“A STUDY ON THE AWARENESS LEVEL OF INVESTORS IN ESG INVESTING AND THE IMPACT OF NON-FINANCIAL FACTORS IN LONG TERM PERFORMANCE OF ORGANISATIONS IN INDIAN MARKET”

Naveen Kumar Thirumalai

Master of Science in Finance

National College of Ireland

Submitted to National College of Ireland, August 2022

ABSTARCT

A study on the awareness level of investors in ESG investing and the impact of non-financial factors in long term performance of organisations in Indian market - Naveen Kumar Thirumalai

This study will focus on the topic of ESG investing and specifically focusing on non-financial factors such as Environmental, Social and Governmental factors within the Indian Investment sector. Some believe that including sustainable assets into their portfolios will increase their returns and profits over time. Others view it as an opportunity to drive change and contribute to the creation of environmental or social value. To determine whether investors and investment managers in the Indian investment sector are likely to adopt these practices or do they possibly pose a threat to maximize returns and increase financial wealth for their clients and themselves? The goal of the thesis is to examine the impact of sustainable investment strategies on organization's long-term growth and performance, particularly in the Indian market, and to investigate the extent of investor awareness of ESG investing. The study also aims to identify the circumstances in which sustainable investment might help India's organizations operate better over the long term.

The study firstly focuses on the history and background context of the sustainable investments to give a good overview to the reader about sustainable investments industry. The information included here are not just limited to Indian market but a provides a overall view about the global market. Secondly, a through literature review is included to link back to the research question.

To conduct the research the primary data is gathered through a survey technique, and it includes a total of 87 responses from investment managers and investors from various Indian investment organizations. A random sampling method is used for sample selection. The study used quantitative techniques and a descriptive statistical design to gather data which is relevant to Indian investment sector and to demonstrate a connection between organizational success and sustainable investment. As will be demonstrated throughout this dissertation, secondary data is also considered to review the current literature given on sustainable investments. Secondary data is taken from the journals, articles, newsletters, books, regulatory websites, government portals, stock markets and annual reports.

"Statistical Package for Social Sciences (SPSS)" software helps in the analysis of statistical data. For this study as quantitative techniques are included SPSS software is used in analysing each question mentioned in questionnaire. Pearson's correlation analysis is used here to find

out the coefficient correlation between two variables. It was found that there was a strong relationship and factors influencing investors interest towards sustainable investments and the advantages, or the benefits achieved from these sustainable investments were positively correlated to each other.

The findings obtained from the analysis conclude that Indian organisations recognize the benefits of sustainable investment, such as its strong competitive position, high financial return, and maximizing returns. It is concluded that sustainable investments aids in boosting financial accountability, economic transactions, and will enhance transparency which results in long-term success of Indian organisations. The research highlights the advantages of sustainable investment for businesses as well as risk considerations that should be taken into consideration by organizations and investors before making any decisions. The study also clarified how sustainable investments affect an organization's long-term performance.

Finally, recommendations and potential areas for future research are also provided to encourage further investigation into this subject.

Submission of Thesis and Dissertation

National College of Ireland
Research Students Declaration Form
(Thesis/Author Declaration Form)

Name: Naveen Kumar Thirumalai

Student Number: x20225636

Degree for which thesis is submitted: Master of Science in Finance

Title of Thesis: "A STUDY ON THE AWARENESS LEVEL OF INVESTORS IN ESG INVESTING AND THE IMPACT OF NON-FINANCIAL FACTORS IN LONG TERM PERFORMANCE OF ORGANISATIONS IN INDIAN MARKET"

Date: 17/08/2022

Material submitted for award

A. I declare that this work submitted has been composed by myself.

B. I declare that all verbatim extracts contained in the thesis have been distinguished by quotation marks and the sources of information specifically acknowledged.

C. I agree to my thesis being deposited in the NCI Library online open access repository NORMA.

D. ***Either*** *I declare that no material contained in the thesis has been used in any other submission for an academic award.
Or *I declare that the following material contained in the thesis formed part of a submission for the award of

Master of Science in Finance
(State the award and the awarding body and list the material below)

Signature of Research Student: Naveen Kumar Thirumalai

Date: 17/08/2022

Submission of Thesis to Norma Smurfit Library, National College of Ireland

Student name: Naveen Kumar Thirumalai

Student number: x20225636

School: National College of Ireland

Course: Master of Science in Finance

Degree: Master of Science in Finance

Title: "A study on the awareness level of investors in ESG investing and the impact of non-financial factors in long term performance of organisations in Indian market"

An electronic copy of your thesis will be lodged in the Norma Smurfit Library and will be available for consultation. This electronic copy will be accessible in NORMA norma.ncirl.ie the National College of Ireland's Institutional Repository. In accordance with normal academic library practice all thesis lodged in the National College of Ireland Institutional Repository (NORMA) are made available on open access.

I agree to an electronic copy of my thesis being available for consultation within the library. I also agree to an electronic copy of my thesis being made publicly available on the National College of Ireland's Institutional Repository NORMA.

Signature of Candidate: ***Naveen Kumar Thirumalai***

For completion by the school:

The aforementioned thesis was received by

Date:

This signed form must be appended to all copies of your thesis submitted to your school.

ACKNOWLEDGEMENT

I would like to extend my deepest gratitude to my supervisor Prof. Gemma Davis for guiding me to conduct this study. She gave me direction and assistance, and as a result, I was able to finish all the writing portions of my thesis. Additionally, I want to thank all my lecturers for helping me acquire the knowledge and skills I needed to complete this dissertation.

Additionally, I also want to thank Rashmi, my partner, and the rest of my family for their continuous support. I want to thank everyone who contributed to the study and offered assistance.

