

A Study on ESG (Environmental, Social, Governance) Investing and its Growing Importance in India

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Abstract: *Environmental, Social, and Governance (ESG) investing is an emerging and important concept in the modern financial world that focuses on sustainable and responsible investment practices. Traditionally, investors made decisions mainly based on financial factors such as risk, return, and liquidity. However, in recent years, there has been a significant shift in investment behavior, as investors are now increasingly considering environmental protection, social responsibility, and ethical corporate governance along with financial performance.*

ESG investing allows investors to evaluate companies not only on their profitability but also on how responsibly they operate in society. The environmental aspect includes factors such as climate change, pollution control, and efficient use of natural resources. The social aspect focuses on employee welfare, human rights, customer satisfaction, and community development. Governance refers to the way companies are managed, including transparency, ethical practices, leadership structure, and compliance with laws and regulations.

This approach encourages investors to support companies that follow sustainable and ethical practices, thereby contributing positively to society and the environment. ESG investing also helps in reducing long-term financial risks, as companies with strong ESG performance are generally more stable, responsible, and better prepared to handle future uncertainties.

The main objective of this study is to analyze the level of awareness, perception, and acceptance of ESG investing among individuals. It also aims to identify the challenges faced by investors and examine the future growth potential of ESG investing in India. Overall, ESG investing represents a balanced approach that combines financial returns with social and environmental responsibility, making it a crucial trend in the future of global and Indian financial markets.

Keywords: Environmental, Social, and Governance (ESG) investing is an emerging and important concept in the modern financial world that focuses on sustainable and responsible investment practices.

I. INTRODUCTION

1.1. INTRODUCTION TO ESG

Investment plays a vital role in financial planning, economic growth, and wealth creation. Individuals, institutions, and governments invest their funds in various financial instruments such as shares, mutual funds, bonds, and fixed deposits with the objective of earning returns and securing financial stability. Traditionally, investment decisions were primarily based on financial factors such as risk, return, liquidity, and market performance. Investors focused mainly on maximizing profits without giving much importance to the broader social and environmental consequences of their investments.

However, in recent years, there has been a significant transformation in the investment landscape. Investors are becoming increasingly aware of global challenges such as climate change, environmental degradation, social inequality, and corporate misconduct. As a result, they are now considering not only financial returns but also the



ethical and sustainability aspects of their investments. This shift has led to the emergence and rapid growth of ESG investing.

ESG stands for Environmental, Social, and Governance. It is a framework used to evaluate companies based on their sustainability practices and ethical impact. ESG investing refers to the process of incorporating environmental, social, and governance factors into investment decision-making. It aims to create a balance between financial returns and positive societal impact.

The environmental component of ESG focuses on how a company interacts with the natural environment. It includes factors such as carbon emissions, climate change policies, energy efficiency, waste management, pollution control, and conservation of natural resources. In today's world, environmental issues have become a major concern due to increasing pollution levels, global warming, and depletion of natural resources. Companies that adopt environmentally sustainable practices, such as using renewable energy sources and reducing their carbon footprint, are considered more responsible and are preferred by ESG investors.

The social component of ESG examines how a company manages its relationships with employees, customers, suppliers, and the community. It includes factors such as employee welfare, workplace safety, diversity and inclusion, human rights, customer satisfaction, and community development. Companies that prioritize the well-being of their employees, maintain good relationships with stakeholders, and contribute positively to society are considered socially responsible. Strong social practices help build trust, improve brand reputation, and enhance long-term performance.

The governance component of ESG focuses on the internal management and corporate structure of a company. It includes aspects such as board composition, leadership quality, transparency, ethical business practices, and compliance with laws and regulations. Good governance ensures accountability, reduces the chances of fraud and corruption, and promotes fairness in decision-making. Companies with strong governance frameworks are more likely to gain investor confidence and achieve sustainable growth.

The importance of ESG investing has increased significantly due to various global developments. Issues such as climate change, environmental disasters, social inequality, and corporate scandals have highlighted the need for responsible business practices. Investors are now recognizing that companies that ignore ESG factors may face serious risks, including regulatory penalties, reputational damage, and financial losses. On the other hand, companies that adopt strong ESG practices are more likely to be resilient, innovative, and successful in the long term.

Another important reason for the growth of ESG investing is the increasing demand for ethical and value-based investing. Modern investors, especially the younger generation, are more conscious about the impact of their investments. They prefer to invest in companies that align with their personal values and contribute positively to society. ESG investing allows investors to achieve financial returns while also supporting sustainability and social responsibility.

1.2. MEANING OF ESG

ESG stands for Environmental, Social, and Governance. It is a framework used to evaluate how responsibly a company operates beyond its financial performance. ESG helps investors assess whether a company is sustainable, ethical, and well-managed in the long term.

Environmental (E): Focuses on how a company impacts the natural environment

Social (S): Examines how a company manages relationships with employees, customers, and society

Governance (G): Deals with corporate leadership, transparency, and ethical practices

ESG is not just a trend but a structured approach to responsible investing that aligns financial goals with societal values.



DEFINITION OF ESG INVESTING

ESG investing can be defined as:

“An investment approach that integrates environmental, social, and governance factors into the decision-making process to generate sustainable long-term returns while creating a positive impact on society and the environment.”

