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A STRATEGY FOR ACHIEVING THE SUSTAINABLE DEVELOPMENT GOALS IS GREEN FINANCE.(SDGS)

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Abstract
One of the most crucial components of every business is finance. Thus, "Green Finance" emerged as a result of the fusion of the financial and environmental worlds. It denotes monetary aid for sustainable development. Investigating environmental concerns is urgently needed in light of the significant changes in climate. Thus, green finance involves both the environment and money in conversation. Therefore, this research focuses on the many forms of green financial products, analyzes the obstacles to green finance, and looks at government activities.The research uses secondary data and is descriptive and analytical in nature. The survey discovered that while there are several financial solutions on the market, investors and businesses lack expertise about green financing owing to a lack of awareness. To promote green finance in the developing nation, investors also need to be able to think analytically.

Keywords : Green Finance, Green Projects, Environment, Sustainable Development.

1.Introduction

The environment has been very important to civilization since since the cosmos first began. However, as humans have advanced, their actions have caused several environmental issues. Environmental deterioration is a result of increasing fossil fuel consumption.

Although development is crucial, it shouldn't come at the expense of the environment. Consequently, the phrase "Sustainable Development" was born out of this. Therefore, switching from conventional to non-conventional energy sources is important to ensure sustainable growth. One needs money to complete this duty and project, and so "Green Finance" was introduced. "Green finance" is a general word that may refer to financial investments made in projects and efforts for sustainable development, environmental goods, and regulations that support the growth of a more sustainable economy.

Green Finance

Globally, Green Finance is expanding quickly and will keep expanding. The Climate Policy Initiative estimates that both public and private clients spend around $360 billion each year. DrubaPurkavastha is the director of the Climate Policy Initiative in India. The strategy focuses on creating cutting-edge approaches to encourage green projects and renewable energy. Global Green Finance has expanded significantly. The yearly bond issuance in the green bond market has increased to above $100 billion, according to a CPI research. The first sovereign green bond to be issued was by Poland in 2016, and others that have since done so include France, Fiji, Nigeria, Indonesia, and Belgium. The biggest offering, worth $7 billion, came from France. From 2014 to 2016, the amount of sustainably managed assets under management rose by 25%.The UNEP Finance Initiative is made up of 92% of the biggest banks in the world. Since 2004, more than £100 billion has been invested in the sustainable energy industry in the UK. Crowd sourcing has been used to support 121 energy projects in the UK, generating a total of €118 million. With 98 green infrastructure projects supported, the UK Green Investment Bank has committed £3.4 billion to the country's green economy.Despite these investments, there is still a need for more funding to support a low-carbon society, and green finance still has a long way to go before sustainable development can be achieved.

Sustainable Finance

Green finance and sustainable finance are often used interchangeably. However, there is a distinction between the two. Many words, such as Environmental, Social, and Governance (ESG), Climate Finance, and Sustainable Finance, are connected to green finance since it involves a two-way interaction between the environment and the financial sector. If we look at society as a whole, there are several problems with sustainable development. First and foremost, there are environmental concerns, such as problems with biodiversity loss, greenhouse gas emissions, renewable energy, pollution, ozone depletion, and so on. Second, there are societal considerations, such as concerns about consumer protection, public health and safety, and many more. The third concern is economic, which refers to regional, national, and international economic situations. Finally, there are governance-related concerns, such as shareholder rights, corporate morality, bribery, corruption, etc. Therefore, all of these problems are linked to "sustainable finance," although "green finance" is more likely to be used if one solely considers environmental problems.

2. Literature review

There have been several studies on sustainable development, but relatively few of them emphasize the benefits of using green financing to achieve such aims. Here are a few studies that concentrate on funding for the SDGs. Soppe, A. (2006) conducted an analysis of institutional investors' investments in sustainable enterprises in the Netherlands. Long-term financial strategies are the form of these investments. Socially Responsible Investments (SRI) and Sustainable Corporate Responsibility are highly valued by the financial markets. (SCR). Green funding is expanding quickly, even in China. The role of Chinese banks in green financing, laws governing green finance, the advancement and difficulties in adhering to the green credit policy, and the efforts made by stakeholders to participate in green financing were all explored by Bai, Y. (2011). The study's major objectives were to examine how environmental principles were incorporated into financial operations and to track the growth of green finance in China.

As green finance gained prominence, experts began researching and talking about it.Three authors, T. Chowdhury, R. Datta, and H. Mohajan (2013), spoke about green financing. According to the report, green financing is crucial for sustainability and economic growth. They recommended funding renewable energy initiatives so that we could maintain a healthy environment.

