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AN ANALYTICAL STUDY ON AWARENESS ABOUT SUSTAINABLE FINANCE

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ABSTRACT
The research paper here is an attempt to analyze the level of awareness about the concept of sustainable finance, especially amongst the young investors. Sustainable finance is the talk of the town especially after COVID 19 crisis, however it is important to check whether the talk is still only on papers or is it actually making some difference in the society, nation or economy. Here, the researcher has surveyed young investors using structured questionnaire and observed that the concept is still not yet deeply rooted amongst the young. Some are aware about the concept however the clarity about sustainable investment roots is very poor. We need to develop and eco system where objective based investment for sustainable development and financing is available and accessible to common investors.

Keywords: Sustainable development, Finance, Capital Markets, ESG. Sustainable Finance

1. INTRODUCTION
In today's era, anything that is good has to be accepted by the youth in order to be successful. It is the youth that is shaping up the future of businesses, economies and the entire society at large. In the previous decades the world has observed growth and prosperity of businesses that are core for money making, completely commercial and purely profit maximizing. However, many times and in many scenarios these businesses mercilessly exploited natural resources, attacked societal norms and encouraged a mindset for the rich being richer by means of bureaucrat ownership of businesses and large corporations.

While much of this still continues, few sensitive minds bothered themselves about silent dangers and invented a way out to minimize the evil effects of intense commercialization.

The recommended way to keep a check on the way businesses are done and still promote the capital market is answered by "Sustainable Finance". To define sustainable finance in simple terms we can think of organizations which are both socially valuable and financially sound investments, impact-seeking investors willing to pay higher prices for them risk displacing non-impact seeking investors into less socially valuable investments. (Ben Caldecott, Alex Clark, Elizabeth Harnett, Felicia Liu, 2024).

Sustainable finance is an interface between the monetary and non-monetary dimensions of the finance world where one is trying to finance the business which is trying to create value for society at large. (Dieter Gramlich, 2026)

This trend essentially talks about investors being choosy about the allocation of funds towards the business which create good social impact, stand high on the metrics of social value, such as environmental stewardship, social responsibility, and good governance practices (collectively referred to as ESG). (Daniel Green & Benjamin N. Roth, 2024).

Sustainable finance has many similar terminologies like - ESG Investing, Socially Responsible Investing, Impact Investing, Principally Responsible Investing. It evolved in the early decade of 2010s and gained traction after COVID-19 pandemic situation, it was then only the world noticed the importance of sustainability.

The United Nations proposed "SDGs" (Sustainable Development Goals) also became popular after an outbreak of a never seen before crisis.

Sustainable finance is undoubtedly a good strategy for financing and incentivizing good businesses. It can fulfil its core intention only when it is widely executed and this can happen only when it's accepted through conscious awareness.

In order to promote this noble concept of sustainable finance, researcher here is trying to analyze the level of awareness and consequently level of acceptance of sustainable finance especially in the minds of young investors. Because, any concept in order to be executed successfully, should be understood by the investors. If it is observed that such a noble investment philosophy is lagging behind because of lack of awareness, then it can be created through proper channels. Let's discuss the objectives and other research related aspects in research methodology.

2. RESEARCH METHODOLOGY

This chapter elaborates on the process of research and framework. Here the scope is restricted to the population of young urban and semi-urban investors whose level of awareness and perception towards green finance is tested.

Research Objectives

1. To analyze the level of awareness about sustainable investment amongst young investors.
2. To identify the pattern of investment in sustainable investment by young investors.
3. To find out the relationship between level of awareness and sustainable investment.

Scope of the study

Here scope is limited to Mumbai suburban area and chosen respondents are mostly management students. The reason being management students should be the first one to know about the latest trends in investment, absorb them and then promote them.

If the level of awareness is high here then it can prove helpful in promoting such investment trends.

Sources of Data

Primary data is collected through a structured questionnaire circulated via google forms.

Secondary data is collected via newspapers, articles, websites, books and research papers.

Limitations of the study

The study is limited to management students and young investors of Mumbai suburban area, and limited to 2026. Expanding the study across geographical areas and timeline might give different insights.