TABLE OF CONTENTS

Chapter 1- Introduction 1

1.1 Introduction to the topic 1

1.2 Rationale for the Research 3

1.3 Structure of the Research 4

Chapter 2 – Literature Review 6

2.1 Introduction to sustainable finance...7

2.2 Significance of sustainable investments for the organization's performance 8

2.3 Factors that affect Investors' attitudes towards Sustainable Investment 10

2.4 Main Barriers of sustainable investments 14

2.5 Rating Agencies 15

2.6 Screening approach 16

2.7 An overview of ESG investments in Indian Market 16

2.7.1 The BRSR framework is used for ESG reporting in India 17

2.7.2 Regulation of ESG ratings in India 18

Chapter - 3 Research Methodology 21

3.1 Introduction 21

3.1.1 Research Question 21

3.1.2 Research Objectives 21

3.2 Research Method 21

3.3 Research Approach 22

3.4 Data Collection Process 22

3.5 Ethical Consideration 22

3.6 Data Analysis 23

3.7 Limitations of the research 23
Chapter - 4 Data Analysis, Findings and Discussion..24
4.1 Introduction 24
4.2 Analysis and findings from the survey 24
4.3 Discussion 43
4.4 Conclusion 47
Chapter - 5 Conclusion and Recommendations..48
5.1 Conclusion 48
5.2 Recommendations 50
5.3 Further Research 51
Abbreviations 52
References...53
Appendix : Questionnaire..62

LIST OF TABLES

Table 1..25

Table 2..26

Table 3..27

Table 4..28

Table 5..29

Table 6..30

Table 7..31

Table 8..32

Table 9..33

Table 10..34

Table 11..34

Table 12..36

Table 13..36

Table 14..38

Table 15..38

Table 16..40

Table 17..40

Table 18..42

LIST OF CHARTS

Chart 1..25
Chart 2..26
Chart 3..27
Chart 4..28
Chart 5..29
Chart 6..30
Chart 7..31
Chart 8..32
Chart 9..33
Chart 10..35
Chart 11..37
Chart 12..39
Chart 13..41

CHAPTER - 1

INTRODUCTION

1.1 Introduction to the topic

The term "sustainable investment" belongs to a variety of strategies used by investors to maximize gains while increasing long-term environmental or social value. By combining traditional investment techniques with “Environmental, Social, and Governance (ESG)” factors, investors have been able to perform more thorough evaluations and make better investment decisions (Stobierski, 2022). Traditional profit-driven firms have started to show a huge interest in comprehending and controlling the wider effects of their operations. However, efforts made by “businesses, non-governmental organizations (NGOs) and governments” to combat societal challenges including poverty, inequality, and climate change have so far failed. By making the financial markets more responsible for such repercussions, sustainable investment has become a possible solution for social and ecological problems (Yuthas,2014). Today, more investors expect their investments to indicate these bigger values and to offer solutions to bigger problems. This opens the opportunity for value-created or sustainable investment.

Sustainable investing has been around since the 18th century, but only recently it has become more popular. The expansion of sustainable investment is strongly suggested by the UNPRI's “(United Nations Principles for Responsible Investment)” success, which requests for the consideration of ESG aspects in investment decisions. According to the United Nations, there are 17 “sustainable development goals (SDGs)” that all member countries should adopt in 2015 and be completed by 2030. (United Nations, 2020). The UN reckons that the SDGs will need between $5 trillion and $7 trillion in investments (Craig, 2020). This has become as an important concept by the intersection of sustainable development goals and finance.

In the current era, Investors are including ESG criteria before making any investment decisions. This criterion will help investors to screen investments.

- Environment Criteria aims to characterize a company's performance from the standpoint of its influence on the environment, which has taken centre stage in recent years.

- Social criteria specify how an organization handles its relationships with its workforce, customers, and suppliers as well as how it handles diversity and engages with the groups where it operates.
- Governance criteria includes leadership, remuneration, internal controls, shareholder rights, and corporate culture.

Companies that are actively adopting ESG principles and having them incorporated into the business strategy are receiving significant investment from both individual and institutional investors. Given the current trend of sustainable investment, which has grown drastically in significance among individual millennial investors, sustainable investing is currently developing. Before making an investment in any company, institutional investors also take ESG criterion into account. Globally, consulting firms have created metrics that place organizations in comparison to their competitors based on ESG factors. Since investors recognize the value of ESG practices for business success, it is crucial for corporations to invest in them now to gain their advantages in the future. Additionally, a lot of investment corporations are incorporating ESG analyses into portfolios, which is an indication that investment will go on flowing to businesses with effective ESG practices and programs (Kardile, 2022).

Due to the additional benefit of improved organizational performance, organizations are primarily urged to participate in sustainable investment methods. Organizations are more likely to consider these investment possibilities because of the huge increase in sustainable investments made by businesses. Therefore, it is important to encourage how sustainable investment results in this progress (Hebb, 2011). These investments are leading to long term performance of the organisation.

Even if sustainable investment and ESG-related investments are becoming more and more popular around the world, there isn't much uniformity in terms of both policy and practice between different geographical regions. Although sustainable investment has significantly increased in the Europe, United States and Australia, development has been relatively slow in emerging economies (Nair, 2014).

India is a developing economy. In this perspective, the current research study aims to examine the investor awareness level about the sustainable investments in their investment decision making process and to find out whether there is any impact of these non-financial factors that help to enhance organizations' long-term performance in Indian market.

1.2 Rationale for the Research

In recent years sustainable investments have grown significantly globally. Capital markets have raised more than $400 billion in 2020, including 357.5 billion USD from sustainability bonds and 76.5 billion USD from green bonds. Corporate issuers reported for 49% of Sustainable Finance bonds in the first 9 months of 2020, while agencies and sovereign issuers reported for 51% of all activity, the maximum share ever since sustainable records began in 2015. European issuers make up the leading regional category for "Sustainable Finance bonds" with a share of 48% so far in 2020, compared to contribution of 28% from the Americas and 18% from Asia (Refinitiv, 2020).

There are two primary reasons why investors are vigorously exploring ESG investments. Firstly, ethical investing actively encourages moral behaviour within corporations. Access to financing is simple for businesses that adhere to moral environmental, social, and governance-related principles. Second, a growing body of research shows that actively managed portfolios perform better when ESG data is considered when making investing decisions. (Kumar et al., 2016)

The first ESG fund was introduced to the Indian financial market in July 2019. By the end of 2020, there will be 8 ESG funds altogether. India experienced significant positive ESG flows in the fourth quarter of 2020, driven by new fund releases by raising 225 million US dollars in capital in October 2020, "ICICI Prudential ESG fund" became India's most prosperous new ESG launch. India experienced the highest asset increase because of new launches, which saw ESG fund assets double to 1.3 billion USD. Sustainable investments in Asia reached USD 25 billion in 2020, increasing by 130% from 2019. (Kumar et al., 2016)

"Environmental, social, and governance (ESG)" led investing, as it is now known, has gained momentum in India over the past year. At the end of June 2021, Indian ESG investments had increased to Rs 12,000 crore, a staggering 184 percent growth over the amount in June 2020. The overall growth rate is high. Even though it moderates significantly, the amount of ESG assets will continue to rise. This triple-digit rise is in line with India's increasing knowledge of ESG and the importance of its role in the development of modern businesses. It's a positive start. However, by 2025, it's predicted that the total value of assets held in ESG funds globally would reach $53 trillion. Therefore, ESG investing in India still has a long road ahead . This offers a great potential for firms operating out of India to capitalize on this trend. (Akhoury, 2021).