Many nations, including India, were emphasizing green financing. In the context of Norwegian industrial growth in the shift to a green economy, Pedersen, S. M., and Slette, S. B. (2016) "performed an exploratory case study. The research primarily looks at how a Norwegian Green Investment Bank (GIB) may include sustainability into investment choices with the goal of easing the transition to more sustainable company models. The researcher also covered communication and financial assessment strategies, as well as the financial aspects of business model innovation. The results demonstrated that while business actors have the potential to develop and advance business models for sustainability, they also have a duty to include ESG principles in their plans. Cui, Y. (2017) examined the banking system in China. Since China's green finance industry is also expanding quickly, the researcher looked at China's green credit policy.

The research also covered how green loans increase company potential and improve risk management.
Additionally, the study notes that the Chinese government is heavily involved in the growth of green finance.

Reddy, A. S. B. (2018) spoke on the necessity for green finance as well as its idea. Although the government has made progress toward sustainable development via green financing, the report revealed that private investors are missing in this area. As a result, the researcher offered advice to private investors on their involvement in sustainability. Jha, B., and Bakhshi, P. (2019) highlighted the government's activities and recommended developing a precise green investment plan.

The policy need to be open and motivating to investors. India should concentrate on attracting international investors as well in order to increase contributions to sustainable development.

Research Gap

Research Gap: According to the aforementioned literature evaluation, there have been several research on green finance. However, significant research has been conducted globally. Countries like China, the Netherlands, and Norway have already put numerous green finance rules and products into place and are educating investors about sustainable development. Similar to other countries, India has begun to concentrate on green finance, and investigations revealed that several scholars have described the idea of green finance and government efforts. However, in order for investors to make investments in these goods, it is necessary to recognize the many kinds of green financial products that are offered in India.
Moreover, there are difficulties whenever a new notion is presented. Therefore, the current study will explore the difficulties with green financing. The research will also examine the various Green Finance laws and the Government of India's Green Finance Initiatives.

3. Objectives of The Study

- To investigate the many categories of green financial products.
- To examine the difficulties with green financing.
- To appraise the green finance policies and programs.

4. Methodology

In the present research, the emphasis has been on green finance as a strategy for sustainable growth. The research attempts to identify various green financial product types in India as well as the difficulties associated with green financing. The research focuses on examining Green Finance policies as well. As a result, the character of the current research is both descriptive and analytical. Secondary sources are used to obtain data. Data was taken from a variety of books, journals, papers, and websites.

5.Analysis and Interpretation

A. Categories of Green Financial goods

Financial goods that may reduce pollution, understand ecosystems, and support the economy's commitment to the environment are included in the Green Finance market. There are many different kinds of financial instruments accessible, including nature-linked securities, green investment funds, environmental and biodiversity funds, etc.

- **Environmental Funds:** These are certain categories of funds that make investments in environmentally friendly businesses or seek to improve the environment via initiatives like waste management, reducing carbon emissions, or alternative energy. In India, a number of funding are available, including the Clean Technology Fund supporting India's electric mobility program, the Pilot Program for Climate Resilience enhancing the climate resilience of women working in the poultry industry, and the Clean Technology Fund supporting India's offshore wind sector.

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- **Biodiversity Funds**: These funds work to keep ecosystems operating normally and improve their climate change resistance. Additionally, it aids in strengthening and expanding the management of bio-diverse carbon stocks throughout the nation. The National Biodiversity Authority (NBA) offers financial assistance in the form of grants or short-term money to maintain the biological variety and endangered species of wild flora and fauna in order to preserve India's rich natural heritage in accordance with the National Biodiversity Act 2002.
- **Green Investment Funds:** Following environmental catastrophes like the Exxon Valdez oil spill, green investment got its start in the early 1990s. As a result, mutual funds called "Green Funds" that invest in businesses that support socially and ecologically conscious policies and practices were launched. Tata Resources and Energy Fund and DSP Natural Resources and New Energy Fund are two examples of Indian green funds.
- **Securities connected to nature:** "Investors in the global financial market might transfer the risk of natural catastrophes and climate change via nature-linked securities. The special purpose vehicle (SPV) is often established by the sponsors of the natural catastrophe securities before debt securities are issued. SPV and the sponsors agree that the sponsors will pay a specified amount of insurance premium to SPV on a regular basis in exchange for SPV agreeing to compensate the sponsors in the case of natural catastrophes.
- **Debt for nature SWAP:**A part of a developing country's foreign debt is forgiven in return for local investments in environmental protection measures in a debt-for-nature swap.International debt-for-nature swaps have been taking place since the 1980s, and organizations like WWF (World Wildlife Fund) and The Nature Conservancy have taken part. This is one of the best debt-reduction strategies India might use.
- **Green Bonds:** Also referred to as Climate Bonds, Green Bonds were initially issued by the World Bank in 2009. A "Green Bond" is a fixed-income product created especially to fund certain climate change or environmental initiatives. Green bonds of around $157 billion were issued in 2019. A few Indian institutions, including State Bank of India, Yes Bank, Axis Bank, and EXIM Bank, have also sold green bonds on the global market.