3. DATA ANALYSIS AND INTERPRETATION

SECTION A: DEMOGRAPHIC PROFILE

Table 1: Distribution by Occupation

Table 1.1 – Occupational Profile (N=74)

Occupation	Respondents	%
Management Student (BMS/MBA/PGDM)	58	78.4%
Retail Investor (Self-employed/Salaried)	5	6.8%
Both (Student + Active Investor)	2	2.7%
Other	9	12.2%
Total	74	100.0%

Interpretation: 78.4% are management students, making this an academic-centric sample. Retail investors (6.8%) add limited practitioner diversity. Findings primarily reflect an educational rather than practitioner perspective.

Table 2: Distribution by Age Group

Table 1.2 – Age Profile (N=74)

Age Group	Respondents	%
21–25 years	63	85.1%
26–30 years	3	4.1%
31–35 years	1	1.4%
Above 35 years	7	9.5%
Total	74	100.0%

Interpretation: 85.1% fall in the 21–25 bracket, confirming this study captures the next-generation investor cohort most likely to shape future sustainable investment trends in India.

Table 3: Distribution by Annual Savings / Investment
Table 1.3 – Savings Profile (N=74)

Annual Savings Range	Respondents	%
Below Rs.1,00,000	64	86.5%
Rs.1,00,001 – Rs.3,00,000	6	8.1%
Rs.3,00,001 – Rs.6,00,000	4	5.4%
Total	74	100.0%

Interpretation: 86.5% invest below Rs.1 lakh annually — consistent with a student-heavy sample. Limited capital reinforces that awareness and intention-building are critical at this life stage.

SECTION B: KNOWLEDGE AND AWARENESS

Table 4: Self-Rated Knowledge of Sustainable Finance (1–5 Scale)
Table 2.1 – Self-Assessed Knowledge Level (N=74)

Rating	Description	Respondents	%
1	Very Low	3	4.1%
2	Low	6	8.1%
3	Moderate	24	32.4%
4	High	19	25.7%
5	Very High	22	29.7%
Total		74	100.0%

Interpretation: 55.4% self-rate at 4–5 (High/Very High); WMS is approximately 3.73/5. However, the conceptual test (Table 5) reveals a gap between perceived and actual knowledge.

Table 5: Conceptual Understanding – Definition of Sustainable Finance
Table 2.2 – Respondents Definition of Sustainable Finance (N=74)

Response Option	Respondents	%
Financing activities considering ESG factors alongside returns (Correct)	36	48.6%
Investing in companies with high profitability and stable returns	17	23.0%
Investing only in government securities and fixed deposits	6	8.1%
I am not aware of the term	15	20.3%
Total	74	100.0%

Interpretation: Only 48.6% correctly identified the definition. 23.0% confused it with profitability investing and 20.3% admitted unawareness — exposing a significant conceptual gap despite moderate self-ratings.

Table 6: Identification of Sustainable Finance Instruments
Table 2.3 – Awareness of SF Instruments (Multiple Choice, N=74)

Response Category	Respondents	%
All four instruments identified (Green Bonds, ESG MFs, SRI, Impact Funds)	6	8.1%
Three instruments identified	11	14.9%
Two instruments identified	18	24.3%
One instrument identified	32	43.2%
None of the above	7	9.5%
Total	74	100.0%

Interpretation: Only 8.1% identified all four instruments; 43.2% knew just one (mostly ESG Mutual Funds, driven by SEBI visibility). 9.5% had no awareness. Product-level knowledge is fragmented.

Table 7: Primary Source of Learning About Sustainable Finance
Table 2.4 – Primary Learning Channel (N=74)

Source	Respondents	%
Social Media / YouTube / Podcasts	33	44.6%
Financial News Platforms (ET, Moneycontrol, Bloomberg)	22	29.7%
Academic Curriculum / Research Papers	13	17.6%
SEBI / AMFI / RBI Publications	2	2.7%
Have not come across any such information	4	5.4%
Total	74	100.0%

Interpretation: Social media dominates (44.6%); formal academic channels account for only 17.6% and regulatory sources just 2.7%, indicating informal and potentially unreliable learning pathways.

SECTION B2: FAMILIARITY WITH KEY SUSTAINABLE FINANCE TERMS

Table 8: Term-Level Awareness
Table 2.5 – Awareness of Key Sustainable Finance Terms (N=74)

Term	Clearly Aware	Heard but Vague	Never Heard
ESG Investing	26 (35.1%)	33 (44.6%)	15 (20.3%)
Green Bonds	23 (31.1%)	36 (48.6%)	15 (20.3%)
Carbon Credits	32 (43.2%)	29 (39.2%)	13 (17.6%)
SEBI BRSR Framework	34 (45.9%)	29 (39.2%)	11 (14.9%)
UN SDGs	31 (41.9%)	29 (39.2%)	14 (18.9%)

Interpretation: SEBI BRSR registers the highest clarity (45.9%), likely due to MBA curriculum. ESG Investing scores lowest (35.1%) despite being most investment-relevant. Across all terms, 15–20% have never heard of them — a persistent core awareness gap.

