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A STUDY ON AN ANALYSIS OF INDIAN ESG INVESTMENT TRENDS

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ABSTRACT

ESG investing is influencing decisions in India as investors consider environmental responsibility, social performance, corporate governance, sustainability, and financial returns together. This study examines Indian ESG investment trends, investor awareness, ESG products, factors affecting investment choices, risk and return benefits, regulatory support, and satisfaction. Primary and secondary data are used, with responses from 100 investors selected through convenience sampling. Percentage analysis is applied to interpret the responses. The findings indicate growing awareness, preference for ESG mutual funds, perceptions of environmental, social, and governance factors, and satisfaction. The study recommends investor awareness, transparent ESG disclosures, better reporting standards, and investment education.

Keywords: ESG Investing, Sustainable Investment, Investor Awareness, Corporate Governance, Green Finance

1. INTRODUCTION

Environmental, Social, and Governance (ESG) investing has become an important approach in modern investment management because investors increasingly consider sustainability, ethical conduct, and corporate responsibility along with financial returns. ESG investing evaluates companies through three broad dimensions. The environmental dimension considers climate change, carbon emissions, pollution control, renewable energy, waste management, resource conservation, and biodiversity. The social dimension examines employee welfare, diversity, human rights, customer protection, workplace safety, community development, and corporate social responsibility. The governance dimension focuses on board effectiveness, transparency, ethical leadership, shareholder rights, internal controls, risk management, and regulatory compliance. In India, ESG investing has expanded with growing awareness of sustainable development, responsible investment, corporate sustainability, digital financial markets, and regulatory initiatives. Investors can increasingly access ESG mutual funds, green bonds, ESG stocks, exchange-traded funds, and other sustainable investment products. Sustainability disclosure requirements have also encouraged companies to provide information beyond conventional financial statements. Such information enables investors to consider environmental, social, and governance performance when evaluating investment opportunities. Investor awareness is an important factor in the development of ESG investment. Investors who understand ESG principles may be more willing to consider companies with responsible environmental practices, strong social policies, and transparent governance systems. ESG factors may

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also influence perceptions of risk, long-term returns, corporate reputation, and sustainable wealth creation. Technology has further improved access to ESG information through digital investment platforms, data analytics, sustainability reporting systems, and ESG ratings. Despite its growth, ESG investing in India faces challenges. These include limited awareness among some retail investors, differences in ESG rating methodologies, inconsistent disclosures, data-quality concerns, uncertainty about greenwashing, and changing regulatory requirements. These issues can affect investor confidence and the comparability of ESG investment alternatives. The present study, titled "An Analysis of Indian ESG Investment Trends," examines current ESG investment patterns, investor awareness, investment product preferences, and the factors influencing investment decisions. It also considers environmental responsibility, social responsibility, corporate governance, long-term returns, investment risk, regulatory support, and investor satisfaction. The study uses primary and secondary information to understand ESG investment trends and provide practical suggestions for strengthening sustainable investment practices in India. The study's scope and framework specifically cover Indian ESG investment patterns, investor awareness, investment preferences, sustainability reporting, environmental responsibility, corporate governance, and factors affecting ESG decisions.

2. REVIEW OF LITERATURE

Gupta and Sharma (2020) examined ESG awareness among Indian investors and reported awareness among institutional investors than retail investors, highlighting the need for financial literacy and sustainability education. Verma and Kumar (2020) studied ESG performance and financial performance and found that stronger environmental, social, and governance practices were associated with stable development and lower business risk. Rao and Reddy (2021) examined ESG mutual funds and observed growing interest in responsible investment and sustainable practices. Mehta and Singh (2021) emphasized corporate governance, ethical leadership, and board effectiveness as important determinants of investor trust. Shah and Patel (2022) reported that environmental sustainability influences investment preferences, particularly among investors. Joseph and Nair (2022) highlighted the role of disclosure requirements and regulatory changes in strengthening ESG adoption. Arora and Chandra (2023) found that financial education improves investor engagement with ESG products. Ramesh and Gupta (2023) linked transparent sustainability reporting with investor confidence and corporate reputation. Kiran and Prasad (2024) reported increasing ESG integration among institutional investors, while Jain and Malhotra (2024) emphasized digital platforms, ESG ratings, sustainability indices, and green finance. Overall, the reviewed literature indicates that ESG investing supports responsible investment, risk management, transparency, investor confidence, and long-term sustainable value creation in India.

3. OBJECTIVES OF THE STUDY

1. **To investigate** India's present ESG investment patterns.
2. **To examine** investor views and knowledge of Environmental, Social, and Governance (ESG) investments.
3. **To determine** what influences investors' choices of ESG-based financial products.
4. **To assess** how ESG investing contributes to responsible investment practices and sustainable financial performance.
5. **To make** appropriate recommendations for boosting ESG investing and investor involvement in India.

4. RESEARCH METHODOLOGY

A descriptive research design was adopted to examine ESG investment trends in India. Primary data were collected through a structured questionnaire from 100 investors selected using convenience sampling. Secondary information was obtained from journals, sustainability reports, SEBI publications, financial reports, books, and reliable sources. Percentage analysis was used for interpretation.

The report specifies descriptive research, convenience sampling, 100 investors, structured questionnaires, and primary and secondary data.