Another way to define ESG investing is:

“A strategy where investors evaluate companies based on their environmental practices, social responsibility, and governance standards in addition to financial performance.”

Thus, ESG investing focuses on both profitability and responsibility, making it a balanced approach to investment.

1.3. CONCEPT OF ESG INVESTING

The concept of ESG investing is based on the idea that companies that operate responsibly are more likely to perform better in the long run. ESG investing goes beyond traditional financial analysis and includes non-financial factors that can affect a company's sustainability and risk profile.

1. Environmental Factors

Environmental factors assess how a company interacts with nature. These include:

- Climate change and carbon emissions
- Energy efficiency and renewable energy usage
- Waste management and pollution control
- Water conservation and resource usage
- Companies that adopt eco-friendly practices are considered more sustainable and are preferred by ESG investors.

2. Social Factors

Social factors evaluate how a company manages its relationships with people. These include:

- Employee welfare and working conditions
- Diversity and inclusion
- Customer satisfaction and product safety
- Community development and social responsibility
- Companies with strong social practices build trust and maintain a positive reputation.

3. Governance Factors

Governance focuses on how a company is managed. It includes:

- Board structure and independence
- Transparency and disclosure practices
- Ethical business conduct
- Compliance with laws and regulations
- Good governance ensures accountability and reduces the risk of fraud and corruption.

1.4. IMPORTANCE OF ESG INVESTING

ESG investing has gained importance due to several reasons:

1. Sustainable Development :

ESG investing promotes environmentally and socially responsible business practices, contributing to long-term sustainability.

2. Risk Management :

Companies with strong ESG practices are better at managing risks such as environmental disasters, legal issues, and reputational damage.



3. Long-Term Returns :

Research suggests that ESG investments can provide stable and consistent returns over time.

4. Ethical Investing :

Investors can align their investments with their personal values and beliefs.

5. Global Awareness :

Increasing awareness about climate change, social justice, and corporate responsibility has boosted ESG adoption.

1.5. FEATURES OF ESG INVESTING

1. Focus on long-term sustainability : One of the most important features of ESG (Environmental, Social, and Governance) investing is its strong emphasis on long-term sustainability. Unlike traditional investing, which often prioritizes short-term financial gains, ESG investing looks at how a company performs over an extended period. It evaluates whether a business can sustain its operations without negatively impacting the environment, society, or its own governance structure.

2. Integration of financial and non-financial factors : ESG investing goes beyond traditional financial analysis by incorporating non-financial factors into investment decisions. While financial metrics like revenue, profit margins, and return on investment remain important, ESG investors also evaluate aspects such as environmental impact, employee welfare, diversity, customer satisfaction, and corporate governance practices.

3. Emphasis on ethical and responsible investing : Another key feature of ESG investing is its focus on ethics and responsibility. Investors increasingly want their money to support businesses that align with their personal values and contribute positively to society. ESG investing allows individuals and institutions to avoid companies involved in harmful activities such as pollution, exploitation of workers, or unethical business practices.

4. Encourages corporate accountability : ESG investing also promotes greater accountability among companies. When investors actively consider ESG factors, businesses are under increased pressure to maintain high standards in environmental protection, social responsibility, and governance. Companies are expected to take responsibility for their actions and address any negative impacts they may have on society or the environment.

5. Promotes transparent business practices : Transparency is a fundamental aspect of ESG investing. Investors require companies to disclose relevant information about their ESG performance, including environmental policies, social initiatives, and governance structures. This openness allows investors to evaluate how well a company is managing its risks and fulfilling its responsibilities.

1.6. GROWTH OF ESG INVESTING GLOBALLY

ESG (Environmental, Social, and Governance) investing has witnessed rapid and significant growth across the world in recent years. It has evolved from being a niche investment approach to becoming a mainstream strategy adopted by investors, financial institutions, and governments globally. This growth reflects a major shift in the investment mindset, where financial returns are now being considered along with environmental and social impact.

One of the key drivers of this growth is the increasing participation of institutional investors such as pension funds, insurance companies, and mutual funds. These large investors manage significant capital and have started integrating ESG factors into their investment decisions. Their involvement has played a crucial role in accelerating the demand for ESG-compliant companies and financial products.

1.7. ESG INVESTING IN INDIA

ESG (Environmental, Social, and Governance) investing in India is still in a developing stage, but it is growing steadily due to increasing awareness among investors and rapid changes in the financial market. In the past, Indian investors mainly focused on financial returns, but now there is a visible shift towards sustainable and responsible investing practices. This change is mainly driven by concerns related to environmental protection, social responsibility, and corporate governance.



One of the key factors supporting the growth of ESG investing in India is the rising awareness about environmental and social issues. Issues such as climate change, pollution, resource depletion, and social inequality are becoming more prominent. As a result, investors are increasingly considering these factors while making investment decisions. This indicates a gradual shift towards more responsible financial behavior in the Indian investment market.

1.8. CHALLENGES OF ESG INVESTING

Despite its growth, ESG investing faces certain challenges:

- **Lack of awareness among investors :**

One of the biggest challenges of ESG investing is the low level of awareness among investors.

