

Green Investment: Returns and Pattern

Sandeep Kumar Rawat

Assistant Professor, Har Sahai Degree College, Kanpur, Research Scholar,
Department of Management, Dr. Shakuntala Misra National Rehabilitation
University, Lucknow Uttar Pradesh, India
E-mail sr03896@gmail.com

Dr. ANU

Assistant Professor, Department of Management, Dr. Shakuntala Misra
National Rehabilitation University, Lucknow Uttar Pradesh, India
E-mail dranulko@gmail.com

ABSTRACT

Environment means the surroundings, which are necessary for the human survival and growth. The existence of human beings depends upon the environmental resources, that are limited in itself. So, for the survival and the growth human beings, it is crucial to sustain the environmental resources. Green investment is one of the potential apparatuses to confront with the environmental problems. In this study the author examined the impact of investment returns on the investment pattern of the green investors and the author also tried to explore the relationship between the investment pattern and investment return of green investment. Data of 100 green investors have been collected from the Uttar Pradesh, India, for research purpose and various statistical tools are applied to reach the conclusion.

Key Words-: Green Investment, Sustainability, Environmental Resources, Investment Pattern

1. INTRODUCTION

The term "green investment" refers to a relatively new idea that also goes by the names "environmental investment," "sustainable investment," "ecological investment," and "carbon investment." It describes an experience that combines the business and investment word with environmentally responsible behaviour. Depending on the participant, green investment may be driven by monetary incentives, a desire to protect the environment, or a combination of both. The actions of financial markets and financial policies related to the development of a low carbon economy can collectively be described as "Carbon Investment" because they are based on the low-carbon economy. All

financial transactions that reduce carbon emissions are referred to as "Carbon Investments," as transactions involving carbon emission rights and their derivatives, investing or speculative activities, and financing activities. on low-carbon energy initiatives, as well as the linked security, consulting, and related services (Al Breiki and Nobanee, 2019).

Green investments provide a greater emphasis on the advantages to the ecological environment and give the environmental protection sector more consideration. Up until today, there hasn't been a common definition from domestic scholars. The representative viewpoint is that: Green investment, also known as environment investment or sustainable financing, uses financial instruments to safeguard the natural environment (The traditional American dictionary, fourth edition, 2000). Because it links the financial sector, environmental betterment, and economic growth—all of which are crucial for a country like India to sustain itself over the long term—green investment is a key component of low carbon green growth in the economic. The financial services sector needs to provide innovative, environmentally friendly financial solutions with an emphasis on financing green businesses and technologies. Strong environmental legislation and a carbon market with active trading are two ways to enhance the environment. The struggle between the limited availability of coal, oil, gas, and other conventional energy sources and rising demand has grown more pronounced with the continuously changing global temperatures. In order to combat climate change and achieve sustainable development, it will be crucial to establish a low-carbon economy (Burhan and Rahmanti, 2012).

Therefore, every nation in the world, especially industrialised nations, accepts the global obligation to reduce greenhouse gas emissions in order to decrease energy use and carbon emissions. It becomes the focal point of global the adoption of low-carbon development models, industrial restructuring, energy structure optimization, energy efficiency improvement, and clean energy development competition. The transition to a low-carbon economy is a huge task but also a huge opportunity. A chance because the commercialization of low-carbon solutions, such as clean energy technology, has the potential to further spur the growth of a significant new market and promote the transformation of the world's energy system. At the same time, this transformation poses a huge challenge since it will cost a lot of money to change economies that have relied on a mostly fossil fuel-based energy system. When you have to invest money today for benefits that won't manifest for many years, this problem is even more difficult. For the change to be successful, it is important to understand the pattern of the investors while considering the investment returns (Tracy Wolstencroft 2010).

1. Review of Related Literature

Robert Heinkel and Alan Kraus et.al (2013) explained that the macroeconomic literature on renewable energy sources is lacking, and this article addresses that gap. It provides a definition of green investment and examines the patterns and factors that have influenced this investment over the past ten years for 35 developed and developing nations. Using a new historical dataset spanning multiple nations, we discover that green investment has taken the lead in driving the energy sector's rapid expansion, with China now accounting for the majority of this growth. According to our econometric findings, economic expansion, a stable financial system that supports low loan rates, and high fuel prices all encourage green investment.

Almazrouei and Nobanee (2021) The study examines how green finance might help achieve sustainable development objectives while addressing some concerns about green financing's environmental, social, and governance (ESG) aspects. The assessment of the literature looks at the most recent developments in green financing, the contribution of the public and private sectors to green finance, as well as green bonds and sustainable bank lending. The G20's initiatives to ensure sustainable development are highlighted as the study also looks at green financing methods across the globe. According to the report, aligning the financial system to support sustainable development requires work from all financial system participants, including banks, international financial organisations, institutional investors, and market makers, particularly rating agencies and stock exchanges.