India scored 66 out of 100 on all 17 “Sustainable Development Goals (SDG)”. According to the “State of India's Environment Report, 2022”, published by the “Centre for Science and Environment”, the ranking in India has declined primarily due to substantial challenges in 11 SDGs, such as hunger eradication, health and safety, gender equality, and sustainable cities and communities. According to a recent survey, India dropped three positions from last year's ranking of 117 to 120 to achieve SDGs that were approved in 2015 by 192 UN member states as part of the 2030 agenda (Economic times, 2022).

The purpose of this research study is to evaluate the significant ways that sustainable development might enhance an organization's long-term performance in India and to understand about the investor awareness about these investment options . As we can see from the earlier literature there is a significant growth in ESG investments in India since its inception. And to close the research gap that has been in previous studies, no studies have been yet conducted on Indian market. This is one of the main justifications for carrying out the current research on this subject. Additionally, I'm interested in this subject, thus it was decided to pursue this research study in accordance with my preferences and interests. The outcome from this study will also assist Indian Organisations and future researchers in understanding key strategies for utilizing sustainable development to achieve long-term performance improvements. The analysis of this study will be vital for future academic researchers to gain extensive knowledge about this subject, which will lead to the creation of fresh ideas for investigating related topics.

1.3 Structure of the Research

Chapter 1: Introduction

This chapter outlines background information of the relating subject. The research topic and the justification for selecting and carrying out the current study for the purpose of investigation were also covered in detail in this section.

Chapter 2: Literature Review

This chapter examined the perspectives of many authors in relation to numerous theoretical elements related to the function of sustainability practices in enhancing organizational performance. Additionally, information regarding current investment patterns in the Indian market is included in this chapter.

Chapter 3: Research Methodology

This chapter includes details on the concepts employed in the current study, Research question and objectives of the research. The methodology undertaken has assisted in guiding the process of selecting and analysing the data that was gathered.

Chapter 4: Data Analysis, Findings and Discussion

This chapter includes detailed examination of each question and the presentation of findings from the data gathered to the reader and a detail discussion in relation to objectives of the study are also included.

Chapter 5: Conclusion

In this final chapter of the current study project, recommendations for further research are also incorporated with the final conclusions that were obtained.

CHAPTER - 2

LITERATURE REVIEW

This chapter outlines an in-depth and thorough review of literature about sustainable investing. The main purpose of this section is to provide a summary of recent advancements in sustainable investing while highlighting major historical events and to provide the reader with a theoretic concept of sustainable investments, which will act as the context and groundwork for this thesis. The following is a list of the subsection of the literature review:

2.1 - Introduction to sustainable finance

This section includes a brief introduction on the ideas of sustainability investments and investor perspectives on ESG factors.

2.2 - Significance of sustainable investments for the organization's performance

This section includes different literatures based on how long-term implications will help organisation to achieve success and the growth of sustainable investments globally.

2.3 - Factors that affect Investors' attitudes towards Sustainable Investment

The section provides an explanation of some of the key driving factors leading investors toward ESG investing as well as a literature review to help readers understand the concept.

2.4 - Main Barriers of sustainable investments

The primary challenges to sustainable investment are outlined in this section. All of the barriers outlined in this section have an adverse effect on a company's ability to successfully invest sustainably.

2.5 - Rating Agencies

This section lists the main rating agencies that are active on a global scale and demonstrates how investors incorporate these ratings into their investing plans.

2.6 - Screening Approach

This section explains the screening process used by investors to select ESG investments for their portfolios. This includes positive and negative screening approaches.

2.7 - An overview of ESG investments in Indian Market

This section describes the expansion of ESG investments in India and illustrates the reporting and regulatory framework in Indian market.

2.1 Introduction to sustainable finance

Sustainable investments involve having a positive outlook on the future and realizing companies that focus on solving the world 's most challenging issues will thrive. The objective is to create better market models and provide a catalyst for a growing number of citizens to choose the future that we are dedicated to (Krosinsky, 2012). To increase longer-term investments into sustainable activities, the "European Commission" describes sustainable finance as financing that takes environmental, social, and governance (ESG) factors into account when making investment decisions in the finance market (EC, 2020).

According to" International Capital Market Association" (ICMA, 2020), sustainable finance combines climate, green, and social finance while also considering broader factors such as an organization's long-term economic viability as well as the stability of a larger financial sector in which it operates. These two definitions of sustainable finance places an equal emphasis on sustainable funding and "long-term" orientation.

This concept is supported by (Fatemi and Fooladi, 2013). They believe that the short-term emphasis that dominates mainstream finance cannot result in the creation of sustainable finance. To finance sustainability, they promote a transition from short-term to long-term perspective. (Krosinsky, 2012) Investors, ranging from large corporations to private individuals, are focusing on their investment objectives by combining traditional investing tactics with financial, social, and governance (ESG) viewpoints. All financial transactions have the risk component. As result, the investment's value and earnings are unpredictable, and its initial amount cannot be guaranteed. Investments in sustainable investment strategies have increased significantly in recent years, and there is no sign that this trend will slow down. The review discusses the significance of sustainable investment for the long-term performance of the business, the factors that affect investors, and the implications of sustainable investment.

2.2 Significance of sustainable investments for the organization's performance

Ever since the idea of capital returns was stated, investors have done their decisions regarding investments based on the loss or gain the investment is causing to society (Rayer, 2017). The United Nations have reported 17 sustainable development goals (SDGs) to be achieved and adopted by all the member nations in 2015 and expected to be achieved by 2030 (United Nations, 2020). According to the UN, the SDGs will require investments of between $5 trillion and $7 trillion (Craig, 2020).

The importance of sustainable investment into the capital market can be seen from the report Sustainable Finance review published by (Refinitiv, 2020) Sustainable finance has developed into an important idea at the intersection of finance and the SDGs. In 2020, capital markets will have raised more than $400 billion in new funds, including $357.5 billion from sustainability bonds and $76.5 billion from green bonds. The amount of sustainability bonds issued over the first 9 months of 2020 was US$97.0 billion, more than thrice the amount issued in the same period in 2019. Compared to a year ago, there were 101 percent more Sustainability bonds issued. In the first nine months of 2020, corporate issuers made up 49% of Sustainable Finance bonds, while agencies and sovereign issuers made up 51% of all activity, the largest proportion since sustainable records started in 2015. In contrast to a more than threefold increase in agency and sovereign issuance relative to 2019 levels, corporate issuance increased by 35%. With a market share of 48 % so far in 2020 compared to 28 % from the Americas and 18 % from Asia Pacific, European issuers constitute the largest regional segment for "Sustainable Finance bonds" (Refinitiv, 2020).

