

GREEN INVESTMENT; A REVERSE ANALYSIS OF INVESTOR'S BEHAVIOR

(with special reference Lucknow, Uttar Pradesh, India)

Sandeep Kumar Rawat¹

Research Scholar, Department of Management, Dr. Shakuntala Misra National Rehabilitation University, Lucknow Uttar Pradesh, India; E-mail sr03896@gmail.com

Dr. ANU

Assistant Professor, Department of Management, Dr. Shakuntala Misra National Rehabilitation University, Lucknow Uttar Pradesh, India; E-mail dranulko@gmail.com

Received: 15th April, 2021

Revised: 25th May, 2021

Accepted: 28th June, 2021

Abstract: Green investment was formerly been considered as encumber or responsibility foist by the government under the corporate social responsibility, that used to swell on the welfare of society and environment, but now it became a vigorous tool for the creation of positive environmental externalities. The positive environmental externalities include reinstate the environment or creating new source of natural resources. In spite of having so many benefits green investments is not so successful in India. There are so many causes for it. One of the major causes behind for unsuccessfulness of green investment in India is Investors are not taking so much engrossment on it. In this study the author is making a backward analysis of investors behavior for knowing the causes failure in the green investing. The objective of study is to prepare a model that can explain causes for non-successfulness of the green investment.

Key Words: Green investment, Environmental externalities, Investors behavior, Reverse analysis

INTRODUCTION

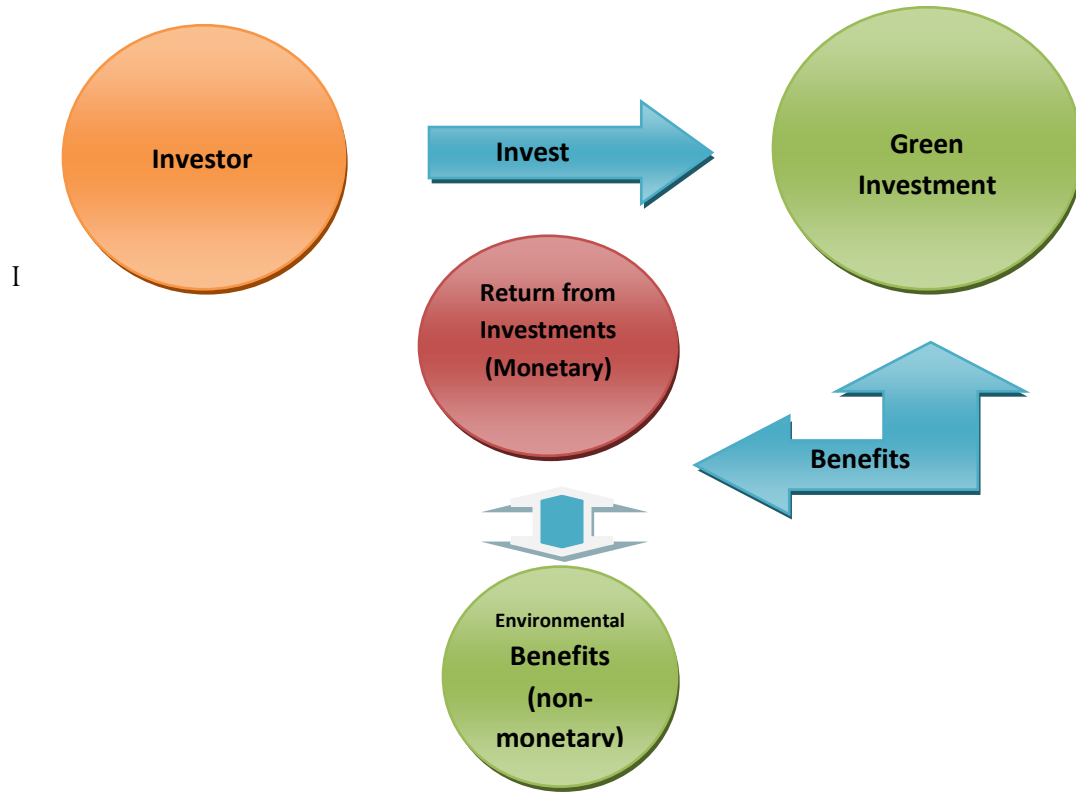


Figure No. 1 Green Investment Mechanism

Source: Defining and measuring green investments (2012)

Green investment as a tool for creating the environment friendly externalities has been studied by the experts of environmental and financial field. They emphasize on company and investor perception on the green approach. They further described that the organizations that follow the green approach are well focused on investments in the equipments for recycling the materials; reduce the consumption of natural resources and controlling the waste product that harms the environment. On the other hand the investor which follows the green approach prefer to invest in green projects and instruments that directly or indirectly protect the natural resources(Doval and Oriana, 2014).

The success of green investment depends upon so many factors such as economic benefits, social effects invested funds market demand, market structure government policies, investment culture and so on. In addition, the complex global business environment thatthe international agencies forces the company for the completion of social responsibility towards environment and society. The green investment also brings many challenges with it such as meeting the qualifying the criteria set by the government as a green investment, creating a trust among the investors and offering the green investment option according to the

need of the investor. when we talk about the India the in the context of green investment, there are some additional challenges added in list because India is the developing country and the demography of India is not as much as supportive when it comes to the developed country. However, the need of green investment in India is much higher the developed countries due to its population density and rate of natural resource consumption(MC Voica, Panait, 2015).