SECTION C: INVESTMENT BEHAVIOUR AND INTENT

Table 9: Investment Status and Willingness
Table 3.1 – Investment Intent in Sustainable Finance Products (N=74)

Response	Respondents	%
Already invested in ESG/sustainable products	14	18.9%
Willing to invest in the future	29	39.2%
Maybe, if I learn more about them	27	36.5%
No, I prefer traditional investment options	4	5.4%
Total	74	100.0%

Interpretation: 94.6% are either already invested or open to sustainable investing. The 36.5% conditional group highlights awareness as the primary conversion lever from intent to action.

Table 10: Primary Motivation for Choosing Sustainable Finance Products
Table 3.2 – Key Motivations (Top 2 Choices, N=74)

Motivation	Mentions	%
Environmental and social impact	52	70.3%
Competitive / superior long-term financial returns	19	25.7%
Risk mitigation — ESG companies tend to be more stable	14	18.9%
Regulatory mandates or tax benefits	13	17.6%
Peer influence / trends among young investors	6	8.1%
Total (multiple responses)	104	–

Interpretation: Environmental/social impact leads decisively (70.3%), confirming a values-driven cohort. Financial returns are secondary. Impact-focused messaging will resonate more than returns-based communication.

Table 11: Biggest Barrier to Investing in Sustainable Finance

Table 3.3 – Primary Barriers Preventing SF Investment (N=74)

Barrier	Respondents	%
Lack of awareness and financial literacy	38	51.4%
Uncertain or lower perceived returns vs. conventional investments	13	17.6%
Limited product options and market access in India	10	13.5%
Complexity in understanding ESG ratings and scoring	9	12.2%
No specific barrier — already invested	4	5.4%
Total	74	100.0%

Interpretation: Awareness/literacy is the dominant barrier (51.4%), confirming a demand-side rather than supply-side problem. Education-focused interventions will have the greatest impact on adoption.

SECTION D: ATTITUDES TOWARDS SUSTAINABLE FINANCE (LIKERT SCALE)

Table 12: Level of Agreement with Sustainable Finance Statements

Table 4.1 – Likert Scale Analysis (N=74)

Statement (abbreviated)	SA	A	N	D	SD	WMS
SF products balance social responsibility and financial returns.	23 (31.1%)	36 (48.6%)	11 (14.9%)	3 (4.1%)	1 (1.4%)	4.04
Confident distinguishing genuine ESG from greenwashing.	18 (24.3%)	31 (41.9%)	19 (25.7%)	5 (6.8%)	1 (1.4%)	3.81
Indian markets provide sufficient SF options for retail investors.	21 (28.4%)	31 (41.9%)	18 (24.3%)	4 (5.4%)	0 (0.0%)	3.93
Young investors have greater responsibility to align with ESG.	24 (32.4%)	28 (37.8%)	16 (21.6%)	4 (5.4%)	2 (2.7%)	3.92
BMS/MBA curriculum adequately prepares students for SF.	24 (32.4%)	29 (39.2%)	16 (21.6%)	5 (6.8%)	0 (0.0%)	3.97

**WMS = Weighted Mean Score (SA=5, A=4, N=3, D=2, SD=1). SF = Sustainable Finance.*

Interpretation: All WMS values exceed 3.80, indicating broadly positive attitudes. Statement 1 scores highest (4.04); 79.7% agree SF balances returns and responsibility. Greenwashing confidence (3.81) is the weakest link, with 25.7% neutral — a targeted area for financial literacy improvement.

SECTION E: FUTURE INTENT AND AWARENESS INITIATIVES

Table 13: Likelihood of Increasing SF Allocation (Next 2–3 Years)

Table 5.1 – Future Investment Intent (N=74)

Response	Respondents	%
Extremely Likely	8	10.8%
Likely	29	39.2%
Neutral	30	40.5%
Unlikely	4	5.4%
Extremely Unlikely	3	4.1%
Total	74	100.0%

Interpretation: 50.0% are Likely or Extremely Likely to increase SF allocation. 40.5% remain neutral — a convertible middle if awareness gaps are addressed. Only 9.5% are explicitly disinclined.

