

Chapter 3


Green Finance: An Integral Pathway to Achieving Sustainable Development

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ABSTRACT

Amidst rapid computerized progression, the universal economy faces three significant encounters: environmental variation, energy restraints, and financial crises. The pursuit of pecuniary progress often comes at the disbursement of environmental degradation. Green finance is a promising solution to strike a harmonious balance between the economy and nature. This chapter delves into a comprehensive exploration of existing literature on green finance while shedding light on the future potential of green finance in India. By promoting and investing in environmentally conscious projects, green finance is key to fostering sustainable development while addressing pressing ecological concerns. It is a beacon of hope, guiding the path toward a greener and more resilient global economy.

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1. INTRODUCTION

During this 21st century, the significance of green financing has grown exponentially, encompassing the business realm and environmental science (Abbas et al., 2020). Developed and developing nations must actively strive for green financing, with projections indicating that global investment in green set-up could spread a staggering \$40 trillion between 2012 and 2030 (Dobbs et al., 2016). Green finance operates on eco-friendly credit, entailing regulatory measures that mandate commercial banks and financial institutions to undertake research and development initiatives to create pollution treatment facilities and engage in ecological preservation and restoration efforts (Udeagha & Muchapondwa, 2023).

Moreover, green finance fosters the creation and utilization of new energy resources, focusing on economic growth, green product manufacturing, and environmentally conscious agricultural practices (Zhang et al., 2021). It extends financial support through credits to facilitate relevant projects and institutions, implementing concessional low-interest rates (Chen, 2020). However, it also discourages new investments in polluting ventures by subjecting them to punitive interest rates (McMullen & Warnick, 2016).

1.1 Objectives of the Chapter

This Chapter provides a comprehensive depiction of green financing, highlighting various aspects. Given the strong connection between business and the environment, green financial products and services are crucial for maintaining sustainable relationships. The primary objectives of this study revolve around establishing green financing at the grassroots levels of the nation, aiming to foster sustainable practices and promote environmental stewardship (Dörry & Schulz, 2018).

1.2 Methodology

The current study primarily relies on secondary findings from researchers on global green financing (Larsen, 2022). Our research endeavors to explore the initiatives of green money in a evolving economy like India. In every society, green funding plays a crucial role in supporting eco-friendly businesses (Aneja et al., 2023). As the world's population overgrows, green finance becomes increasingly essential to ensure a sustainable environment for all living creatures (Barnosky et al., 2014). Our work aims to shed light on the significance of green finance in fostering a harmonious coexistence between humanity and nature (Hugé et al., 2013).

2. REVIEW OF LITERATURE

(Sunil & Momany, 2020) discovered that stockholders in the capital market are progressively ecologically cognizant, favoring industries that adhere to contamination norms. (Schaltegger & Wagner, 2011) Highlighted the unanswered requirement for universally acceptable and applicable accounting and reporting standards with relevant indicators across all industries. They argued that social and environmental reporting should progress hand in hand. (Weber et al., 2008) surveyed UNEP and non-UNEP banks, revealing that environmental risk analysis was integrated mainly during the loan application's due diligence phase, neglecting other aspects like the controlling stage (Jangir et al., 2022). They concluded that banks lack

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