Many investors are still not familiar with the concept of ESG and its importance in investment decisions. They mainly focus on traditional factors such as profit, risk, and returns, ignoring environmental and social impacts. Due to this lack of awareness, ESG investing has not yet reached its full potential.

- **Limited ESG investment options :**

Another major challenge is the limited availability of ESG-based investment products.

In many markets, especially developing economies, the number of ESG mutual funds, stocks, and financial instruments is still low. This restricts investors from diversifying their portfolios and reduces their ability to fully adopt ESG investing strategies.

- **Difficulty in measuring ESG performance :**

Measuring ESG performance is a complex task because it involves non-financial factors such as environmental impact, employee welfare, and governance quality.

Unlike financial data, these factors are not always measurable in exact numbers. This makes it difficult for investors to compare companies accurately and make informed decisions.

- **Lack of standardized ESG ratings :**

There is no uniform global standard for ESG ratings.

Different rating agencies use different methods and criteria to evaluate companies, which often leads to inconsistent results. A company may receive a high ESG score from one agency and a lower score from another. This creates confusion and reduces investor confidence in ESG ratings.

- **Misconceptions about lower returns :**

Many investors believe that ESG investing leads to lower financial returns compared to traditional investments.

This misconception discourages people from investing in ESG funds. Although research shows that ESG investments can perform well in the long term, this belief still acts as a barrier to adoption.

1.9. FUTURE OF ESG INVESTING

The future of ESG (Environmental, Social, and Governance) investing appears highly promising and is expected to play a major role in shaping the global financial system. In recent years, there has been a significant shift in investor behavior, where individuals are no longer focusing only on financial returns but are also considering the environmental and social impact of their investments. This change in mindset is expected to grow further in the coming years. One of the major factors contributing to the growth of ESG investing is the increasing awareness among investors. People are becoming more informed about issues such as climate change, pollution, social inequality, and corporate responsibility. As awareness increases, investors are more likely to choose companies that follow sustainable and ethical business practices.

1.10. Types of ESG Investing

ESG investing can be done in different ways depending on the investor's goals, values, and level of involvement in sustainability.



The main types of ESG investing are:

1. Negative Screening (Exclusionary Investing) :

- This is the most common type of ESG investing.
- Investors avoid investing in companies that are involved in harmful activities.
- Excluded industries:
- Tobacco
- Alcohol
- Weapons
- Gambling
- Pollution-heavy industries

Explanation:

Investors choose not to support companies that do not meet ethical or environmental standards.

2. Positive Screening (Best-in-Class Investing) :

- Investors actively select companies that perform well in ESG factors.
- Focus is on choosing the best companies in each sector.

Explanation:

Even within a polluting industry, investors select the company that has better environmental or social practices than others.

3. ESG Integration :

- ESG factors are included along with traditional financial analysis.
- Investors consider both profit and ESG performance before investing.

Explanation:

Companies are evaluated not only on financial returns but also on sustainability, governance, and social impact.

4. Thematic ESG Investing

- Investments are made in specific ESG themes such as:
- Renewable energy
- Clean water
- Climate change solutions

Explanation:

Investors focus on sectors that directly support environmental or social goals.

5. Impact Investing :

- Investors aim to generate measurable social or environmental impact along with financial returns.

Explanation:

Example: Investing in companies that provide affordable healthcare or education in rural areas.

6. Sustainable Investing :

- Long-term investment strategy focused on companies that are environmentally and socially responsible.

Explanation:

These investments aim to support long-term sustainability and reduce future risks.

Conclusion :

ESG investing has multiple approaches, allowing investors to choose strategies based on their ethical values and financial goals. All types aim to promote sustainability, responsibility, and good governance in business.

1.11. Advantages of ESG Investing

1. Promotes Sustainable Development :

- ESG investing encourages companies to adopt environmentally friendly and socially responsible practices.
- It supports the protection of natural resources such as water, air, and energy.



- This ensures balanced development without harming future generations.
- 2. Reduces Long-Term Investment Risk :**
 - Companies with strong ESG practices are generally more stable and well-managed.
 - They face fewer risks related to environmental penalties, legal issues, and scandals.
 - This makes ESG investing a safer option for long-term investors.
- 3. Improves Corporate Governance :**
 - ESG promotes transparency, accountability, and ethical decision-making in companies.
 - It reduces corruption and mismanagement.
 - Better governance leads to higher investor confidence.
- 4. Better Brand Image and Reputation :**
 - Companies following ESG standards build a positive image in the market.
 - Customers and investors trust such companies more.
 - This increases demand for their products and attracts more investment.
- 5. Encourages Ethical Investment Decisions :**
 - ESG investing allows investors to align their money with their values.
 - Investors support companies that care about society and the environment.
 - It promotes responsible and ethical capitalism.

1.12. Disadvantages of ESG Investing

1. Lack of Standard Measurement System

- There is no universal framework to measure ESG performance.
- Different rating agencies give different scores to the same company.
- This creates confusion for investors.

2. Limited Investment Opportunities

- Not all companies follow ESG standards.
- This reduces the number of available companies for investment.
- It limits diversification options for investors.

