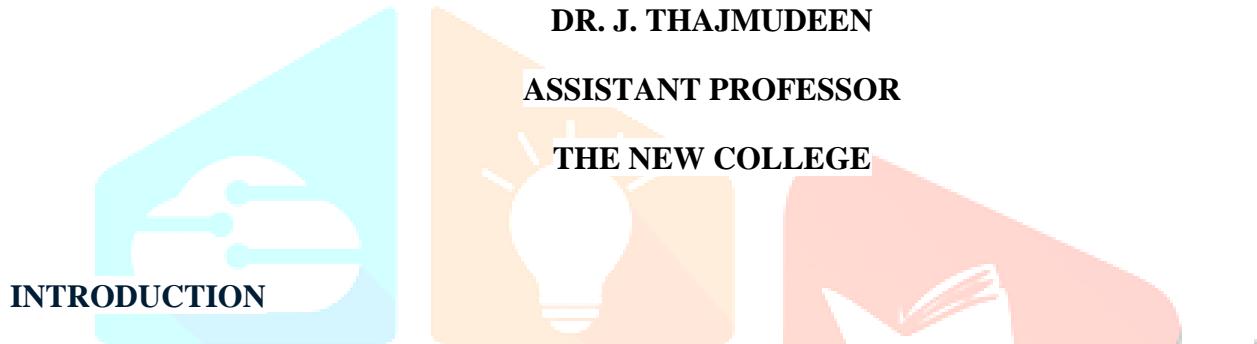




Investor Awareness About Green Bonds And Preference Of Investment In Green Bonds By Investors



A green bond is a debt security that raises money from investors to fund projects that are environmentally or socially beneficial. A green bond is an investment avenue for investors to provide investments and funding for environmental friendly projects. Green bonds are used to finance or refinance projects that contribute to the welfare of environment or climate, such as renewable energy, energy efficiency, sustainable waste management, and clean transportation

PURPOSE OF GREEN BOND

Green Bonds helps to create awareness of climate change challenges across the globe. Green Bonds helps to demonstrate the potential for institutional investors to support climate-smart investments. In recent times, Financial Market covers the concept “Green Finance”. Green Bonds is one of the element of Green Finance gaining importance for Investment.

A Green Bond is a fixed-income instrument designed specially to support specific climate related environmental protection projects. These bonds are typically asset-linked and backed by the issuing entity's Balance sheet so they usually carry the same credit rating such as other instruments

IMPORTANCE OF GREEN BONDS

- A fixed Income bearing Investments
- They are supported with Tax incentives for the investors to make vital investment
- The First Green Bond was issued by World Bank in 2009
- Around US \$ 157 Billion were issued by World Bank in 2009

SCOPE OF GREEN BONDS

Long term projects under Green Bonds aim at energy efficiency, pollution control, fishery, forestry, sustainable agriculture, clean transportation, clean water, the protection of aquatic and terrestrial eco system. The scope of Green Bonds is also extended to the cultivation of environmentally friendly technologies and mitigation of climate change.

LITERATURE REVIEW

1. Tolliver, Keeley and Managi (2020), who opined that Green Bonds are growingly applied in financing initiatives aimed at reducing emission, sustainable development and other green investments. This led to initiation by the institutions to incorporate Green Bonds in their financial structure manage climate change.
2. Flammer (2019), as indicated by the author, multiple organizations, notably, Government agencies, supranational bodies and corporations have recognized the significance of financial sustainability in responding to the problem of climate change. In essence, the issuance of Green Bonds is considered vital in averting the worsening of climate change.
3. Karpf and Mandel (2018), they viewed that, municipal markets in the country have tended to penalize Green Bonds by trading them at lower prices and generating higher yields than anticipated by their clients.
4. Hachenberg and Schiereck (2018), in financial circles, increased awareness of sustainability has led to the establishment of the practice of Green Bonds. Despite of existing impediments, the Green Bonds market has expanded remarkably in the last few years.
5. Voica, Panait and Radulescu (2015), they observed that, investments in Green Bonds, especially in infrastructure, is critical to realize the objective of sustainability in financial management.

NEED FOR THE STUDY

The above mentioned literature review, it is examined that a financial instrument “Green Bond” is emerged as a important funding source which is applied for protecting the environment, pollution control and sustainability of eco system. It is in the evolutionary stage in a country like India and it need to bring financial support in the present scenario, as our aim is to reduce the environmental damage and protect the globe from future pandemics.

OBJECTIVES OF THE STUDY

Based on the literature review and the need for the study the following objectives are taken.

1. To examine the importance of Green Bonds in India including study about the Support by SEBI in the development of such bonds
2. To study the awareness and preference of Investors in Green Bonds in Capital Market

TYPES OF GREEN BONDS

- Climate change bonds
- Renewable Energy Bonds
- Energy Efficiency Bonds
- Social or Sustainable Development Bonds
- Green Infrastructure Bonds
- Natural Resources Bonds
- Project linked Bonds
- Asset linked Bonds

GREEN BONDS IN INDIA

Need for Green Bonds in India

The primary role of Green bonds in India is to finance or refinance climate change related projects. Green bonds are the source of funds which is used for renewable energy projects, clean transportation projects, and other projects which are ecofriendly to the environment.