Table 14: Most Effective Initiative to Improve Awareness and Adoption

Table 5.2 – Preferred Awareness Initiative (N=74)

Suggested Initiative	Respondents	%
Mandatory ESG modules in BMS/MBA/Finance courses	36	48.6%
SEBI / Government campaigns and investor awareness programs	25	33.8%
Simplified ESG-rated investment apps for retail investors	7	9.5%
Industry-academic collaboration (workshops, guest lectures)	4	5.4%
Other / Open-ended suggestions	2	2.7%
Total	74	100.0%

Interpretation: Mandatory ESG curriculum reform leads (48.6%), followed by SEBI/Government campaigns (33.8%). A two-pronged strategy — institutional education + regulatory awareness — emerges as the most endorsed approach

SECTION F: SUMMARY OF KEY FINDINGS

Table 6.1 – Consolidated Key Findings (N=74)

Dimension	Key Finding	Implication
Demography	85.1% aged 21–25; 78.4% management students	Youth-centric; reflects next-gen investor mindset
Conceptual Knowledge	Only 48.6% correctly defined SF	Gap between perceived and actual knowledge
Term Familiarity	BRSR best known (45.9%); ESG Investing weakest (35.1%)	Investment-specific terms need greater curriculum focus
Learning Sources	Social media leads (44.6%); academics only 17.6%	Informal channels dominate; curriculum upgrade essential
Investment Intent	94.6% open to SF; only 18.9% already invested	High latent demand; awareness is the key conversion lever
Motivation	70.3% driven by environmental/social impact	Values-driven; impact messaging outperforms returns-focus
Key Barrier	51.4% cite lack of awareness/literacy	Demand-side problem; education is most impactful fix
Likert Attitudes	WMS: 3.81–4.04; generally positive	Favourable attitudes; greenwashing literacy weakest area
Future Intent	50.0% likely to increase SF allocation (2–3 yrs)	Near-term growth opportunity if awareness gaps addressed
Top Initiative	Mandatory ESG modules (48.6%)	Curriculum reform is the highest-endorsed intervention

Note: Percentages in multi-select questions are based on N=74. WMS computed on 5-point Likert scale (SA=5 to SD=1). All figures rounded to one decimal place.

4. FINDINGS

The key findings summary data table in Data Analysis above clearly shows that research objectives here were meaningful.

As the level of awareness about sustainable investing is still poor, the pattern of ESG investment is not yet clear and effective.

And definitely there is a relationship between level of awareness and sustainable investment. As the level of awareness is poor, the popularity or acceptance of sustainable investment is still at an infant stage.

The research primarily observes that young investors are willing to adapt investment strategies that follow sustainable philosophy. However, it clearly shows that currently there is a lack of appropriate education and

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training available based on which investment decisions can be taken. There is likelihood that 40% of the respondents would adopt sustainable investing, which also is dependent on the level of education they have which is around 45% to 50%. Still more than 20% investors are not at all aware about sustainable investing.

Only 8% of the respondents could identify all the ESG investment instruments, and 9% of the respondents could not identify any of the ESG investment instruments. The main source of awareness about sustainable finance is social media platforms.

The study also found out that even if more than 40% of the respondents are aware about ESG investing, if we dig down deeper and ask about the concepts involved in sustainability like carbon credit, green bonds, BRSR and United Nations Sustainable Development Goals, the level of awareness falls down to 20% approximately.

The concept of sustainability can be a successful investment strategy as few of the investors who are concerned about the environment have invested in it already.

5. SUGGESTIONS

Regulator bodies, government and educational institutes need to take concrete steps which will be truly effective in shaping the growth of sustainable investments. Like including sustainability in the curriculum, providing incentives in terms of taxes or other incentives of sustainable investment instruments.

Channelizing proper training and creating investor awareness programs will lead to increasing awareness about sustainability and sustainable finance and investment instruments. Sustainability is the need of the hour and younger generation getting involved and taking stewardship role in this initiative will definitely help society at large.

6. CONCLUSION

The paper here concludes that sustainable finance is relatively underexplored, underrated concept. Only a handful of investors are aware about such unique and noble philosophy of investment. Also, awareness which is already low does not equal to the acceptance and actual investments in the sustainable investment instruments. For deeper penetration and wider awareness of the sustainable investment and financing strategic planning and implementation at regulatory levels is required.

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