3. Possibility of Lower Short-Term Returns

- ESG investments focus more on long-term sustainability.
- They may not always generate high short-term profits.
- This may discourage short-term investors.

4. Risk of Greenwashing

- Some companies falsely claim to be environmentally friendly.
- They mislead investors by showing fake ESG compliance.
- This reduces trust in ESG ratings.

5. Dependence on Data Accuracy

- ESG ratings depend on company-reported data.
- If data is incomplete or incorrect, investment decisions may be affected.

CONCLUSION

ESG investing is highly beneficial for sustainable growth, risk reduction, and ethical investing, but it also faces challenges like lack of awareness, standardization issues, and limited options.



II. RESEARCH METHODOLOGY

2.1 Introduction

Research methodology is a systematic way of solving a research problem. It involves the methods and techniques used to collect, analyze, and interpret data in order to achieve the objectives of the study. A well-defined research methodology ensures that the research is conducted in a scientific and organized manner, providing reliable and accurate results.

In this project on ESG (Environmental, Social, and Governance) investing, research methodology plays an important role in understanding investor awareness, perception, and behavior towards sustainable investment practices. Since ESG investing is a relatively new and evolving concept, it is essential to adopt appropriate methods to gather relevant information and analyze it effectively.

The study is based on both primary and secondary data. Primary data has been collected through a structured questionnaire distributed among respondents from different age groups and occupations. This helps in understanding real-time opinions, awareness levels, and investment preferences of individuals regarding ESG investing. Secondary data has been collected from various sources such as books, research articles, websites, and financial reports to gain theoretical knowledge and support the findings of the study.

The research follows a descriptive research design, as it aims to describe the current level of awareness and perception of ESG investing among respondents. A sample size of 50 respondents has been selected using a convenient sampling method. The data collected has been presented in the form of tables, pie charts, and bar graphs for better understanding and analysis.

Overall, the research methodology provides a structured framework for conducting the study and ensures that the results are meaningful, reliable, and relevant to the objectives of the research.

2.2 Type of Research

Research can be classified into different types based on its purpose, method, and nature. Understanding the types of research helps in selecting the appropriate approach for a study. The main types of research are explained below:

1. Descriptive Research

- Descriptive research focuses on describing the characteristics of a population or phenomenon.
- It answers questions like what, when, where, and how.
- It does not explain why something happens but provides a clear picture of the situation.

Example:

In this project, descriptive research is used to study awareness and perception of ESG investing among respondents.

2. Analytical Research

- Analytical research involves analyzing and interpreting existing data.
- It helps in understanding relationships between variables and drawing conclusions

Example: Analyzing survey responses to understand trends and patterns in ESG investing.

3. Exploratory Research

- Exploratory research is conducted when the topic is new or not clearly defined.
- It helps in gaining basic understanding and forming ideas or hypotheses.

Example: Studying ESG investing in its early stages to understand its importance and scope.

4. Quantitative Research

- Quantitative research deals with numerical data and statistical analysis.
- It uses tools like charts, graphs, and percentages.

Example: Using survey data of 50 respondents and representing it through pie charts and bar graphs.



5. Qualitative Research

- Qualitative research focuses on opinions, attitudes, and experiences.
- It provides in-depth understanding rather than numerical data.

Example: Understanding how people feel about ESG investing and sustainability.

6. Primary Research

- Primary research involves collecting first-hand data directly from respondents.
- Methods include surveys, interviews, and questionnaires.

Example: Data collected through your questionnaire survey.

7. Secondary Research

- Secondary research uses existing data from books, articles, reports, and websites.
- It helps in building theoretical knowledge.

Example:

Information collected from research papers and online sources about ESG investing.

CONCLUSION

Different types of research help in understanding a topic from multiple perspectives. In this project, a combination of descriptive, quantitative, and primary research methods has been used to analyze ESG investing effectively.

2.3 Sources of Data

Data is the foundation of any research study, as it helps in analysis, interpretation, and drawing conclusions. For this research on ESG (Environmental, Social, and Governance) investing, data has been collected from two main sources: Primary Data and Secondary Data.

1. Primary Data

Primary data refers to the original data collected directly from respondents for the first time. It is specific to the research objectives and provides real insights into the opinions and behavior of individuals.

In this study, primary data has been collected through a structured questionnaire. The questionnaire was distributed among 50 respondents belonging to different age groups and occupations. The questions were designed to understand their awareness, perception, and willingness to invest in ESG.

Methods Used:

- Questionnaire method
- Survey method

Advantages of Primary Data:

- ❖ Provides first-hand and accurate information
- ❖ Relevant to the research objectives
- ❖ Helps in understanding real-time investor behavior

2. Secondary Data

Secondary data refers to the data that has already been collected and published by others. It is used to support the research with theoretical knowledge and background information.

In this study, secondary data has been collected from various reliable sources such as books, research papers, journals, websites, and financial reports.

Sources Used:

- Books related to finance and investment



- Research articles and journals
- Official websites and online sources
- Reports from financial institutions

Advantages of Secondary Data:

- ❖ Easily available and cost-effective
- ❖ Saves time and effort
- ❖ Helps in building theoretical understanding

CONCLUSION

Both primary and secondary data play an important role in this research. Primary data provides practical insights from respondents, while secondary data supports the study with theoretical knowledge, making the research more reliable and comprehensive.

