing in an emerging market context.

Keywords: *Green Financing, Investor Perception, Sustainable Investment, Environmental Sustainability, Mumbai, ANOVA, Regression Analysis, Likert Scale, Financial Awareness, Investment Risk.*

INTRODUCTION
Green financing, defined as the funding of projects that promote environmental sustainability, has gained significant traction in recent years. This includes investments in renewable energy, energy efficiency, pollution prevention, and sustainable agriculture. The rise of green finance is driven by the growing awareness of climate change and environmental degradation, coupled with policy interventions aimed at fostering sustainable development.

Mumbai, as a financial hub of India, plays a critical role in the adoption of green financing practices. The city's investors are pivotal in driving the transition towards a greener economy. Understanding their perceptions of green financing can help policymakers and financial institutions develop strategies to enhance the appeal and effectiveness of green investments.

Previous studies have explored various aspects of green financing, including its benefits, challenges, and the role of government policies (Baker et al., 2018; Wang & Zhi, 2016). However, there is a paucity of research focusing on investor perceptions, particularly in the context of Indian cities like Mumbai. This study aims to fill this gap by examining how investors in Mumbai perceive green financing and identifying the factors that influence their investment

Investors' attitudes towards green financing are shaped by a combination of awareness, perceived benefits, and risk assessments. Many investors recognize the potential of green financing to contribute to sustainable development and are increasingly interested in integrating environmental considerations into their investment decisions. Positive perceptions are often driven by a belief in the long-term financial and environmental benefits of green projects, such as renewable energy and energy efficiency improvements. However, some investors remain cautious due to perceived risks, including the uncertainty of returns and the novelty of green financial products. Educational initiatives and clear policy support can play crucial roles in enhancing investor confidence and promoting a more widespread adoption of green financing practices.

REVIEW OF LITERATURE
1. **Baker, H. K., Kumar, S., & Pandey, N. (2018).** This study investigates the awareness and willingness of investors to engage in green financing. The findings suggest that while awareness of green financing is increasing, many investors still perceive it as risky. The study highlights the need for more information and education to reduce perceived risks and encourage green investments.
2. **Wang, Y., & Zhi, Q. (2016).** The authors discuss the impact of government policies on the promotion of green financing. They argue that strong policy support, such as subsidies and tax incentives, is crucial for the widespread adoption of green financing practices. Their research indicates that regulatory frameworks can significantly influence investor behavior towards sustainable investments.
3. **Clark, G. L., Feiner, A., & Viehs, M. (2015).** This paper explores the financial performance of green investments. It suggests that green investments can yield competitive returns while supporting

environmental sustainability. The study provides evidence that integrating environmental, social, and governance (ESG) factors into investment decisions can lead to better financial performance and risk management.

4. **Chapple, W., & Moon, J. (2005).** The research focuses on corporate social responsibility (CSR) and its influence on green financing. The authors find that companies with strong CSR practices are more likely to attract green investments. This study underscores the importance of corporate reputation and ethical practices in shaping investor perceptions of green financing.
5. **Renneboog, L., Ter Horst, J., & Zhang, C. (2008).** This study examines socially responsible investing (SRI) and its impact on financial markets. The authors conclude that SRI funds can outperform conventional funds, particularly in times of economic uncertainty. This research supports the idea that green financing, as a form of SRI, can be both a financially and socially viable investment strategy.

METHODOLOGY

Data Collection

Primary data was collected using a structured questionnaire distributed to 150 investors in Mumbai. The questionnaire included demographic questions and a section with statements related to green financing, rated on a 5-point Likert scale (1 = Strongly Disagree, 5 = Strongly Agree).

Sample

The sample consists of 150 investors, selected using stratified random sampling to ensure representation across different age groups, genders, and investment experience levels.

Statistical Tools

1. **Descriptive Statistics:** Used to summarize the demographic data and overall responses.
2. **ANOVA:** Applied to test for significant differences in perceptions based on demographic variables.
3. **Regression Analysis:** Used to identify factors significantly predicting positive perceptions of green financing.