India has set ambitious renewable energy goals to improve energy access and energy security while taking action on climate change. India has embarked up on an ambitious target of building 175 Gigawatt of solar, wind and other renewable energy capacity by year 2022 and this requires a massive estimated fund of around USD 264 billion. To scale the necessary finance and to achieve these national targets, new innovative financial instruments

SIGNIFICANCE OF GREEN BONDS FROM INDIAN PERSPECTIVE

India started emphasizing the need for 'Green Finance' in the early 2007. In December, 2007 RBI issued a notification on "Corporate Social Responsibility". Sustainable Development and Non-Financial Reporting – Role of Banks and mentioned the importance of global warming and climate change in the context of sustainable development. In 2008, The National Action Plan on Climate Change (NAPCC) was formulated with a vision to outline the broad policy framework for mitigating the impact of climate changes.

There are several fiscal and financial incentives at work in India. These incentives are in line with India's commitment under the 2015 Paris Agreement to reduce Green House Gas Emissions.

4. RESEARCH METHODOLOGY

3.1 Data collection and sample description

A sample survey was undertaken among the investors for Green Bonds in Chennai city for studying about the factors influencing investment in Green Bonds and the role of Green Bonds over their investment decisions.

The sample size of 50 respondents was selected for the study based on convenience sampling. Statistical tools such as Tabulation, percentage analysis and chi-square test for independence has been conducted to compute the findings.

5. HYPOTHESIS OF THE STUDY

Since the study relates with finding the relationship of age group, educational qualification with Green Bond Investment hence the hypothesis of the study can be taken as Null Hypothesis H_0 : Investment in Green Bonds has no significant relationship with age of the respondents.

Null Hypothesis H_0 : Educational qualification has no significant relationship with Green Bond Investment

Null Hypothesis H_0 : Experience in capital market has no significant relationship with preference to Green Bond Investment

6. DATA ANALYSIS AND FINDINGS

6.1 Demographic Profile of the respondents

Demographic profile has been obtained from the responses and it was found that majority of the respondents are in the age group of 30-60 years of age, which is obvious since the target population are the different class of respondents. Education levels of the respondents are 53% under graduate, 36% are graduate and 11 % are post graduate.

7. Attributes of Green Bond Investors

Out of total 50 respondent 70.5% of the respondents' did not prefer investment in Green Bonds and there was no awareness about it and the rest 29.5% prefer Green Bond Investment Among those respondents who 30% are having awareness about Green Bonds. Among the respondents 70% are not having awareness and do not prefer such investment.

8. Hypothesis testing

1) To test whether there is any relationship between Age group of investors and Green Bonds among the target group, the hypothesis being H_0 : Green Bond Investment has no significant relationship with Age group of Investors

Table No.1

Age-wise Distribution of the respondents			
S.No	Age Group	No. of Respondents	Percentage
1.	Below 40 Years	15	30
2.	41-50 Years	24	48
3.	51 and above	11	22
	Total	50	100

(Source: Computed)

Inference

The calculated value of chi square is 18.14 which is greater than the table value 3.841 at 1 df and 5% level of significance and thus the null hypothesis is rejected. Hence, Investment in Green Bonds has significant relationship with the age group of the consumers

2) To test whether there is any relationship between educational qualification and Green Bond Investment the hypothesis being H_0 : Green Bond Investment has no significant relationship with educational qualification of the Investors. The following table 2 shows the responses from the respondents.

Table No.2
Educational Qualification of the Respondents

S.No	Qualification	No. of Respondents	Percentage
1.	Under Graduate	17	34
2.	Graduate	22	44
3.	Post Graduate	11	22
	Total	50	100

(Source: Computed)

Inference

The calculated value of chi square is 0.755 is smaller than the table value 5.991 at 2df and 5%level of significance and thus the null hypothesis is accepted. Hence, Investors preferring Green bonds no significant relationship with educational qualification.

3. To test whether there is any relationship between Market experience of investors has significant relationship with preference in investment of Green bonds, the hypothesis being H_0 : Investors experience has no significant relationship with preference over Green bond Investment.

Table No.3

Experience of Investors and preference towards Green Bond

S. No	Opinion	No. of Respondents	Percentage
1.	Yes	17	79%
2.	No	33	21%
	Total	50	100

(Source: computed)

The calculated value of Chi Square is 110.17 which is greater than the table value 3.841 at 1df of 5% level of significance and thus the null hypothesis is rejected. Hence, market experience of the investors has significant relationship on preference of Green Bond investment

9. FINDINGS OF THE RESEARCH

- 1) There is no significant relationship between the age group of the respondents and the preference of investors respondents upon Green bond investments
- 2) There is no significant relationship between the educational qualification of the respondents and the preference of Investors over Green Bonds
- 3) There is significant relationship between the experience in financial market of the respondents and preference of Green Bond Investments
- 4) Majority of the respondents are graduate who perform Investment in financial market
- 5) 73% of the respondents perform do not have awareness about Green Bonds

10. SUGGESTIONS

- 1) Respondents can be motivated to make their investment in Green investment
- 2) SEBI can take immediate measures to educate the investors about the Green bond investment
- 3) Investors can be motivated towards the purchase of Green bonds by the Government providing some Tax deductions

11. CONCLUSION

Thus Green bonds is an important venue for the investment. Respondents can get better idea about the Green bonds which are available issued by various companies. SEBI and the Government must take appropriate steps to motivate investors in. They should be cautious while performing online shopping to avoid misguiding advertisements. The respondents must take advantage over the various user generated contents available for buying decisions.

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