2.4 Sampling Design

Sampling design refers to the plan or method used to select a sample from the population for the purpose of research. It helps in collecting data efficiently without studying the entire population. A proper sampling design ensures that the selected sample represents the population and provides reliable results.

In this study on ESG (Environmental, Social, and Governance) investing, a suitable sampling design has been adopted to understand the awareness and perception of investors.

1. Population

- Population refers to the entire group of individuals relevant to the study.
- In this research, the population includes individual investors, students, and working professionals who may have knowledge or interest in financial markets and ESG investing.

2. Sample Size

- Sample size refers to the number of respondents selected for the study.
- In this project, a total of 50 respondents have been selected.

3. Sampling Technique

- The study uses Convenience Sampling, which is a non-probability sampling method.
- In this method, respondents are selected based on ease of availability and willingness to participate.

4. Sampling Unit

- Sampling unit refers to the individual element selected for the study.
- In this research, the sampling unit includes individual respondents such as students, employees, and business persons.

5. Sampling Area

- The study is conducted within a limited geographical area (local region/college/nearby area).
- Respondents were selected from accessible locations.

6. Method of Data Collection

- Data has been collected using a structured questionnaire.
- Responses were gathered through survey methods.

7. Limitations of Sampling Design

- Small sample size may not represent the entire population
- Convenience sampling may lead to bias
- Results may not be fully generalizable



CONCLUSION

The sampling design used in this study is simple and practical, allowing easy data collection within limited time and resources. Although it has some limitations, it provides useful insights into investor awareness and perception of ESG investing.

2.5 Data Collection Tool

Data collection tools are the instruments or methods used to gather information from respondents for the purpose of research. The selection of an appropriate data collection tool is very important as it directly affects the accuracy and reliability of the data collected.

In this study on ESG (Environmental, Social, and Governance) investing, a structured questionnaire has been used as the primary data collection tool. The questionnaire is designed to collect relevant information regarding the awareness, perception, and investment behavior of respondents towards ESG investing.

Questionnaire Method

- A questionnaire is a set of carefully designed questions used to collect data from respondents.
- It is one of the most commonly used tools in survey-based research.

Features of the Questionnaire Used:

- The questionnaire consists of close-ended questions
- Questions are simple, clear, and easy to understand
- Covers key areas such as:
 - Awareness of ESG
 - Investment behavior
 - Perception towards ESG
 - Future preference

Types of Questions Included:

- Multiple choice questions (e.g., age group, occupation)
- Yes/No questions (e.g., awareness, willingness to invest)

Advantages of Questionnaire Method:

- Easy to distribute and collect responses
- Saves time and cost
- Suitable for collecting data from a large number of respondents
- Provides structured and comparable data

Limitations:

- Responses depend on honesty of respondents
- Limited scope for detailed answers
- Misinterpretation of questions may occur

• CONCLUSION

The questionnaire method proved to be an effective tool for collecting primary data in this study, as it provided clear and structured responses that could be easily analyzed using tables and charts.

2.6 Tools for Data Analysis

Data analysis tools refer to the techniques and methods used to organize, interpret, and present the collected data in a meaningful way. Proper analysis helps in converting raw data into useful information, which supports decision-making and helps in achieving the objectives of the study.

In this research on ESG (Environmental, Social, and Governance) investing, simple and effective statistical tools have been used to analyze the data collected from respondents.



1. Tabulation

- Tabulation is the process of presenting data in the form of tables.
- It helps in organizing large amounts of data in a clear and systematic manner.
- In this study, responses from 50 respondents have been presented in table format with numbers and percentages.

2. Percentage Method

- The percentage method is used to convert data into percentage form for easy comparison.
- It helps in understanding the proportion of responses clearly.

Formula:

- $\text{Percentage} = (\text{Number of Respondents} / \text{Total Respondents}) \times 100$
- This method is used in all questions to show the distribution of responses.

3. Pie Charts

- Pie charts are circular graphs used to represent data in percentage form.
- Each slice of the pie represents a portion of the total data.
- It helps in quick visual understanding of data distribution.

4. Bar Graphs

- Bar graphs are used to compare different categories of data.
- Each bar represents a value or frequency.
- It helps in easy comparison between responses.

5. Data Interpretation

- After presenting data using tables and graphs, it is interpreted in a simple and clear manner.
- Interpretation helps in understanding the meaning of data and drawing conclusions.

Conclusion

The use of tables, percentages, pie charts, and bar graphs makes the data analysis simple, clear, and easy to understand. These tools help in presenting the findings effectively and support the objectives of the study.

2.7. OBJECTIVES OF THE STUDY

The main purpose of this research is to understand the concept, awareness, and perception of ESG (Environmental, Social, and Governance) investing among individuals. The specific objectives of the study are as follows:

1. To study the concept of ESG investing

- To understand the meaning, definition, and components of ESG (Environmental, Social, and Governance).
- To examine how ESG investing differs from traditional investment approaches.

