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A STUDY OF SUSTAINABLE FINANCE IN THE OPINION OF INVESTORS OF SOUTHERN RAJASTHAN

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ABSTRACT

RESEARCH QUESTION: The primary research inquiry that guided the study was "Do the participants hold a favourable stance towards sustainable finance and possess a comprehensive understanding of its significance?"

OBJECTIVE OF THE STUDY: This study's primary aim is to ascertain participants' perspectives about the notion of sustainable financing.

RESEARCH METHODOLOGY: This study adopts a descriptive approach and employs primary data collecting through surveys. The research utilises a planned selection technique, specifically selecting individuals from the investor population in Southern Rajasthan as the sample. The study employed a sample size of 105 participants. Ten Likert statements were constructed to assess the respondents' view of the idea of sustainable financing. Subsequently, the obtained findings were subjected to hypothesis testing based on the Likert statements. The data synthesis process involved the utilisation of SPSS software and MS Excel. Statistical analysis of the data involved the utilisation of an independent t-test, as well as the calculation of counts and percentages.

DATA ANALYSIS AND FINDINGS: The data analysis component used a Likert scale format. The study results indicate that most participants strongly prefer sustainability, as evidenced by a significant movement in their investment behaviour towards adopting a sustainable investment approach. Moreover, the concept of similarity was utilised to determine the criteria of acceptability and relatability pertaining to the subject matter. Subsequently, the chosen hypothesis was validated based on these parameters.

LIMITATIONS OF THE STUDY: One of this study's primary constraints is the restricted geographical scope and the relatively small sample size.

PRACTICAL IMPLICATIONS: The research conducted in this study possesses practical significance due to its unique subject matter and national importance. The latest breakthrough has single-handedly transformed the entire system.

Keywords: Sustainable Finance, ESG (Environment, Social and Government)

INTRODUCTION:

The attainment of a more sustainable future requires a collaborative undertaking involving several businesses, with a special emphasis on the significance of finance in this pursuit. Kindly furnish details pertaining to the notion of sustainable financing. The financial sector has considerable influence in relation to the provision of funding and the advancement of sustainability-related issues. The impact of this influence is demonstrated by its funding for research and development initiatives related to alternative energy sources and its assistance to firms that uphold fair and sustainable labour practices. Sustainable finance pertains to the practice of incorporating environmental, social, and governance (ESG) considerations into investment decisions about economic activities or projects. Environmental issues involve various dimensions, including the adoption of strategies aimed at mitigating the climate catastrophe and the use of sustainable resources. Social components comprise a diverse array of factors, including advocating for the protection of human and animal rights, preserving consumer interests, and adopting inclusive employment practices. Governance issues cover the managerial components, employee dynamics, and compensation techniques both public and private companies implement. The current impetus in investment allocation is towards firms and projects that conform to sustainable Environmental, Social, and Governance (ESG) practices. Simultaneously, there is a growing need for finance professionals with specialised expertise in this rapidly expanding field. The emergence of the indicated trend as a highly sought-after industry in Asia has been highlighted in a recent investigation conducted by Bloomberg. Environmental issues encompass a range of dimensions, which encompass the implementation of measures aimed at alleviating the climate crisis and the use of sustainable resources. Social components encompass a wide range of elements, such as promoting human and animal rights, safeguarding consumer interests, and implementing inclusive employment practises. Governance issues encompass the managerial aspects, employee interactions, and pay strategies employed by entities operating in both the public and private sectors. There is currently a prevailing trend in investment allocation towards companies and initiatives that adhere to sustainable Environmental, Social, and Governance (ESG) practises. Concurrently, there is an increasing demand for financial professionals who possess specialised knowledge in this specific and swiftly evolving domain. The latest analysis undertaken by Bloomberg has shed light on the growth of the indicated trend as a highly sought-after industry in Asia.

REVIEW OF LITERATURE

(Edmans *et al.*, 2022) their "Sustainable finance" research states that sustainable finance, which incorporates environmental, social, and governance (ESG) considerations into financial decisions, is gaining attention. It is now a CEO-level concern for businesses, not just a corporate social responsibility issue. Sustainability was once exclusive to socially responsible investors but now includes investors with only financial interests. The RF Special Issue on Sustainability identifies three factors driving its rapid growth: financial relevance, contribution to nonfinancial goals, and investor preferences. The article summarizes eight articles in the special issue, highlighting their contributions to the literature and suggests further research.

(**Abrudan** ***et al.*****, 2021)** in their research work titled "Towards Sustainable Finance: Conceptualizing Future Generations as Stakeholders." The study discusses the problem of investors not considering the long-term viability of our socioeconomic system. Many people prioritise increasing shareholder value while ignoring other significant stakeholders. The effects of current behaviour will be passed down to future generations, so it is wise to exercise caution while investing in profitable concepts. The Sustainable Development Goals (SDGs), Environmental, Social, and Governance (ESG) standards, and Equator Principles have been proposed to encourage more responsible investor behaviour. It is essential to consider future generations as key stakeholders because they deserve a better, safer, and waste-free environment to live in. The study evaluates pertinent academic work on the subject and offers a vision for the future that conceptualises future generations as stakeholders. To put this idea into practice, more investigation is required.

(**Ferri** ***et al.*****, 2019)** in their research work titled "Sustainable finance for sustainable development" claimed that In order to achieve sustainable development, the article underlines the necessity of ethical and sustainable finance, with a particular emphasis on tackling environmental problems and social inequalities. The benefits of cooperative banking, ethical and ecologically conscious investment practises, microcredit, Islamic finance, and financial technology (Fintech) are highlighted in the text. The article also discusses microfinance's role in fostering financial inclusion and the establishment of Sustainable and Responsible Investing funds. This study also examines how investors might effectively address social and environmental issues by using cutting-edge technologies.