The increase in sustainable investment has made it possible for business organizations to anticipate greater investments from investors since the products and services they offer demonstrate the management team's strategic efforts to achieve sustainability in business operations for a longer term and achieve competitive advantage in the market (Krosinsky and Robins, 2012). Capital markets largely assist in allocating funding from investors to organizations that use it effectively. The capital market is where long-term securities are often exchanged (Christensen et al., 2011). Investment decisions have evolved over time in accordance with societal conventions and views.

Currently, investors consider climate change-related variables in their investment considerations in addition to regular traditional investments that have generated profitable results as society has become more conscious of its causes and effects. When making investment selections, focus is typically placed on two factors: profitability, which is determined by an investment's efficiency, and risk. Even if the financial crisis in history has been the most severe, concepts like green and sustainable investments have been quite popular and helpful in preserving the capital market. (Rayer, 2017).

The maximization of shareholder wealth is a company's ultimate objective in the conventional viewpoint. However, it is asserted that other parties, including employees, customers, banks, suppliers, regulatory agencies, etc., are also participating in the connection from the perspective of the stakeholders. According to analysis of the relationship between firm profitability and the satisfaction of various stakeholders using survey data (Preston & Sapienza, 1990).

As a result, we argue that companies with stronger ESG practices may be more appealing to financial investors as well as other key stakeholders, and that this improved interaction between companies and its many stakeholders will ultimately be profitable for the organization in the long run. (Li et al., 2018) Positive correlations exist between the company's value and ESG practices. Company's performance will increase because of the company's integration of ESG into its operations, and this will also have a substantial impact on the performance of its stock**.** The other follow up studies also show that organization can acquire more resources for attaining long-term business performance by improving its sustainable business operations, which encourages more investors to buy company stocks. In this context, sustainable investment enables business organizations to develop competent and unique strategic plans for generating a positive brand image and increasing competitiveness in the relevant sectors (Gomes et al., 2013).

Light-touch regulation can promote exceptional development in sustainable financing while lowering the regulatory burden placed on financial firms in the industry. In comparison to other financial sectors, this sector is currently smaller but expanding. The sustainable finance sector can expand with the support of minimal regulation. (Peterson, 2021).

2.3 Factors that affect Investors' attitudes towards Sustainable Investment

Exceptional advancements in a wide range of sectors are being made as the period changes, opening new opportunities daily. Along with this development, we are also witnessing several new, irrevocable changes in our environment and way of life that, if not acknowledged at the appropriate moment, could be fatal to humanity. (Aich, 2021).

Everyone today participates in investing because it serves as a kind of savings and, for some, a secondary source of income. This includes those who have just started college and those who are in their forties. It is imperative that we all work together to move toward sustainability in this period of rising temperatures, pricing, and resource depletion. Therefore, sustainability is also necessary for the exponential growth of our assets. Investment and sustainability are therefore interconnected and require careful attention. (Peylo, 2014).

Environmental problems include things like biodiversity loss, climate change, greenhouse gas (GHG) effects, water pollution, renewable energy, waste management. Social issues include those relating to health , workplace health and safety, child labour, employment laws. Issues with governance include things like corruption, bribery, business ethics, and risk management. (Berryet al., 2013).

Developing sustainably is a win-win solution where we and our surroundings grow hand in hand. Given that sustainable objectives are long term, their impacts are also considered to be long term. As our lifestyle is shifting according to our sustainable goals, so is our way of investing and earning (Reed, 2005). The concept of sustainability is now crucial to our daily lives as well as to the choice of which firm to purchase stock in. (Reed, 2005).

As per (Geels, 2013) Financial and economic crises, as well as the current crisis, call for rerouting and reorienting financial resources toward productive and successful investment for long-term outcomes in the economy. the economic and financial crisis may have a positive influence on sustainability reforms and serve as the starting point for the next green wave toward sustainable development. (Geels, 2013). Even large multinational corporations are taking a long-term, holistic, sustainable approach to business now, when everything is collapsing due to a global pandemic, to avoid being closed by the unpredictability of the times. Sustainable investment has helped corporations to generate excellent financial rewards and has a positive influence on environment and the society (de Francesco, 2008).

According to the study of (Heinemann et al., 2018) organizations have integrated several methods for performance evaluation and communication regarding ESG issues. Additionally, there is a relationship between better financial performance and increased engagement in ESG problems. Significant data from earlier studies also demonstrates that businesses that adopt sustainable investment earn superior financial returns. The opinions of investors toward sustainable investment methods have thus been deemed to be significantly influenced by financial results, and there is a surge in interest in ESG investments from asset owners, especially pension funds. This has been established as a key element that has contributed to investors' rising interest in sustainable investment. Through the assessment of the organization's "extra-financial" characteristics using ESG criteria, he claims that a sustainable investing approach is linked to profitable outcomes. The application of these criteria aids in achieving precision in the financing and investment process, which has been deemed important for achieving enhanced performance of the organization.

(Friede, 2015) Investors that are "socially responsible" mostly rely on the three primary ESG categories "(environmental, social and governance)". Investors are the ones who examine whether to integrate their ethics and environmental concerns while sorting the investment options, considering the risks and returns in the portfolio.

ESG concerns are becoming more widespread as investors increasingly belong to the millennial generation. Investors focus their attention on executive remuneration. Despite the critique, ESG investing turn out to be more popular and drawing in most investors, especially millennials (Escrig, 2010). Customers are drawn to socially responsible companies to the point where it has altered corporate decisions. Investors now show interest in the company's ethical qualities, as opposed to earlier times when they were primarily concerned with earnings. Investors are progressively using non-financial characteristics in their analysis to find better growth opportunities and maximising profit. These non-financial factors help investor to decide how well your investment in a particular firm will do. In a nutshell, ESG investing can be described as a linked fusion of financial and sustainable systems for increased profitability (Aich, 2021).

