

Chapter 11

Green Finance: A Path to Sustainability

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ABSTRACT

Nature nurtures us constantly and provides for us from the moment we are born. However, in response to these natural blessings, humans are damaging the environment in various ways, including by polluting the resources and testing nuclear energy as a representation of scientific growth and the industrial revolution. Green finance is the solution to establishing a deal between economic growth and ecology. Green financing is viewed as monetary backing for environmentally friendly growth that eliminates the emission of substances that deplete the ozone layer and other air pollutants. It is a new idea that offers individuals, organizations, and nations an alternative funding source for activities that are environmentally friendly and carbon-free. Businesses as members of society, have obligations to minimize carbon emissions and assist the government in doing so by implementing “green financing” for sustainable growth. Hence the chapter, examine the body of knowledge already in existence about green finance and Indian bank initiatives to support green financing.

INTRODUCTION

The COVID-19 pandemic in 2020 caused countless damage to the world's finances, humanity, and the planet in addition to financial institutions (Seale and Mirza, 2020), which had a range of effects like fluctuations in markets, depreciating assets, and difficulties with company financing (Li et al., 2023). Environmental conservation has grown even more important in the face of the pandemic (Lu et al., 2022). Greenhouse gas emissions, primarily from fossil fuels and nonrenewable energy sources, are to blame for the majority of ecological issues. These emissions cause socioeconomic hazards as well as health problems (Masri et al., 2021). Accordingly, it is necessary to take the required long-term steps to implement green policies and frameworks to sustain future growth. Among the most important measures adopted to stop environmental deterioration are the adoption of green banking and financing. According to Falcone (2020), "green finance" refers to the actions and investment decisions that banks and other financial institutions take to support a sustainable economy. People are more aware of the necessity of a healthy ecological environment for human survival, and as a result, there is broad support for green financing and peaceful cohabitation of humans and nature. The idea of "green finance" can significantly contribute to achieving the SDGs, particularly objectives 11, 12, and 13. Green finance is more specifically the allocation of capital and financial system investments in environmentally friendly or ecological projects (Mehta et al., 2023). The increasing popularity of green finance has drawn interest from many nations and regions. It was also highly publicized and discussed at the G-20 nation's summit. According to Akomea-Frimpong et al. (2022), "green finance" is also known as "sustainable finance," "environmental finance," "climate finance," and "green investment." Furthermore, poor nations are at a turning point since they are more vulnerable to climate change and rely heavily on existing global climate funds for funding their programs for climate protection and mitigation. With enormous opportunities for capital, expansion, and financial dominance in the years to come, India is viewed as among the world's upcoming emerging nations. The environmental implications of rising temperatures, however, are proving to be a challenge for emerging economies like India. For example, it's believed that elevated sea levels have rendered India among the countries most vulnerable to climate change, which has led to the deterioration of biological diversity and worsening financial challenges for the populace. They have therefore implemented several strategies to decrease the risks and damaging consequences of environmental change on the ecology. This includes promoting sustainable development and stopping the destruction of the environment through structured, managed green finance consistent with global norms. Campiglio et al. (2018) also stated that green banking or green finance is one of the key components of sustainable economic development in a country like India. Green finance is an integral means of finance for any nation's sustainable economic development. In light of this, it can be claimed that green financing is crucial to any nation's efforts to combat climate change and achieve the Sustainable Development Goals (SDGs).

In addition, current technical developments have hastened the expansion of green finance. According to Giudici et al. (2019), financial technology (Fintech) has a significant impact on enhancing the commercial sector. Fintech can be used by fusing big data and artificial intelligence to increase financial sustainability. According to Lu et al. (2022), the combination of traditional financial tools with fintech lessens the technological challenges and difficulties associated with green finance in the contemporary corporate environment. Green finance is an essential financial tool for every nation's long-term economic success. Huge amounts of funding are needed to make the shift to sustainable and net-zero company models (Zhang et al., 2022). According to Polzin et al. (2020), there is a large discrepancy between the

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