B. Obstacles to Green Financing

Although Green Financing is growing in India, it is still struggling to draw in a variety of investors. High-rated bonds are what most investors choose to buy. Investments in green projects are particularly costly due to the high cost of loan financing, which leads to a high rate of interest and a short maturity time. Even investors have little knowledge of the cutting-edge financial products on the market. Additionally, there are a number of dangers connected to green finance, including technological risk, currency risk, and many others. Therefore, green finance is still in its early stages and still has a lot of obstacles to overcome.

- **Lack of Understanding of Green Finance:** Investors are not well-informed about the numerous green financial solutions on the market. Although there are several green bonds, loans, and insurance options available, investors face obstacles as a result of the lack of transparency.
- **Insufficient analytical skills:** Effective environmental risk analysis is important in order to raise money for green finance. The capacity of banks and investors to recognize and assess the credit and market risk related to green projects still needs to be developed.As a result, there are several initiatives without funding, such as those related to pollution and greenhouse gas emissions.
- **External issues:** A number of external issues, such as insufficient remuneration for positive externalities of green projects and insufficient sanctions for negative externalities, have an influence on green finance. Additionally, there are unsafe initiatives and inadequate pricing signals.

C. Green finance policies and initiatives

According to the CPI (June 2020) study, India is the fifth most susceptible country to climate change, with 2.5–4.5% of its GDP at risk each year. India has so committed to lowering its GDP's carbon intensity by 33–55% from 2005 levels by 2030, but in order to do so, it will need to raise $2.5 trillion in total between 2016 and 2030. The Indian government has made significant financial contributions and timely regulatory changes that have been instrumental in expediting the development of the nation's renewable energy industry. Butgiven current rates of penetration and the overall healthof the sector combined with slowdown created by theCOVID- 19 pandemic, the government will have to findnew and alternative ways to finance the transition andincentivize private sector participation to scale up investments for a sustainable and transformational impact. Additionally, there may be environmental requirements associated with international funding. Therefore, for diagnosis, planning, and monitoring of the nation's green investments, it is crucial to identify and analyze important sources of funding, the tools used to mobilize and disburse money, and their final recipients.A small number of Indian financial institutions have started cooperating with international projects. The only commercial bank from India that has signed the Principles for Responsible Banking (PRB) and is a part of the UN Environment Finance Initiative (UNEP FI) is Yes Bank, for example. The sole organization that has signed the Principles for Sustainable Insurance is the Insurance Institute of India, a supplier of insurance education and training.(PSI). Additionally, just four Indian asset managers and investment service providers have signed the Principles for Responsible Investment. (PRI). The Small Industries Development Bank of India (SIDBI) and the Indian Banking organization (an organization of banks) both belong to the Sustainable Banking Network (SBN) and the International Development Finance Club, respectively. (IDFC). The Network for Greening the Financial System (NGFS), which is regarded as a powerful network of banks regulators in Green Finance, has no presence from India. India is a participant in the International Platform on Sustainable Finance (IPSF), however there hasn't been much development with this project. Additionally, no national partnerships or initiatives spearheaded by industry associations have been launched in the area of green finance. Additionally, while making decisions, financial markets, banks, and rating agencies do not take environmental considerations into account. The sector's expansion is being hampered by a lack of a comprehensive emphasis on green finance, indifferent financial rules, and insufficient institutional mechanisms. Additionally, there is an increasing need to raise awareness in India's financial industry of the value of green finance as well as the need of accelerating investments via long-term, market-driven collaborations and regulatory interventions.

6. Conclusion

One approach to help the Sustainable Development Goals is via green finance. (SDGs). A variety of financial products and services, including green investments, green bonds, and environmental and biodiversity funds, are available to assist preserve and manage environmental challenges. In order to manage the SDGs, green finance may do so in a variety of ways, including by providing long-term loans for renewable energy projects, green mortgages that tie repayments to home energy efficiency, and even by funding cutting-edge technology. Despite the economy's tremendous expansion of green finance, there is still a funding deficit for the SDGs. There are several obstacles to green finance, including external issues, a lack of investor understanding, ignorance of the financial instruments on the market, and insufficient analytical skills.

However, the government is now taking a lot of steps to assist green financing, and laws are being developed with this in mind. India has promised to lower the carbon intensity of its GDP by 33–35% by 2030, according to the Climate Policy Initiative 2020 report. Additionally, Indian financial institutions have started collaborating with international projects that would undoubtedly benefit the SDGs.

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