(**Schramade** ***et al.*****, 2018)** in their research work titled "Royal Philips: a sustainable finance case study" stated that this case study presents a compilation of inquiries that enable analysts to include sustainability into investment analysis through the establishment of connections between sustainability and business models, competitive position, strategy, and value drivers. In order to provide a clear demonstration, the inquiries will be addressed with respect to Royal Philips, a corporation known for its advanced approach to sustainability reporting and strategic thinking. The case emphasises the importance of doing a comprehensive fundamental analysis, which goes beyond relying solely on ESG ratings, to evaluate a company's readiness for transition accurately. This evaluation is considered to be the core aspect of corporate sustainability.

OBJECTIVE OF THE STUDY

The research paper's key objective is to identify respondents' perceptions of the concept of sustainable finance.

RESEARCH METHODOLOGY

The data supporting the present paper has been collected from the primary mode.

Primary Research: The data was gathered by administering a meticulously designed questionnaire to a sample of investors residing in Southern Rajasthan.

Sample Size: The sample size taken was 105 respondents.

Statistical Tools for Analysis: The data acquired from the administered questionnaire was evaluated using SPSS software and other statistical tools to display the analysed data and results based on the specified parameters for the desired objectives.

The following was the pattern of the Likert scale adopted for the study:

Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
1	**2**	**3**	**4**	**5**

One hypothesis was framed to be tested statistically, for which an independent t-test was applied to reach noteworthy conclusions.

Likert Statement

10 Likert statements were drafted to be presented to the respondents on a five-point Likert scale ranging from strongly agree to disagree.

	Statement	SD	D	N	A	SA
1	I feel happy because I am, in some way, contributing to the planet.	1	2	3	4	5
2	The concept is beautiful and highly intellectual.	1	2	3	4	5
3	I think such innovations are for our good and, thus, should be promoted.	1	2	3	4	5
4	The corrupt organisations aim to grab money from investors with newer ways and old motives.	1	2	3	4	5
5	The concept is still in its infancy and needs many improvisations.	1	2	3	4	5
6	This is the only way left to fight away the dangers the planet is encountering.	1	2	3	4	5
7	It is just a trend and will sooner or later go away, and we will resort to our old practices again; thus, it is merely a waste of time.	1	2	3	4	5
8	As a responsible, sustainable investor, I take charge of my investments, which is my contribution to this best cause.	1	2	3	4	5

	Statement	SD	D	N	A	SA
9	I respect the emerging concept and welcome it wholeheartedly.	1	2	3	4	5
10	The success of this concept is when the entire traditional thought process is altogether eradicated.	1	2	3	4	5

DATA ANALYSIS

H01: There is no significant difference in investors' perception of the inception of the concept of sustainable finance.

With the objective of testing the hypothesis mentioned above, "There is no significant difference in investors' perception of the inception of the concept of sustainable finance", primary data collected from 105 respondents with the help of a questionnaire consisting of 10 Likert statements was averaged, and one sample t-test was applied, and the results so derived have been published as follows

Table 0.1
Response rating of the respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	1.0	1.0	1.0
	Disagree	14	13.3	13.3	14.3
	Neutral	25	23.8	23.8	38.1
	Agree	24	22.9	22.9	61.0
	Strongly Agree	41	39.0	39.0	100.0
	Total	105	100.0	100.0	

The table above shows that 65 individuals in total, or 61.9% of the sample, stated their opinions as either agreeing or strongly agreeing. A one-sample t-test was carried out to determine the statistical significance of the mean, and the results are reported in the following section.

Table 0.2
One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Avg_Response	105	3.3981	1.07712	.10512

Table 0.3
One-Sample Test

	Test Value = 3				
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference

					Lower	Upper
Avg_Response	3.787	104	.000	.39810	.1896	.6065

Interpretation

The sample's mean and standard deviation were calculated to be 3.3981 and 1.07712, respectively. The one sample t-test yielded a t-value of 3.787 and 124 degrees of freedom. The final p-value was discovered to be 0.000. According to these statistical results, the population reaction is probably larger than 3, showing a propensity for agreement or strong agreement. In other words, the respondents consistently gave answers that tended to lean in the direction of agreement.

Decision:

Thus, the researcher accepts the null hypothesis and concludes that there is no significant difference in investors' perceptions of the inception of the concept of sustainable finance.

Conclusion

The research findings indicate that the concept assists nations and regions in reassessing their economic policies and practises to foster sustainable development, stimulate economic growth, generate income and employment prospects, reduce poverty and inequality, and improve the ecological foundations of their economies. This study aimed to examine and clarify the viewpoints of the participants, who possess substantial power in building the country, about the present concept. Based on the Likert scale poll to assess respondents' perspectives on the shift from conventional investing to sustainable investing, it can be deduced that contemporary investors, who significantly influence future advancements, largely endorse this transition in investment practises. The individuals exhibit a strong level of enthusiasm towards embracing this shift, acknowledging its capacity to make a substantial contribution towards economic prosperity. The integration of transparency, sustainability, and social justice standards and principles into the traditional financial metrics of banking, such as profitability and growth, is evident. These establishments play a crucial role in facilitating the allocation of financial resources for social initiatives through a diverse range of financial mechanisms.

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