Investment also focuses inter-organizational events and their cooperation and coordination towards sustainability, which is possible through behaviour, attitude, and outcome (Castañer, 2020). Sustainability has brought a lot of new parameters with this new and altered attribute to investing, which should be considered and applied. The ESG score has a big impact on how investors make decisions and how much information is provided about a company's fundamentals. Numerous investors utilize ESG score because of client demand. Additionally, ESG data filters new products and streamlines the investment process for investors (Amel, 2018).The study of (Hoepner et al. 2019) illustrates how non-financial environmental, sociological, and governance issues affect the environment and society. Companies with low downside risks are those that are extremely sustainable and incorporate ESG factors into their business plans.

(Cornett et al., 2016). Financial and non-financial firms in the US that included ESG issues into their strategy planning and had high ESG ratings beat conventional investment firms during periods of financial crisis.

Some of the factors are:

As a key determinant of a nation's financial stability, effective governance is a crucial aspect. People will eagerly participate in private or governmental schemes in a nation that is robust from the inside out and has positive financial statistics because they know that there are strict regulations in place to safeguard them in case things do go wrong. This guarantees that the economy's wheels are turning smoothly and that individuals are continuing to generate income rather than having it stagnant. This ensures that corruption is minimised and that all of society's requirements are addressed. (United nations).

It is possible to maximize the advantages of biodiversity by putting the REFDD "(Reducing Emissions from Forest Degradation and Deforestation)" into practice. Today, the economic and the environment are intertwined. Investors must consider a variety of information to deploy funds in a way that has a favourable impact both economically and environmentally. Our ability to survive will be at risk if we exclusively invest for financial gain. Investment is given top priority since deforestation is becoming worse and reducing biodiversity. (Spears, 1985).

Investment decisions are made in accordance with an organization's ESG score. Since data may be compared and filtered based on ESG ratings or performance, investors may interpret ESG data as market indicators. (Van Duuren, et al, 2016).

Industrialization has produced trash and pollution, which will continue to do so if they are not well-promoted. As a result, large amounts of waste are disposed of. Industrialization cannot be stopped, but if we can turn its wastes and pollutants into something beneficial, it will be sustainable and less harmful to the environment. Sustainable waste management leads to beneficial investments since it promotes sustainability. (Brunner, 2015).

Sustainable development is governed by its social and environmental components. ESG social management, which is very important, supports the development of a firm or organization. The more environmentally responsible a company or organization is, the higher its ESG rating, which relates directly to investing. (de Francesco, 2018).

Several factors influence how an investor makes decisions. While considering investment decisions, several elements, such as investigating the relations between investments, decision-making, and corporate governance, are used as filters. Corporate governance at the firm level and key behavioural elements has an impact on investors' decision-making. (Kamal, Y and Deegan, 2013).

The burning of fossil fuels , clearing of lands, and agriculture are a few examples of human activities that put us in a difficult situation. These activities all lead to a rise in greenhouse gas concentrations. As a result, “greenhouse gas concentrations (GHGs)” in the environment increases, speeding up global warming. An enhanced greenhouse effect is what causes lobal warming or Earth's warming (de boer et al., 2011). Since sustainability is what we're aiming for, greenhouse gas emissions can help us get there. Since sustainability promotes excellent investment since “greenhouse gas emissions” are damaging the ecosystem on a longer term, (de Spiegeleer et al., 2021).

ESG disclosure's positive effects on internal management procedures can result in deeper connections between businesses and a variety of stakeholders (Dhaliwal et al., 2011). With better access to ESG disclosure, asymmetry in information among businesses and related parties can be decreased, and associations with key stakeholders can be strengthened. This will improve performance through better consumer and investor decisions, employment practices, and so on, ultimately increasing firm value. ESG disclosure subsequently raises corporate worth over time (Banerjee et al., 2015).

2.4 Main Barriers of sustainable investments

Sustainable investment is frequently viewed as a burden to businesses, similar to many other forms of CSR, because it involves more effort and costs and has few noticeable benefits. The research on challenges to sustainable investment, however, has four primary themes.

- Negative perception on financial returns

  The literature and current market trends make it quite evident that these perceptions are beginning to shift. Institutional investors have historically thought that adopting sustainable investment methods necessitates forgoing financial gains. Consequently, non-financial indicators must be compromised in favour of financial ones. As a result, investors may feel that moving to a sustainable investing strategy puts his/her money at risk. This provides a barrier to sustainable investment. They might worry that this approach won't yield as much money for them (Eccles, 2017).

- Lack of knowledge and awareness of sustainable investments

  According to the report of (OECD/INFE, 2020), Financial literacy levels play a crucial role in the investment decision process. To achieve financial wellbeing the combination of literacy level, attitudes, skills, financial information is necessary. Despite the knowledge of financial products, a lot of investors do not understand how their investments can have a positive or negative impact on the environment. Even though the investors are knowledgeable they frequently lack in choosing the financial products for long-term investment opportunities. Investors who are more aware of the “environmental, social, and governance” factors are more likely to invest in businesses that are high in ESG rating. In India the awareness level among investors is rapidly growing as more funds are flowing into sustainable investment strategies there is also a lot of active participation in the market. The general population's degree of awareness has generally increased in recent years. Investors, investment managers, and the public comprise the general population. Several major initiatives are aimed to raise awareness of these types of investments and encourage their funding (Ghosh, 2021).

- No clear taxonomy

  The diverse types of sustainable investments benefit from clear taxonomies, yet their current unclear classifications make it difficult for institutional investors to evaluate sustainable investment methods (Eccles, 2017).

- Unsophisticated underwriting strategy

  A sustainable investment strategy's effectiveness can be hampered by an unsophisticated approach to it. The ability to "find and analyse qualified projects and risks to effectively develop, manage, and sell these sustainable financing solutions" is frequently lacking among institutional investors. (G20 Sustainable Finance Group, 2018). As a result, even though the company aims to build a plan, they are unable to do so effectively since they are unable to effectively underwrite the investments.

2.5 Rating Agencies

ESG rating organizations aim to assess and rate private and public firms based on the “environmental, social, and governance” performance, like how companies earn credit scores from third parties (Huber and Comstock, 2017). Even though many institutional investors employ them, there are still questions about their effectiveness because there are numerous ESG rating organizations (SICM, 2016), each with a different methodology, scope, and coverage (Huber and Comstock, 2017). The six biggest agencies are “Bloomberg ESG Data Service, MSCI ESG Research, RepRisk, Sustainalytics, and Thomson Reuters ESG Research Data” (SICM, 2016). Although the importance given to these ratings will eventually vary amongst asset managers, they are frequently used in the investment decision process to help decide whether a firm would be included in the portfolio or not since they aim to analyse a company's ESG performance.