One of the other biggest challenges of green investment success in India is the investment culture and behavior of the Indian Investor. The Indian investor is characterized by:-

- The investor which plays safe means does not prefer to invest in risk Investment option.
- The investor which prefer to invest in those investment option which are tried and tested by the friend and family means does not prefer to invest in new investment option.
- Less concerned about the environment

Keeping the above factors in mind the study is focusing on the inverse analysis of the investor's behavior in India. In this study the author has chosen the five most radiant factors which may responsible for the not making green investment as most preferred investment option. These factors are:-

- I am not aware about this type of investment options
- Green investments are not made for the purpose of protecting environment
- Government is not promoting green investment
- Green investment options are very risky
- Green investment options do not match the personal value and belief criteria

The study is divided into six sections introduction, review of related literature, research methodology, result & discussion and implication of research.

REVIEW OF RELATED LITERATURE

Following previous study were reviewed for the research purpose:-

Iulia and Wijie (2021) examined the factors of the Irelands industries firm responsible for investment (environmental protection). The author collected data of Ireland s firm from 2008 to 2016 and examined the range of the internal and external factors, the factor included in the examination are spillover effects, environmental regulations and competition from other firm associated with the green investment decision. On the basis of examination the author reached in the conclusion that the tendency of the firm in the investment of pollution control is much higher than the energy intensive firms.

Anders aderson and David (2021) tried to connect financial decision made by the people and the extreme weather condition. This study not only provides the proof regarding the financial decisions get affected by the weather conditions but also exposed the psychological system through which it occurs. The author concluded that some investor after being exposed to dangerous situations, they give more importance to the disastrous future climate related results.

Talta and Pietro (2021) considered the issues of new model in which a producer takes pricing and green investment decision while dealing with the heterogeneous consumers. The issues include behavioral issues such

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as conscious rational and emotional. The author concluded that purchasing decision of emotional consumer based on the manufacturer who makes green investment. However these emotions are dynamic over time.

OBJECTIVE OF THE STUDY

The objective of this study to prepare a model which that can best explain the factors responsible for not making green investment in India.

RESEARCH METHODOLOGY

For the purpose of the study 30 respondent data were collected. The convenient random sampling is used for collection of data from Lucknow, Uttar Pradesh India. The collected data is analyzed through appropriate tools. For the purpose of forming model multiple linear regression technique is used.

RESULT AND DISCUSSION

Following frequency tables are presenting the responses of the investor regarding green investment:-

Table no. 1 Investors Response Table

S.N	Variable	Responses				
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1.	Investors do not make green investments on regular basis	9	3	13	4	1
2.	Investors are not aware about this type of investment options		3	7	8	12
3.	It is difficult to find out green investment options	3	4	10	6	7
4.	Green investment options are very risky	1	3	5	7	14
5.	Green investment options do not match the personal value and belief criteria		5	8	15	2
	Government is not					

6.	promoting green investment	2	5	8	14	1
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The above tables are presenting the responses of investors regarding factors responsible for not making green investment. The first table describing the responses of the investors regarding regularity of the green investments, second table is about the awareness of green investment, third table is about the availability of green investment option, fourth table about the risk associated with green investment options, fifth table about in what extent green investment option offered by the Indian financial market meet the personal value and belief criteria and the sixth table about the government effort for the promotion of green investment options. on the basis of above responses following results are drawn:-

Table No. 2 Model Summary

S.N	Variable	Values
1.	Mode	1
2.	R	.368
3.	R Square	.136
4.	Adjusted R Square	-0.44
5.	Standard Error of the estimate	1.19263

Predictors: (Constant), Green investment options do not match the personal value and belief criteria, Government is not promoting green investment, It is difficult to find out green investment options, Green investment options are very risky, I am not aware about this type of investment options

Table No. 3 ANOVA values

	Total Squares	of	Degree of freedom	X ² Square	F test value calculated	Sig.
1	Residual	34.137	24	1.422	.754	.591 ^b
	Regression	5.363	5	1.073		
	Total	39.500	29			

a. Dependent Variable: I do not make green investments on regular basis

b. Predictors: (Constant), Green investment options do not match the personal value and belief criteria, Government is not promoting green investment, It is difficult to find out green investment options, Green investment options are very risky, I am not aware about this type of investment options

Table No. 4 Coefficients Table of the Study

Model of Test	Unstand.		Stand. Coefficients	T- Test Value	Significance value
	Beta	Standard Error	B	Calculated	
Value of Constant	2.9790	1.4150		2.1060	0.046
I am not aware about this type of investment options	-.385	.330	-.341	-1.168	.254
Government is not promoting green investment	.135	.342	.116	.395	.697
It is difficult to find out green investment options	.101	.217	.110	.464	.647
Green investment options are very risky	-.211	.278	-.212	-.759	.455
Green investment options do not match the personal value and belief criteria	.323	.370	.238	.874	.391

a. Dependent Variable: I do not make green investments on regular basis

Table No. 7 are the model summary which is presenting the value of R is 0.368, where R square is .136 this shows the model which we are going to frame cannot be a good predictor of the values. The table no. 8 is ANOVA table in which explained variance is 5.363 and residual variance is 34.137 and the F ratio is 0.754 and significance value is .591 which is > the 0.5 that means the variable chosen for the study purpose are significantly differs each other. Table No. 9 is a coefficient table shows the value of Beta for constant is 2.979.

CONCLUSION

On the basis of above value if a equation is formed by assuming P for awareness regarding green investment option, q for the government promotional program and R for availability of green investment options, S for the risk associated with green investment option and T for the criteria meeting personal value and belief of the investors and Y for the non regularity in green investing.

The model will be :-

$$Y = 2.979 - .385P + .135Q + .101R - .211S + .323T$$

However, the above model is insignificant it is explaining only 13.6 % of factors responsible for not choosing the green investment options by the investors in India. It means there are some other factors such as investment culture, income of the investors and so on which may affects the investment decision of investor regarding green investment options.

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