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EFFECT OF GREEN FINANCE ON THE ECONOMY AND SOCIETY

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Abstract: Green Finance is a financial concept that embodies the development of the economy and society. The Green Credit Program, which aims to promote sustainable and environmentally friendly practices, has been gaining global recognition for its impact and effectiveness. On December 1st, 2023, India and the UAE jointly hosted a high-level event at COP 28 in Dubai to discuss the program's achievements and prospects. The event was attended by several prominent leaders, including the Prime Minister of Sweden, the President of Mozambique, and the President of the European Council.

During the event, the participants highlighted the importance of the Green Credit Program in mitigating climate change and emphasized the need for collaboration among nations to promote sustainable development. The Prime Minister of Sweden shared Sweden's success story of implementing the program and how it has helped the country in achieving its carbon neutrality goals. The President of Mozambique talked about how the program has been instrumental in creating green jobs and promoting economic growth in the country.

The participants also discussed the challenges faced in implementing the program and how they can be overcome. They stressed the need for increased investment in renewable energy and the need for innovative financing mechanisms to support green projects. The event concluded with a call for greater global cooperation and commitment to promoting sustainable practices to combat climate change. Globally, the green credit initiative has been conceptualized as an effective response to the challenge of climate change.

The Green Credit Program started by the government is a step towards this direction. The green credit program launched by India is not only an effort for carbon emission reduction but also to create a market-based incentive for different kinds of environment-positive actions.

The residue being burnt by the farmers was polluting the environment. In the agriculture of India, the rice-wheat system is the most common. Farmers burn the residue that is 'parali' or waste material to free the field for sowing the next crop. But the 'parali' after burning releases some oxides and greenhouse gases as well as affects the fertility of the soil and is harmful to human health. The Energy and Resource Institute reported that in year 2012 air pollution led to about 5 million deaths in South Asia. The Green Credit Program started by the government is a step towards this direction.

The identified sectors for the Programme are Tree Plantation-based Green Credit, Water-based Green Credit, Sustainable Agriculture based Green Credit, Waste Management based Green Credit, Air Pollution Reduction based Green Credit, Mangrove Conservation and Restoration based Green Credit, Eco mark based Green Credit, Sustainable building and infrastructure based Green Credit.

The Government endeavors to create a market where these green credits can be traded. Methodology and standards to measure and verify such actions are being developed. Green credit programs are different from the carbon market which is focused on industry and corporations green credit programs are more focused on individuals and society as well as the environment. The scheme will influence the farmers to protect the environment as well as be motivated by the tradable green credit.

INTRODUCTION

Green Finance is a type of investment that supports environmental-friendly projects and encourages socially responsible investment. The term "green finance" was first introduced by the United Nations Environment Programme Finance Initiative (UNEP FI) in 2007. The goal of green finance is to manage environmental and social risks better. It can include a variety of financial instruments such as green bonds, green loans, green funds, and even green credit.

The issue of global warming, climate change, and carbon emissions is caused by rapid economic development. We cannot deny that sustainable development and economic growth cannot go together. If we try to achieve faster economic development in various fields such as agriculture, industry, and the service sector, some environmental damage will inevitably occur. Green Finance is a type of socially responsible investment that provides support and encouragement for environmentally friendly endeavors. The objective of green finance is to ensure better management of environmental and social risks. This can be achieved through a variety of financial instruments such as green bonds, loans, green funds, and the latest addition, green credit.

It's an undeniable fact that the problem of global warming, climate change, and carbon emissions is caused by rapid economic development. Sustainable development and economic progress cannot be achieved simultaneously. If we try to speed up economic development in various sectors such as agriculture, industry, and services, environmental damage is bound to occur. While conducting this research, it was found that there was a dearth of literature in this area so the objective of the study is to understand the phenomenon of green finance in the agriculture industry and society through a systematic literature review.

The following research questions were tried to be addressed: -

- Is there a correlation between economic development and environmental damage?
- Do various programs of green finance help industry agriculture and society?
- What is the future of green credit programs in agriculture and society?