2.6 Screening approach:

(Rayer, 2017) This strategy can be carried out by an investor investing in many individual investment products directly or through an investment advisor, who may screen goods. By using this strategy, the investment product will be in line with the firm's values, raising the company's market value.

This approach includes two methods:

- Positive Screening: This screening approach will not consider companies who are involved in sin stocks such as gambling, tobacco manufacturing, alcohol, weapons manufacturing, and supplying. The investor or fund manager will choose stocks based on the company's values which are not related to sin stock.
- Negative Screening: This screening approach will find out companies that do not include ESG factors in their profile. The negative screening should be included by fund managers on the demand of investors because these companies will not have any impact on the economy.

2.7 An overview of ESG investments in Indian Market:

In India, there is a rise in wiser investors who are more aware of where and how where their investment is being used, making a need for ESG more and more clear. The need for companies to be more responsible and accountable in terms of the environment, social, and governance concerns has become more apparent towards the modern trend of investors, necessitating the use of ESG Reporting. (Srivastava, 2022)

Furthermore, given that rising and growing economies like India have endorsed UN initiatives such as the "Sustainable Development Goals", the nation's private enterprises must emphasize on long-term as well as sustainable solutions within their businesses.
Regarding India's participation in it, India is becoming more open to ESG disclosure as the BRR rules are implemented for listed corporations. Although there may be some early difficulties in implementing and maintaining this reporting regime, this could put unnecessary strain on businesses. Many organizations now struggle to generate money, attract, and keep

people while performing well on the stock market because of the mandated disclosure of a firm's environmental, societal, and governance practices. Concerned about the effects of their investments, stakeholders are growing increasingly sceptical. (Devprakash, 2022) Investors would prefer investing in the stock market with greater sustainability because intangible assets like moral and ethical factors have a long-lasting consequence on a company's goodwill. The workforce prefers working in an environment that is more employee-friendly than one where the only motivation is profit. Financial institutions such as banks prefer loaning to businesses with such a high standard of ethics rather than to a business with such a high gross profit margin.

Therefore, after considering the ESG evaluations of these organizations, stakeholders that value a company's longevity and growth over its ability to survive would come to logical conclusions. Even while organizations like Infosys made a voluntary commitment to becoming carbon neutral back in 2011, the requirement to report has served as a wake-up call for many other businesses to adopt greater sustainable business practices. A total of 62 businesses have made a commitment to carbon neutrality throughout time. IRCTC, TCS, and SBI has made commitments to reach net-zero targets by 2030. The BRR framework might not have been approved at a better time, even though many businesses may have found it shocking. The nation is ranked 120th out of 193 in terms of sustainability. (Srivastava and Devprakash, 2022)

ESG investing has been gaining popularity in India over the past five years, but initiatives are still in their infancy. According to EPFR data, India's ESG AUM as of June was $1.5 billion, or 2% of the AUM of Asia-Pacific ESG funds. In comparison, India accounts for 10% of the whole APAC AUM. Additionally, India has only 2% of the entire Asia Pacific sustainability funding, falling behind many other Asia Pacific countries in 2021. (Srivastava and Devprakash, 2022) Investment trends show a rise in interest driven by institutional investors, who have funded equity and debt offerings where ESG is the primary factor with capital. Green bonds, one of most popular leveraged bond products in the ESG market, have seen an increase in issuances, primarily from banking institutions and power production firms.

2.7.1 The BRSR framework is used for ESG reporting in India.

The top 1,000 publicly traded firms in India will be expected to create a "business responsibility and sustainability report" (also known as a "BRSR") that includes comprehensive ESG disclosures starting in the financial year 2022-2023. The BRSR must be included in the annual report, which is sent to exchanges, posted on the websites of the company, and sent to shareholders separately. Prior to the BRSR becoming required, the top 1,000 publicly traded Indian companies (ranked by market capitalization) were required to publish a much shorter "business responsibility report" (also known as a "BRR"). (Security and Exchange Board of India, 2021)

For smaller listed corporations as well as private or unlisted public companies in India, the BRSR framework is not mandatory. These businesses can still freely use the framework, but for most of them, the reporting expenses would probably outweigh any prospective investments or other advantages. There aren't many obligatory ESG disclosure standards in India besides the BRSR framework. Examples of this are disclosures about energy conservation in Indian companies' annual reports and declarations in board statements about compliance with laws against sexual harassment. (Rule 8(5)(x), 2014)

ESG reporting is now only important for major publicly traded companies, but smaller businesses should start considering their Sustainability risks and potential as well, especially those looking for private capital from Venture capitalist or PE funds. ESG factors are also anticipated to soon make an appearance in credit evaluations conducted by banking institutions and other private lending institutions. In fact, it has been claimed that the "Reserve Bank of India", India's banking regulator, is considering establishing ESG-based lending rules. (Rangan, 2021).

2.7.2 Regulation of ESG ratings in India

Along with the expansion of ESG reporting requirements and the amount of ESG disclosures and the ESG ratings has expanded quickly. Leading ESG rating publishers include MSCI, Bloomberg, and S&P internationally, as well as CRISIL and MSCI in India. ESG ratings take more significance for investors that lack the resources to create their own ESG due diligence and evaluation processes. However, the validity of ESG ratings has come into question, particularly considering alleged disparities in rating systems. This raises a question as to whether ESG ratings should be subject to regulation like credit ratings. In a report released in November 2021, the "International Organization of Securities Commissions (IOSCO)", an international association of several national regulators, suggested that regulators pay more consideration to ESG ratings in their jurisdictions and think about ways to improve rating practices and reduce conflicts of interest**. (**Kumar et al, 2022)

Following the IOSCO's guidance, and in a very recent development, India's regulator, the "Securities and Exchange Board of India (SEBI)", has issued a consultation report looking for views on a plan to create a framework for ESG rating agencies in India (SEBI, 2022).