2. To analyze the level of awareness about ESG investing.

- To determine whether individuals are aware of ESG investing.
- To identify the sources through which people learn about ESG (Internet, social media, news, etc.).

3. To examine investment behavior of respondents

- To understand whether individuals invest in financial markets.
- To study their preferences regarding sustainable and responsible investments.

4. To evaluate the importance of ESG factors in investment decisions

- To analyze whether investors consider environmental factors before investing.
- To examine the importance given to social responsibility and corporate governance.

5. To study the perception of investors towards ESG investing.

- To understand whether investors believe ESG investing provides better long-term returns.
- To analyze whether ESG investing is perceived as a risk-reducing strategy.



6. To assess willingness to invest in ESG products

- To determine whether individuals are willing to invest in ESG mutual funds.
- To examine the level of acceptance of ESG investment options.

CONCLUSION OF OBJECTIVES

The above objectives help in providing a clear direction to the study by focusing on awareness, perception, behavior, and future scope of ESG investing. These objectives also assist in analyzing the role of ESG factors in modern investment decisions.

2.8. SCOPE OF THE STUDY

The scope of the study defines the boundaries and coverage of the research. This study focuses on understanding the awareness, perception, and acceptance of ESG (Environmental, Social, and Governance) investing among individuals.

1. Conceptual Scope

- The study covers the basic concept, meaning, and importance of ESG investing.
- It includes analysis of environmental, social, and governance factors in investment decisions.

2. Geographical Scope

- The study is limited to respondents within India.
- It reflects the perception of Indian investors regarding ESG investing.

3. Target Respondents

- The study includes individuals from different age groups (18 – 25, 26 – 35, 36 – 45, and above 45).
- It covers respondents from various occupations such as students, service professionals, and business persons.

4. Behavioral Scope

- The study examines whether individuals invest in financial markets.
- It also analyzes their preference for ESG-based investments.

5. Awareness and Perception Scope

- The research focuses on measuring awareness levels about ESG investing.
- It studies investor perception regarding returns, risk, and importance of ESG.

CONCLUSION OF SCOPE

The study provides a clear understanding of ESG investing in the current Indian context and highlights investor awareness, preferences, and future potential.

2.9. LIMITATIONS OF THE STUDY

Every research study has certain limitations that may affect the results. The limitations of this study are as follows:

1. Limited Sample Size

- The study is based on a sample size of 100 respondents.
- The findings may not represent the entire population.

2. Geographical Limitation

- The study is restricted to a specific region in India.
- Results may vary in other regions or countries.

3. Time Constraint

- The study is conducted within a limited time period.
- Detailed long-term analysis is not possible.

4. Limited Awareness Among Respondents

- Some respondents may not have complete knowledge about ESG investing.
- This may affect the accuracy of responses.



5. Use of Primary Data Only

- The study mainly relies on questionnaire-based data.
- Responses may be subjective or biased

CONCLUSION OF LIMITATIONS

Despite these limitations, the study provides valuable insights into ESG investing awareness and perception. The findings can be used as a base for further research in this area.

2.10. Research Hypothesis

A research hypothesis is a formal statement that predicts the relationship between variables in a study. It is an assumption or tentative explanation that can be tested through data collection and analysis. Hypotheses help in providing direction to the research and form the basis for analysis and interpretation.

In this study on ESG (Environmental, Social, and Governance) investing, the hypotheses are developed to examine the awareness, perception, and investment behavior of respondents towards ESG practices.

Types of Hypothesis Used

1. Null Hypothesis (H_0)

The null hypothesis states that there is no relationship or no significant impact between variables.

2. Alternative Hypothesis (H_1)

The alternative hypothesis states that there exists a relationship or significant impact between variables.

Formulation of Hypotheses

Hypothesis 1: Awareness of ESG Investing

H_0 : There is no significant awareness of ESG investing among respondents. H_1 : There is significant awareness of ESG investing among respondents.

Hypothesis 2: Impact of ESG on Investment Decisions

H_0 : ESG factors do not influence investment decisions. H_1 : ESG factors influence investment decisions.

Hypothesis 3: Relationship between Age and ESG Awareness

H_0 : There is no relationship between age group and ESG awareness. H_1 : There is a relationship between age group and ESG awareness.

Hypothesis 4: Willingness to Invest in ESG

H_0 : Respondents are not willing to invest in ESG-based investments. H_1 : Respondents are willing to invest in ESG-based investments.

Hypothesis 5: Perception of ESG Returns

H_0 : ESG investments do not provide better returns.

H_1 : ESG investments provide competitive or better returns.

Importance of Hypothesis in This Study

- Provides a clear direction to the research
- Helps in data collection and analysis
- Assists in drawing logical conclusions
- Makes the study more scientific and structured

CONCLUSION

The above hypotheses are tested using the data collected from respondents. Based on the analysis, the hypotheses are either accepted or rejected, which helps in understanding the role and importance of ESG investing in today's financial environment.



III. LITERATURE REVIEW

3.1. Introduction

A literature review is an important part of any research study as it provides an overview of existing knowledge, research findings, and theories related to the topic. It helps in understanding what has already been studied by researchers and identifies gaps that the current study aims to address. A well-structured literature review forms the theoretical foundation of the research and supports the analysis and conclusions.