REVIEW OF LITERATURE

- Economic Growth and Environmental Impacts; Thiago Alexandre das Neves - This research paper has used Kuznet's Curve hypothesis to show the relationship between economic growth and ecological damage. Their results reveal that Kuznet's hypothesis alone is not enough to prove this relationship. This paper has taken a sample of 152 countries, 6 years.
- Stubble burning; Effects on health and environment, regulation and management practices, Muhammad Isa Abdurrahman, Sukalpaa Chaki, Gaurav Saini. This paper highlighted the effect of stubble burning which is more austere in India due to the intensive rice wheat rotation system on the environment.
- A Thematic Study Of Green Finance With Special Reference. This study analysed existing research on green finance to identify trends and knowledge gaps that can be addressed in future studies. The scoping review maps out grey literature and academic databases on green finance.
- Green Finance in India – Statistics and Facts.
- Green Finance in India; Trends and Challenges. This literature highlighted the efforts of GOI to achieve the goal of no carbon emission and sustainable development through the International Solar Alliance, Green Banks, Green Bonds, and Crowd Funding. The paper tried to highlight the problem India is facing in financing green funds. The biggest problem India is facing in financing green funds is the high cost of capital.
- Differential carbon footprint in India; An Economic Perspective. This paper attempted to study the differential carbon footprint generated by the development activities of one country. Development and environmental conservation cannot go together. Across the world, as priority development activities come first to meet the basic requirement of people and infrastructure of prospects where environment conservation always takes a back seat. The world's top three carbon emitters China US and India account for more than 50% of global carbon dioxide emissions. This paper also sheds some light on the fact that the poorest people are the most vulnerable to the adversity of climate change. A recent World Bank study also found that poor people are more exposed to climate change. The paper is based on secondary data taken by the Niti Aayog Central Pollution Control Board the Ball Bank and the Reserve Bank of India. The findings of this paper are that carbon dioxide emission has increased three times during the last two decades because of the dependence on conventional sources of energy, so there is a need to allocate a carbon budget to human development on a long-term basis
- Mission 2070: A green new deal for a net zero India; November 2021. This paper highlighted India's main five sectors that contribute to almost all its greenhouse gas emissions i.e. energy, mobility, Industry, green buildings, and Agriculture. Since the Paris Agreement in 2015, efforts towards green India have intensified. This paper laid out a framework for creating green growth momentum in India.; the short to medium term, to 2030; and the longer term to 2070. The country has been significantly hit by the COVID-19 pandemic and planning for its rebuilding. To meet the jobs and livelihood imperative, carbon-intensive industrialisation is unavoidable. It is a big challenge for India to control and lower emissions and to provide jobs and decent livelihoods to its population, especially after COVID
- Climate Change and Constitutional Response. This paper shows India's commitment to mitigating climate change. The PM also announced "Panchamrit" Pledges in COP 26. The government announced to reduce net Zero carbon emissions by 2070.
- 66th Commonwealth Parliamentary Conference, Accra.
- Climate Change in India; Sapna Sharma. This paper highlighted the present condition of India as far as climate change is concerned and endeavoured to show the effect of climate change on the people of India, the economy of India, the Agriculture system, health and migration. As per this article, India is the third largest greenhouse gas emitter and its temperature has risen by 0.7 degrees centigrade between 1901 and 2018. India has witnessed rising sea levels in the northeastern states. It is also estimated that people from Mumbai and coastal areas will migrate if the temperature were to rise by a mere 2 more degrees.

OBJECTIVE AND METHODOLOGY

The primary objective of this study is to gain a comprehensive understanding of the concept of green finance in agriculture and its societal implications through a meticulous systematic literature review. The chosen methodology involves conducting a meticulous search, selection, classification, and categorization of 20 scholarly articles that explore the intersection of green finance and agriculture, which were previously analyzed.

The importance of green finance in agriculture cannot be overstated, and this study seeks to shed more light on its significance in society. The findings of this research will be beneficial to policymakers, investors, and agricultural stakeholders in developing sustainable development strategies that are both financially and environmentally sound.

Based on a review of the literature, the following Four themes have been identified: -

- Green finance and environmental protection.
- Green Finance and its effect on people.
- Initiatives taken by India to stop Carbon Emission.
- Probable future of green credit program in India.

METHODOLOGY

- In this study, the Scoping review methodology has been used "To map existing literature in terms of nature, features, volume, to clarify working definitions and conceptual boundaries of a topic or field. To identify gaps in existing literature/research
- For the systematic review papers were collected mostly from the research articles.
- The second step was the selection of important keywords like green finance stubble burning, green bond, green credit program, polluting sectors, and sustainable finance.
- As far as the selection of studies is concerned a total of 20 studies were identified from the 50 studies for further analysis.

RESULT AND FINDINGS

In the light of the above papers, we find a strong correlation between green finance and its effect on the ecosystem, people and economy. The government has taken various steps towards the mitigation of pollution. Data shows that India endeavored to decouple economic growth from carbon emission and successfully reduced the emission intensity by 33%, 11 years ahead of the scheduled time. India has been successful in achieving 40% of electric installed capacity through non-fossil fuel sources, nine years ahead of the target for 2030.

The Green Credit program is one of the steps toward it. Unveiled by the Union Ministry of Environment, Forest and Climate Change on October 13, 2023, the Green Credit Program is an initiative within the government's broader Lifestyle for Environment or LIFE Movement. To promote natural and regenerative agricultural practices and land restoration to improve productivity, soil health and nutritional value of food produced. While the domestic carbon market focuses solely on CO2 Emission reductions, the Green Credit System aims to meet other environmental obligations as well, incentivizing sustainable actions by companies, individuals, and local bodies. As this is one of the go-green initiatives of Govt. of India, The Centre has already taken various steps to safeguard the environment, including the Swachh Bharat Mission, Green Skill Development Programme, Namami Gange Programme, Compensatory Afforestation Fund Act (CAMPA), National Mission for Green India, National River Conservation Programme, and Conservation of Natural Resources. Based on the information and research published so far, it appears that previous programs initiated by the Indian government have been completed before their designated deadline. Similarly, we can also accomplish early completion of the green credit program if we adhere to the guidelines associated with the program.