Mohamad and Kaushal (2018) Three primary issues are undermining the global economy in the current era of technological advancement: environmental change, energy shortages, and financial emergencies. This is due to the fact that economic growth also brings costs to the countries in the form of environmental deterioration. The answer to achieving a contract between the economy and nature is green finance. Green financing is thought of as the financial support for green development, which completely reduces emissions of air pollutants and ozone depleting substances. For the financial advancement of the country, green funds in horticulture, green constructions, green security, and other green activities should rise. In this essay, an effort has been made to examine the body of knowledge already in existence about green finance and its potential in India.

Pratap and Jha (2018) Ecological finance, sometimes known as "green finance," is a significant trend that aims to strengthen the modern financial sector by fusing environmental protection with financial gain. The development of the sustainable financial sector, the acceleration of the economy, and environmental protection are all significantly aided by green

finance. A low-carbon economy (LCE), low-petroleum product economy (LFFE), or decarbonizes economy is one that relies on low-carbon control sources and, as a result, emits very little greenhouse gases (GHGs) into the biosphere, with the ozone-depleting substance carbon dioxide standing out. to investigate how a financial system may operate in conjunction with an economy that reduces excessive greenhouse gas emissions.

Sherynani and Nobanee (NA)The idea of "green finance" blends the application of economic procedures with consideration for environmental concerns. This idea is defined by the actions of all parties involved in the production and consumption of products and services, including but not limited to those who contribute financial resources, producers, and consumers. In this regard, this paper will present a brief assessment of the literature on green finance that is currently available from a variety of sources and draw conclusions and summary findings from the research. 25 peer-reviewed journal publications were read and examined for the mini-review on green finance. Two tables below provide summaries of these articles.

2. Objective of the Study

To Study the Impact of investment's return in the Investment Pattern of green investors

3. Scope of the study

The data is collected from the green investors of the Uttar Pradesh, India.

4. Research Methodology

Descriptive research design is used for completion of the research objective.

Hypothesis of the study

Null Hypothesis

Ho1: There is no significant relationship between investment regularity and return of the green investment.

Ho2: There is no significant relationship between often investment and return of the green investment.

Collection of data

Hundred green investors data have been collected from the Uttar Pradesh, India.

5. Analysis and Interpretation of Data

Correlation and Linear Regression analysis have been used for testing the hypothesis and various table and figure are used or data interpretation of data.

Table No. 1

I make green investments on regular basis

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	4	4.0	4.0	4.0
Disagree	14	14.0	14.0	18.0
Neutral	43	43.0	43.0	61.0
Agree	10	10.0	10.0	71.0
Strongly Agree	29	29.0	29.0	100.0
Total	100	100.0	100.0	

Source: Primary Data

It is clear from the above table that out of total respondents 29% respondents are strongly agree that they make green investment on regular basis, where 10% respondents agree that they make green investment decision regularly.

Table No. 2

I make green investments very often

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	14	14.0	14.0	14.0
Disagree	18	18.0	18.0	32.0

Neutral	24	24.0	24.0	56.0
Agree	22	22.0	22.0	78.0
Strongly Agree	22	22.0	22.0	100.0
Total	100	100.0	100.0	

Source: Primary Data

It is clear from the above table that 22 % respondents make green investment decision very often and same percentage of respondents are strongly agree on the same point.

Table no. 3

Only returns of the investment plays important role in making green investment decision

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	3	3.0	3.0	3.0
Disagree	13	13.0	13.0	16.0
Neutral	37	37.0	37.0	53.0
Agree	16	16.0	16.0	69.0
Strongly Agree	31	31.0	31.0	100.0
Total	100	100.0	100.0	

The above tables are presenting the responses of green investors regarding their investment pattern and the return of the green investments. Table number one and two representing the pattern of green investors

Testing of Hypothesis

To test the Hypothesis correlation with flag of significance is used

Table No. 4

Correlation Table

		I make green investments on regular basis	I make green investments very often	Only returns of the investment plays important role in making green investment decision
I make green investments on regular basis	Pearson Correlation	1	.775**	.905**
	Sig. (2-tailed)		.000	.000
	N	100	100	100
I make green investments very often	Pearson Correlation	.775**	1	.746**
	Sig. (2-tailed)	.000		.000
	N	100	100	100
Only returns of the investment plays important role in making green investment decision	Pearson Correlation	.905**	.746**	1
	Sig. (2-tailed)	.000	.000	
	N	100	100	100

Source: Primary Data

** . Correlation is significant at the 0.01 level (2-tailed).

It is clear from the above table that value of correlation between return of the green investment regular investment is .905 and flag of significance is .000 which is clear indicate that the null hypothesis is fails to be accepted means there is significant relationship between regularity and return of the green investment. While the relationship between often investment and return of the green investment is .746 with .00 flag of significance that means the second null hypothesis of also get rejected and alternative hypothesis get

accepted, there is significant relationship between often investment and return of the green investment.