As ESG disclosure requirements are standardized and disclosure quality rises, it is anticipated that worries about the accuracy of ESG ratings will diminish as well. ESG rating agencies may also come under increased regulation to make their rating methodology more transparent. In addition to the framework for ESG rating agencies SEBI is also proposing the same ideas, it may be beneficial to issue in depth guidelines, classifying specific crucial KPIs, as part of the stewardship codes issued by "SEBI and IRDAI" in India, where the protection of retail investors is an important regulatory objective. (Kumar et al., 2022)

India, like most nations, has made the commitment to sustainable future and reaching its international environmental standards. As a result, numerous regulations have been developed, and from an ESG standpoint, these are likely to present both risks and possibilities. For instance, India's pledge to reach "net zero carbon emissions by 2070" has prompted the government to take several actions, including providing financial assistance and other incentives to the electric vehicle (EV) sector. Government actions in the EV sector are likely to generate ESG possibilities for EV producers but can also result in risks for conventional automakers who are unable to or do not desire to shift to EV. Investors will eventually demand that companies that are impacted by governmental and regulatory activities properly report any ESG risks or opportunities. (Ambast, 2022)

Indian institutional investors are ideally on the verge of catching up with the European and other international investors who are still driving India's attention to ESG reporting. India faces a variety of ESG difficulties, like those faced by most developing nations, which are made worse by the size of the nation's population, the diversity of its socioeconomic system, and its aspirations for economic growth. By pleasing businesses that both agree and adhere to their ESG commitments, high quality ESG reporting by Indian corporations will thus be a crucial instrument in directing bigger amounts of funds toward sustainable ends. (Chaturvedi, 2022)

A remarkable accomplishment, the BRSR framework should assist in giving Indian public market investors more useful and trustworthy ESG data. The BRSR framework can then be gradually expanded to other listed corporations as well as unlisted businesses that operate in regulated or resource-intensive industries, provided that their regulatory burden is not excessively risen. Smaller businesses, especially SMEs, must continue to be encouraged in using their own KPIs whether through selective reporting from the "BRSR" or specialized reporting requirements like the Impact Analysis, or through adoption of an internationally accepted standard like "ISO 26000". (Kumar et al., 2022)

CHAPTER - 3

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines in-depth explanations of the data collection techniques, research design, and methods that are used to accomplish the research goal. The choice of methodologies influences the accuracy and originality of the work, therefore picking the right research instruments is important. The chapter describes the research methods used to determine how sustainable investments affect the long-term success of Indian organizations.

3.1.1 Research Question

"How are sustainable investments affecting an organization's long-term performance in India?"

3.1.2 Research Objectives

This study's main goal is to discover and examine the methods by which sustainable investments can enhance an organization's long-term performance in the Indian marketplace. The following goals have been established to achieve the aim:

- To understand the awareness level and to discover the factors influencing the investors' attention towards sustainable investment.
- To determine the aspects in which sustainable investments has resulted in long-term organisational performance in India.
- To know whether financial performance is the only objective of an investor or are there any changes in the investment style.
- To recommend any actions to include ESG investing and for continuous improvement in the performance of organisations in the Indian market.

3.2 **Research Method**

In this paper, quantitative approaches are used to create charts, pull data from the scientific literature, and compile statistics about long-term quality and sustainable investing practices in Indian organizations. The quality and reliability of outcomes are improved by quantitative approaches' emphasis on objective standards and reliance on scientific observation. Utilizing quantitative approaches is useful for tackling research objectives and establishing a stable relationship between research variables. However, this approach lacks detail of analysis and results as it doesn't produce thorough results and ignores opinions as well as other subjective data (Williams, 2007). On the other hand, qualitative methods do not consider numerical analysis and mixed methods method which includes both qualitative and quantitative methods are not included. The qualitative and mixed method methods are neglected as this is not appropriate to this study. (Buchanan and Hvizdak, 2009).

3.3 Research Approach

There are two primary research approaches. The inductive technique strives to develop new concepts and methods from the data based on generalization of the results, whereas the deductive approach seeks to evaluate theories and literary conceptions with the use of obtained facts. The deductive strategy is preferred over the inductive approach because it produces precise data about the problematic area, and in this research, the researcher wants to generate data about Indian organizations and identify the relationship among specified factors. The inductive method is not used since the researcher does not intend to develop novel theories about sustainable investing in this study. (Vanderstoep and Johnson, 2008).

3.4 Data Collection Process:

Given that this study uses quantitative methods, the researcher can choose from several tools for data gathering. Both primary and secondary data collection tools are chosen in accordance with the study's use of quantitative methods. In quantitative studies, survey questions and polls can be used to collect primary data, and case studies or library research can be used to generate secondary data (Borrego, Douglas and Amelink, 2009).

Survey includes a total of 13 questions in which most of the questions stated are close ended and are related specific to the objective , and only two open-ended questions are stated. The questionnaire is constructed as per the goals of the study, and it is sent to the participants through online. It is beneficial to gather data from Indian firms' investors and managers as they acquire exact data and knowledge about sustainable investments.

3.5 Ethical Consideration:

All the guidelines provided by the university will be followed at every step of the research process. The primary research involves first hand data collection, and this will be obtained by the voluntary participation of the individual. To prevent data theft and unauthorized access to data, data is secured in a password-protected system. The target group's consent is obtained before data collection. The data gathered will not be used or shared for any other external purposes. The Secondary research standards are also met using in-text citations, the elimination of unpublished data, and the avoidance of plagiarism (Bryman, 2016).

3.6 Data Analysis:

The type of data to be analysed determines the data analysis technique to be used, and as the study's data are numerical, the statistical analysis method was chosen for this research. Survey data are presented using frequency tables and pie charts, and they are examined using correlation analysis. Because it aids in establishing the relationship between research variables, statistical analysis is appropriate for data analysis in studies utilizing surveys. Both descriptive and exploratory statistical data analysis are part of the study of the survey data. The descriptive analysis provides the mean, median, and mode for each of the survey's Likert scale evaluations as well as broad demographic information about the population. Correlation analysis was used in exploratory statistics to show the links between ratings and the relationships between each rating and other factors. The degree of importance for each relationship was assessed to identify which ones were most crucial to the study. (Cohen, et al., 2013).

3.7 Limitations of the research:

The researcher initially selected 100 samples for the study, however due to time restrictions, only 87 of the responses could be collected. Out of 87 responses, 11 were collected by investment managers, and 76 were collected by investors. Due to time constraints, only the survey approach was used; the interview method was not considered. The researcher intended to obtain at least 25 responses from the investment managers through survey and interview methods, but this was not achieved due to time constraints. There were other potential data analysis methods, but only the quantitative approach was chosen due to time restrictions.

CHAPTER - 4

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

Data analysis starts right at the beginning of the field of research, when the researcher must decide what information to gather and from whom or what, depending on a primary research topic (Charney, 2015). With the use of graphs and tables, data analysis is a technique that enables us to sort and comprehend the data. It facilitates decision-making by obtaining pertinent information from the data (Brandt, 2014). In this study, to analyse the importance of sustainable investments and comprehend how sustainable investment may aid in boosting the overall performance of the organizations in India, the primary data for the proposed study was collected from 87 respondents using a questionnaire. According to the set objectives by the researcher the data has been gathered and analysed. The data is collected from respondents who has minimum 2 years of experience as an investor or investment manager. The data was completely analysed using SPSS software, frequency tables were used to analyse each questionnaire question individually, bar graphs and pie charts were also created. The Pearson's correlation has been used to determine the relationship between the study's various variables.