In the context of ESG (Environmental, Social, and Governance) investing, the literature review focuses on previous studies conducted by researchers, financial institutions, and global organizations regarding sustainable and responsible investing. Over the years, ESG investing has gained significant attention worldwide, and many studies have highlighted its importance in promoting ethical business practices and long-term financial stability.

Various research studies suggest that companies with strong ESG performance tend to have better risk management, improved corporate governance, and higher investor confidence. These studies indicate that ESG investing not only contributes to environmental and social well-being but also enhances financial performance in the long run. Additionally, several reports emphasize that ESG-focused companies are less exposed to legal, environmental, and reputational risks

3.2. RESEARCH GAP

A research gap refers to the area or aspect that has not been fully explored in previous studies. It highlights the limitations of existing research and justifies the need for the current study. Identifying a research gap is important as it helps in contributing new knowledge and improving understanding of the subject.

Although several studies have been conducted on ESG (Environmental, Social, and Governance) investing at the global level, there are still certain gaps that need to be addressed, especially in the Indian context.

Identified Research Gaps

1. Limited Studies in Indian Context

- Most existing research focuses on developed countries such as the USA and Europe.
- There is comparatively less research on ESG investing in India, especially at the retail investor level.

2. Lack of Awareness-Based Studies

- Many studies focus on financial performance of ESG investments.
- However, there is limited research on investor awareness, perception, and behavior, particularly among young investors

3. Insufficient Primary Data Research

- A large number of studies rely on secondary data.
- There is a lack of studies based on primary data collected directly from respondents, which provides real insights.

4. Gap in Understanding Investor Decision-Making

- Existing research does not fully explain how ESG factors influence investment decisions.
- There is a need to understand whether investors actually consider ESG while investing.

5. Limited Research on ESG Challenges in India

- While global challenges of ESG are discussed, there is less focus on specific challenges faced by Indian investors, such as lack of awareness and limited investment options.

6. Lack of Focus on Young Investors

- Younger age groups (18 - 35) are more likely to adopt ESG investing.
- However, limited research is available on their awareness and preferences.



Conclusion

The present study attempts to fill these gaps by analyzing investor awareness, perception, and willingness to invest in ESG in India, based on primary data collected from respondents. It provides practical insights into the current status and future potential of ESG investing.

3.3. STATEMENT OF THE PROBLEM

In recent years, the concept of ESG (Environmental, Social, and Governance) investing has gained significant importance in the global financial market. It emphasizes sustainable and responsible investment practices by considering environmental protection, social responsibility, and corporate governance along with financial performance. Despite its growing relevance, ESG investing is still not fully understood or widely adopted, especially among retail investors in developing countries like India.

One of the major problems identified is the lack of awareness and understanding of ESG investing among individuals. Many investors are still more familiar with traditional investment approaches that focus mainly on risk and return. As a result, they may not consider ESG factors while making investment decisions. This limited awareness restricts the growth and adoption of ESG investing.

IV. DATA ANALYSIS AND INTERPRETATION

DATA ANALYSIS & INTERPRETATION

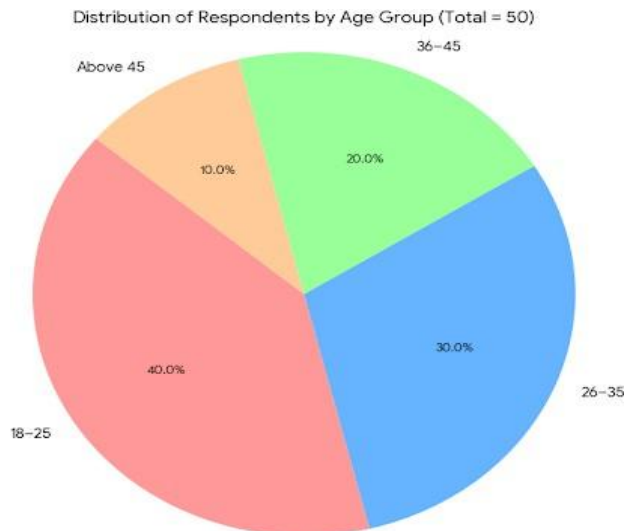
Q1. What is your Age Group?

Response Table:

AGE GROUP	RESPONDENT S	PERCENTAG E
18-25	20	40%
26-35	15	30%
36-45	10	20%
ABOVE 45	5	10%
TOTAL	50	100%



PIE CHART:



ANALYSIS & INTERPRETATION

- The data shows that 40% of respondents belong to the 18 - 25 age group, which is the highest among all categories.
- The 26 - 35 age group accounts for 30%, indicating a strong participation of young working professionals.
- The 36 - 45 age group represents 20%, while only 10% are above 45 years, showing lower participation of older individuals.
- This clearly indicates that younger individuals are more interested in financial and ESG-related topics.
- The younger generation is more exposed to digital media, education, and global trends, which increases their awareness of ESG investing.