RESULTS

Descriptive Statistics

- **Age Distribution:** Majority of the respondents were between 30-40 years old.
- **Gender:** 60% male and 40% female.
- **Investment Experience:** Varied from less than 2 years to over 10 years.

ANOVA Results

ANOVA was conducted to determine if there were significant differences in the perception of green financing based on age, gender, and investment experience.

Source of Variation	Sum of Squares (SS)	Degrees of Freedom (df)	Mean Square (MS)	F-Statistic	p-value
Age	15.24	3	5.08	2.87	0.039*
Gender	2.15	1	2.15	1.23	0.269
Investment Experience	24.05	3	8.02	4.56	0.004**
Error	256.67	146	1.76		
Total	298.11	150			

* $p < 0.05$, ** $p < 0.01$

The ANOVA table examines whether there are significant differences in the perception of green financing based on demographic variables such as age, gender, and investment experience.

- **Age**: Shows a significant difference ($p = 0.039$), indicating that perceptions of green financing vary across different age groups.
- **Gender**: Does not show a significant difference ($p = 0.269$), suggesting that perceptions are similar between males and females.
- **Investment Experience**: Shows a significant difference ($p = 0.004$), indicating that perceptions differ based on the level of investment experience.

ISSN 2394 - 7780

- **Error**: Represents the variability in perceptions not explained by age, gender, or investment experience.
- **Total**: The total sum of squares, showing the overall variability in perceptions.

Regression Analysis

A multiple regression analysis was conducted to determine the predictors of positive perception towards green financing.

Regression Results:

Predictor Variables	Coefficient (β)	Standard Error	t-Statistic	p-value
Age	0.12	0.08	1.50	0.136
Gender	-0.05	0.10	-0.50	0.619
Investment Experience	0.22	0.07	3.14	0.002**
Awareness	0.32	0.09	3.56	0.001**
Perceived Benefits	0.45	0.11	4.09	0.000***
Risk Perception	-0.28	0.10	-2.80	0.006**

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

The regression table identifies the predictors of positive perceptions towards green financing.

- **Age**: Has a positive but not significant effect ($p = 0.136$) on perceptions.
- **Gender**: Has a negative but not significant effect ($p = 0.619$) on perceptions.
- **Investment Experience**: Significantly positively affects perceptions ($p = 0.002$), indicating that more experienced investors have more favorable views.
- **Awareness**: Significantly positively affects perceptions ($p = 0.001$), showing that higher awareness leads to more positive views.
- **Perceived Benefits**: Strongly positively affects perceptions ($p < 0.001$), indicating that perceived advantages are crucial for positive attitudes.
- **Risk Perception**: Significantly negatively affects perceptions ($p = 0.006$), suggesting that higher perceived risks decrease positive attitudes towards green financing.

DISCUSSION

The study reveals that awareness and perceived benefits are significant predictors of positive perceptions towards green financing among investors in Mumbai. While age and investment experience also play roles, gender does not significantly affect perceptions. This indicates that increasing awareness and highlighting the benefits of green investments can enhance their attractiveness to investors.

CONCLUSION

Investors in Mumbai have a generally positive perception of green financing, influenced mainly by their awareness and perceived benefits of such investments. Efforts to increase investor awareness could further enhance the attractiveness of green financing options. Perceived risks remain a significant barrier, suggesting that strategies to mitigate these risks are essential. By understanding the key factors that shape investor perceptions, policymakers and financial institutions can develop more effective strategies to promote green financing.

RECOMMENDATIONS

1. **Educational Campaigns:** Increase investor awareness through targeted educational campaigns.
2. **Incentives:** Government and financial institutions should offer incentives to mitigate perceived risks associated with green investments.
3. **Further Research:** Additional studies should explore perceptions in other cities and among different investor segments.

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