Result and Discussion

Following results are obtained by applying the regression analysis and curve estimation

Table no. 5
Model Description

Model Name		MOD_1
Dependent Variable	1	I make green investments on regular basis
	2	I make green investments very often
Equation	1	Linear
Independent Variable		Only returns of the investment plays important role in making green investment decision
Constant		Included
Variable Whose Values Label Observations in Plots		Unspecified

Table no. 6
Case Processing
Summary

	N
Total Cases	100
Excluded Cases ^a	0
Forecasted Cases	0
Newly Created Cases	0

a. Cases with a missing value in any variable are excluded from the analysis.

Table no. 7

Variable Processing Summary			
	Variables		
	Dependent		Independent
	I make green investments on regular basis	I make green investments very often	Only returns of the investment plays important role in making green investment decision
Number of Positive Values	100	100	100

Number of Zeros	0	0	0
Number of Negative Values	0	0	0
Number of Missing Values	0	0	0
User-Missing	0	0	0
System-Missing	0	0	0

1. Investment Regularity

Table no. 8

Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.905	.818	.817	.500

The independent variable is Only returns of the investment plays important role in making green investment decision.

Table no. 9

ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Regression	110.350	1	110.350	441.572	.000
Residual	24.490	98	.250		
Total	134.840	99			

The independent variable is Only returns of the investment plays important role in making green investment decision.

Table no. 10

Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Only returns of the investment plays important role in making green investment decision	.921	.044	.905	21.014	.000
(Constant)	.155	.165		.938	.350

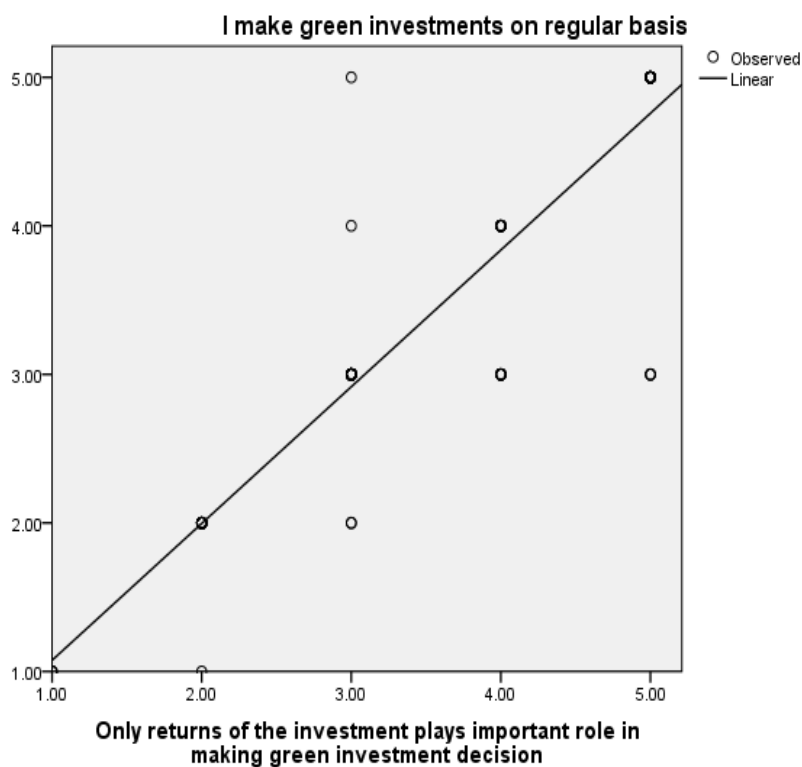


Figure no. 1- Investment Regularity

Source: Primary Data

2. Often Investment

Table no. 11

Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.746	.557	.552	.903

The independent variable is Only returns of the investment plays important role in making green investment decision.