4.1 STATISTICAL TOOL

Percentage Analysis

Percentage analysis is the appropriate statistical tool for this study because the collected responses are primarily categorical and measure investor awareness, product preferences, perceptions, and satisfaction. The study explicitly used the basic percentage approach and percentage tables to analyze and present the responses.

5. DATA ANALYSIS AND INTERPRETATION

Table 5.1: ESG Investing Awareness Level

Awareness Level	Respondents	Percentage
Highly Aware	24	24%
Aware	46	46%
Neutral	16	16%
Less Aware	8	8%
Not Aware	6	6%
Total	**100**	**100%**

Analysis: The highest response is recorded for the **Aware** category, with 46 respondents representing 46% of the sample.

Interpretation: The findings indicate that ESG investing has achieved a reasonable level of awareness among the respondents. When highly aware and aware respondents are combined, **70%** demonstrate awareness of ESG investing.

Table 5.2: ESG Investment Product Preference

ESG Investment Product	Respondents	Percentage
ESG Mutual Funds	34	34%
Green Bonds	22	22%
ESG Stocks	18	18%
ESG ETFs	16	16%
Others	10	10%
Total	**100**	**100%**

Analysis: ESG Mutual Funds are the most preferred ESG investment product, selected by 34 respondents or 34% of the sample.

Interpretation: The results indicate that ESG Mutual Funds have greater preference among the respondents compared with green bonds, ESG stocks, ESG ETFs, and other ESG products. This suggests that professionally managed sustainable investment products are attracting considerable investor interest.

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Table 5.3: Overall Satisfaction with ESG Investing

Satisfaction Level	Respondents	Percentage
Highly Satisfied	22	22%
Satisfied	48	48%
Neutral	16	16%
Dissatisfied	8	8%
Highly Dissatisfied	6	6%
Total	**100**	**100%**

Analysis: The highest response is from the **Satisfied** category, with 48 respondents representing 48%.
Interpretation: The overall perception of ESG investing is positive. A combined **70%** of respondents are either highly satisfied or satisfied with ESG investing, indicating broad acceptance among the surveyed investors.

6. RESULTS

1. The study indicates that **ESG investing is gaining importance** in the Indian investment environment.
2. A majority of respondents are aware of ESG investing and recognize its relevance to responsible investment.
3. **70% of respondents are either highly aware or aware** of ESG investing.
4. **ESG Mutual Funds** are the most preferred ESG investment product, accounting for 34% of responses.
5. Environmental sustainability is an important factor influencing investment decisions.
6. Social responsibility also contributes significantly to investors' ESG investment choices.
7. Corporate governance is considered an important determinant of investor confidence and investment decisions.
8. Respondents generally believe that ESG investing can contribute to long-term financial returns.
9. Investors perceive ESG investing as having potential to reduce long-term investment risk.
10. Regulatory support and sustainability disclosure requirements are viewed positively in promoting ESG investment.
11. **70% of respondents are highly satisfied or satisfied** with ESG investing.
12. Overall, ESG investing is increasingly associated with responsible investment, corporate accountability, investor confidence, sustainable wealth creation, and long-term economic development.

7. SUGGESTIONS

1. Financial institutions and asset management companies should conduct **regular ESG investor awareness programmes**.
2. Investors should be educated about the environmental, social, and governance dimensions of investment decisions.
3. Companies should provide **consistent, transparent, and reliable ESG disclosures**.
4. ESG reporting should use standardized frameworks to improve comparability between companies.
5. Companies should strengthen environmental practices through renewable energy adoption, carbon-emission reduction, resource conservation, and effective waste management.
6. Greater attention should be given to employee welfare, diversity, community development, human rights, and ethical business practices.
7. Companies should strengthen corporate governance through transparency, accountability, effective boards, and responsible leadership.

8. Regulators should continue strengthening ESG reporting and sustainability disclosure requirements.
9. Financial advisors should explain ESG-based investment products and their associated risks and benefits to retail investors.
10. Educational institutions should introduce sustainable finance and ESG investment concepts into relevant academic programmes.
11. Digital investment platforms should provide simple ESG information, ratings, and sustainability indicators to investors.
12. Investors should evaluate ESG performance together with financial fundamentals rather than relying exclusively on ESG ratings.

8. CONCLUSION

ESG investing is emerging as an important component of the Indian investment landscape by combining financial considerations with environmental responsibility, social performance, and corporate governance. The study demonstrates that investor awareness is increasing, with 70% of respondents classified as highly aware or aware of ESG investing. ESG Mutual Funds are the most preferred ESG investment product among the surveyed respondents, indicating growing interest in professionally managed sustainable investment alternatives. The findings further indicate that environmental sustainability, social responsibility, and corporate governance influence investment decisions and investor confidence. Respondents also perceive ESG investing as capable of supporting long-term financial returns and reducing investment risks. Regulatory support, sustainability disclosures, and corporate transparency are viewed as important mechanisms for encouraging wider ESG adoption. Overall satisfaction is positive, with 70% of respondents being highly satisfied or satisfied with ESG investing. However, challenges such as limited retail investor awareness, inconsistent ESG ratings, uneven disclosures, data-quality concerns, greenwashing risks, and changing regulatory requirements remain important. Strengthening investor education, improving ESG reporting quality, standardizing disclosures, enhancing corporate sustainability practices, and providing accessible ESG information through digital platforms can support wider adoption. The study therefore concludes that ESG investing can contribute to responsible investment behaviour, corporate accountability, investor confidence, sustainable wealth creation, and long-term economic development in India.

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