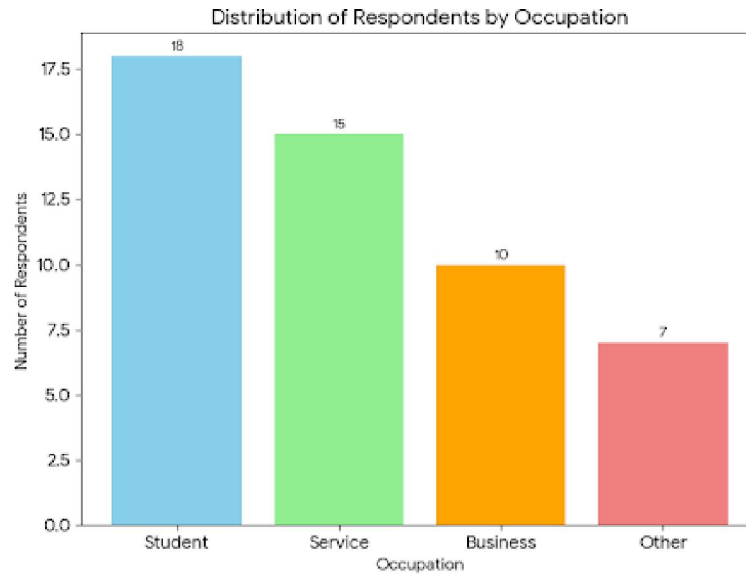
Q2. What is your Occupation? Response

Table:

OCCUPATION	RESPONDENTS	PERCENTAGE
STUDENT	18	36%
SERVICE	15	30%
BUSINESS	10	20%
OTHER	7	14%
TOTAL	50	100%



BAR GRAPH:



ANALYSIS & INTERPRETATION

- Majority respondents: Students (36%) and service professionals (30%)
- Indicates higher ESG awareness among educated individuals

Students:

- Exposure to finance & sustainability education
- Active on internet/social media → more awareness
- Open to new investment ideas

Service Professionals:

- Have steady income & investment capacity
- Influenced by workplace ESG practices
- Focus on long-term financial planning and risk management

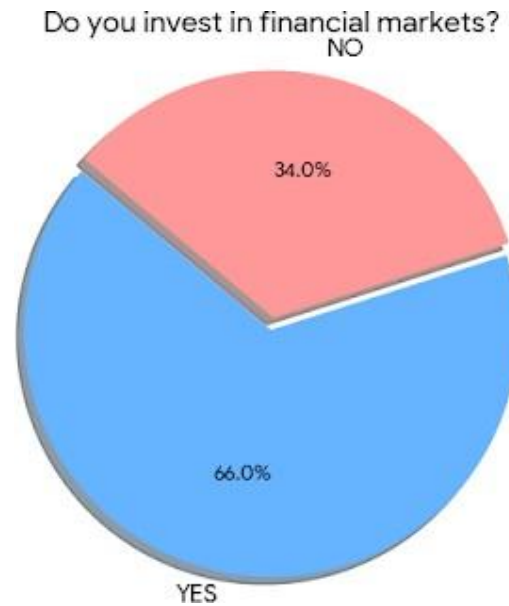
Q3. Do you invest in financial markets?

Response Table:

RESPONSE	RESPONDENTS	PERCENTAGE
YES	33	66%
NO	17	34%
TOTAL	50	100%



Pie Chart:



ANALYSIS & INTERPRETATION

- 66% respondents invest; 34% do not
- Majority are financially active and aware
- Investors show interest in wealth creation, planning, and ESG concepts
- More likely to explore opportunities and consider risk – return
- Non-investors may lack knowledge, income, or risk tolerance
- Need financial education and awareness
- Overall, high participation improves study reliability
- Active investors are more likely to adopt ESG investing

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24. (For Nifty ESG Index data and whitepapers)
25. Securities and Exchange Board of India (SEBI): <https://www.sebi.gov.in>
26. (For regulatory circulars and BRSR guidelines)
27. Value Reporting Foundation (SASB Standards): <https://www.sasb.org>

CONCLUSION

ESG investing is an important concept in modern finance. Investors are becoming more aware about sustainable and responsible investment practices.

ESG investing helps investors earn returns while supporting environmental protection and social development.

The study shows that ESG investing is growing in India and investors have a positive attitude towards ESG investments.

ESG investing has strong future potential in India. It is expected that ESG investing will become an important part of investment decisions in the future.

QUESTIONNAIRE

A Study on ESG Investing and Its Growing Importance in India

1. Name (Optional):

2. Age Group:

18–25

26–35

36–45

Above 45

3. Occupation:

Student Service Business Other

4. Do you invest in financial markets?

Yes

No



5. Are you aware of ESG investing?
Yes
No
6. Where did you learn about ESG investing?
Internet
News Friends Social Media
7. Do you consider environmental factors before investing?
Yes
No
8. Do you prefer companies that follow social responsibility?
Yes
No
9. Do you trust companies with good corporate governance?
Yes
No
10. Do you think ESG investing provides better long-term returns?
Yes
No
11. Would you invest in ESG mutual funds?
Yes
No
12. Do you think ESG investing reduces investment risk?
Yes
No
13. Do you think ESG investing is important for India?
Yes
No
14. What is the biggest challenge in ESG investing?
Lack of awareness
Limited options Risk
Low returns
15. Do you think ESG investing will grow in the future?
Yes
No