Table no. 12

ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Regression	100.174	1	100.174	122.980	.000
Residual	79.826	98	.815		
Total	180.000	99			

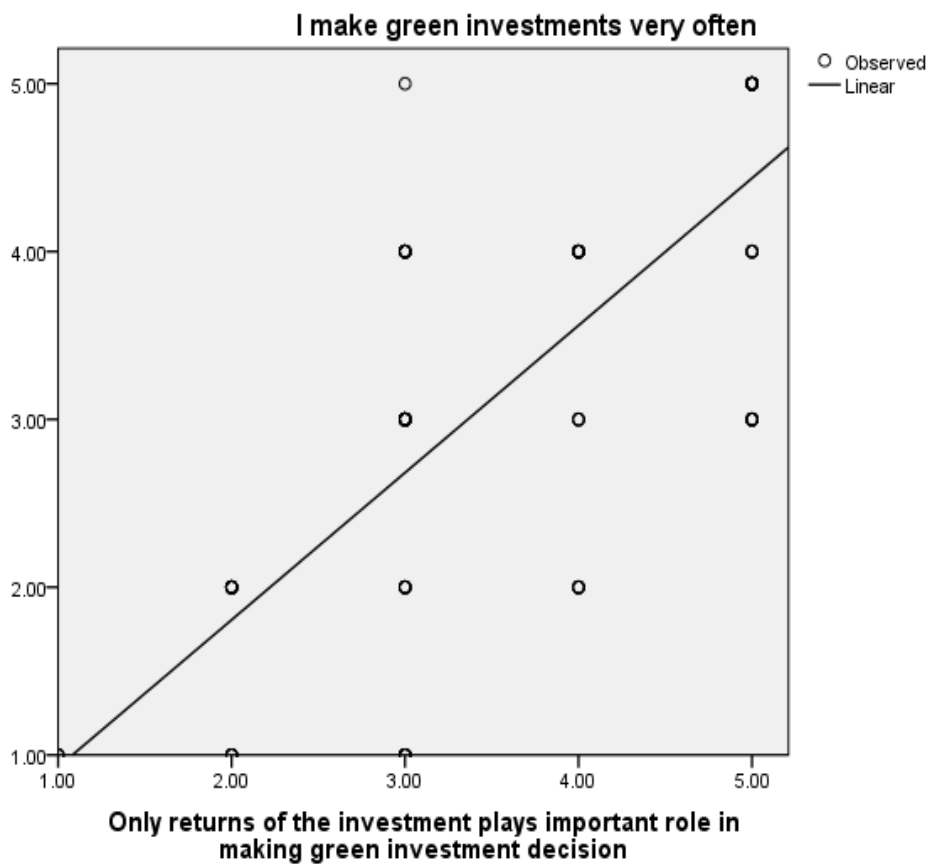
The independent variable is only returns of the investment plays important role in making green investment decision.

Table no. 13

Coefficients

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		

Only returns of the investment plays important role in making green investment decision	.877	.079	.746	11.090	.000
(Constant)	.051	.298		.171	.865



Source: Primary Data

Figure No. 2 Often Investment

It clear from the above tables and diagrams that both investment pattern, regular and often are affected by the return of the investment. The first model summary (table no.8) shows that a significant amount of variance is explained by the investment return in investment regularity. Where the figure no. 11 explained the variance between return of the investment and often investment made in green investment. Both the model are very good fit for explaining the impact of the return on the investment pattern.

CONCLUSION

From the above data analysis and interpretation, it is clear that return of the investment has a significant impact on the investment pattern of the green investment. Two types of the inferences can be drawn from this study, first return of the green investment options have almost 81% impact on the investors who regular makes investment in the green investment option, second, Return of the green investment option explained 55% of the variance on the investors who makes green investment not regular basis. So it can be concluded that investment return have a significant impact on the investment pattern.

REFERENCES

- Al Breiki, M., & Nobanee, H. (2019). The role of financial management in promoting sustainable business practices and development. Available at SSRN 3472404
- Almazrouei H.S and Nobanee .H (2021) Green Finance and Sustainable Growth, Research Gate,
- Burhan, A. H. N., & Rahmanti, W. (2012). The impact of sustainability reporting on company performance. *Journal of Economics, Business, & Accountancy Ventura*, 15(2), 257- 272.
- Burhan, A. H. N., & Rahmanti, W. (2012). The impact of sustainability reporting on company performance. *Journal of Economics, Business, & Accountancy Ventura*, 15(2), 257- 272.
- Heinkel, R., Kraus, A., & Zechner, J. (2001). The Effect of Green Investment on Corporate Behavior. *Journal of Financial and Quantitative Analysis*, 36(4), 431-449. doi:10.2307/267621n (<https://www.sciencedirect.com/science/article/pii/S0301421513002929>)
- Mohamad .S and Kaushal V.K (2018), Green finance: A step towards Sustainable Development, MUDRA: Journal of Finance and Accounting, Vol. 5, pp. 59 to 74.
- Pratap k and Jha PC. (2018) A Model of Green Investment Approach towards Low Cordon Economy, *International journal of Business and Management* Vollume XI, Issues 11 pp. 7 to 13.
- Sherynani . K. A and Nobanee (NA) Green Finance: A Mini- Review
- Shamsi A.M and Nobanee. H (2021). Green Investment and Green fianace, Research Gate
- Tracy Wolstencroft., (2010). Transition to a Low-Carbon Economy.