4.2 Analysis and findings from the Survey:

This section includes the analysis of each question included in the questionnaire. The first part of the analysis includes the demographic survey, which primarily collects the information about the population characteristics which are mostly based upon the demographic information (Encyclopedia, 2022). In this research demographic survey such has gender and age has been collected and analysed individually. The second part of the research includes the specific analysis of each question set according to the objective. The SPSS software is used for analysing information.

Demographic Analysis:

Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	**50**	**57.5**	**57.5**	**57.5**
	Female	**37**	**42.5**	**42.5**	**100.0**
	Total	**87**	**100.0**	**100.0**	

Table 1

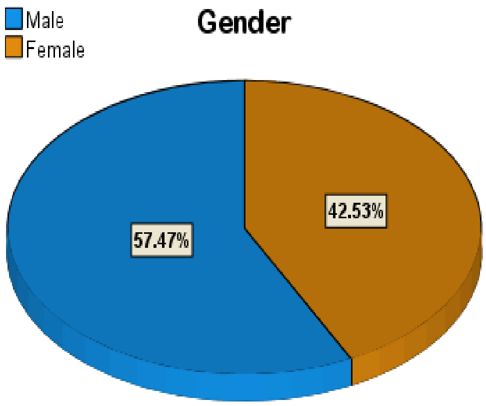

Chart 1

In this study, the survey data was primarily obtained from the respondents in India. From the above chart 1, 57% of responses were obtained from male and 42% of the responses were obtained from female. However, in contrast to female responses, male responses are slightly higher. The proportion of female investors/investment managers are slightly lower. When it comes to the percentage of women who participate in the stock markets, India, the sixth-largest equity market in the world, is in the bottom quartile (Modak , 2021). However, in recent times there is rise in female investors in the Indian market (Hindustan times, 2021).

Age					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-25	**19**	**21.8**	**21.8**	**21.8**
	26-35	**64**	**73.6**	**73.6**	**95.4**
	36-50	**3**	**3.4**	**3.4**	**98.9**
	>50	**1**	**1.1**	**1.1**	**100.0**
	Total	**87**	**100.0**	**100.0**	

Table 2

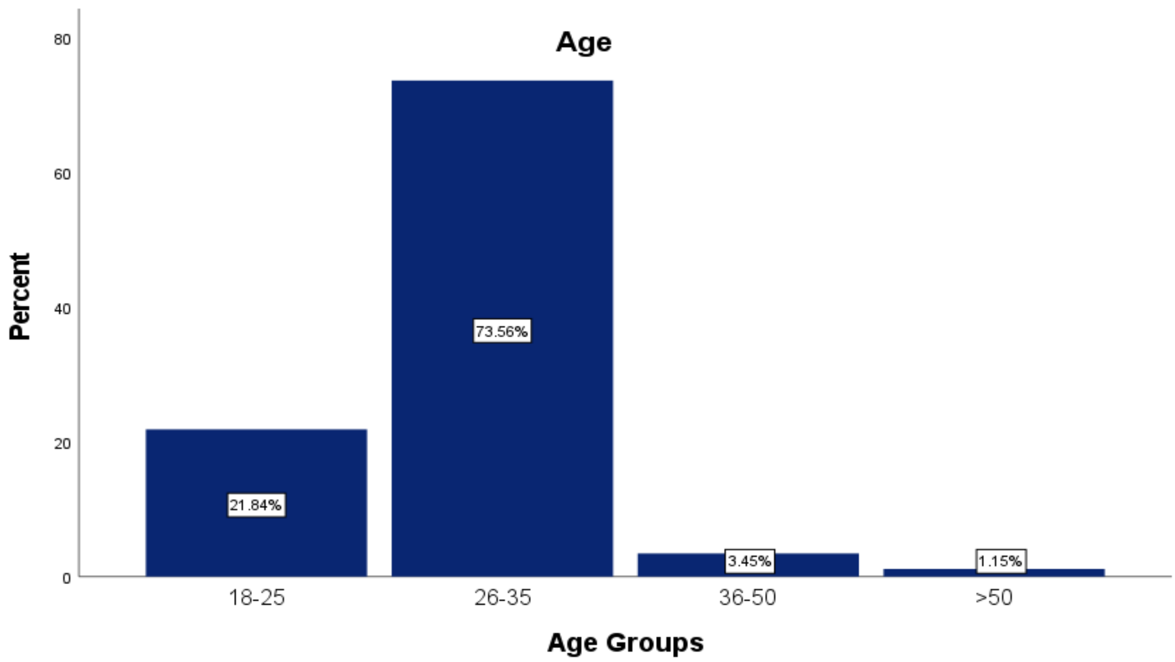

Chart 2

The demographic survey data of Age was collected from four different categories of Age group. Different age groups can be observed in chart 2. 18-25 group 1, 26-23 group 2, 36-50 group 3, more than 50 (>50) group 4. Most of the respondents belong to 26 - 35 group. Nearly 74% of the respondents fall into the 26–35 age range, making up most of the sample. Almost 22% of the data came from the 18–25 category, which was next. 36 to 50 and >50 was respectively 3% and 1%.

Specific Analysis:

Are you an Investor or Investment manager?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Investor	**76**	**87.4**	**87.4**	**87.4**
	Investment Manager	**11**	**12.6**	**12.6**	**100.0**
	Total	**87**	**100.0**	**100.0**	

Table 3

Chart 3

To evaluate the research question Investors and investment managers are chosen because the information obtained from them will assist in analysing the objectives and research question that have been set. Both the investor and the investment managers provided the recorded responses. From the table 3, 76 of the 87 respondents representing up to 87% of the responses are from investors, and 11 of the 87 respondents representing up to 13% of the responses are from investment managers. Instead of gathering information from the general population, it is preferable to get responses from these specific groups because they will have a thorough comprehension and knowledge of the underlying subject.

Are you familiar with the concept of sustainable investment?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	**54**	**62.1**	**62.1**	**62.1**
	No	**16**	**18.4**	**18.4**	**80.5**
	May be	**17**	**19.5**	**19.5**	**100.0**
	Total	**87**	**100.0**	**100.0**	

Table 4

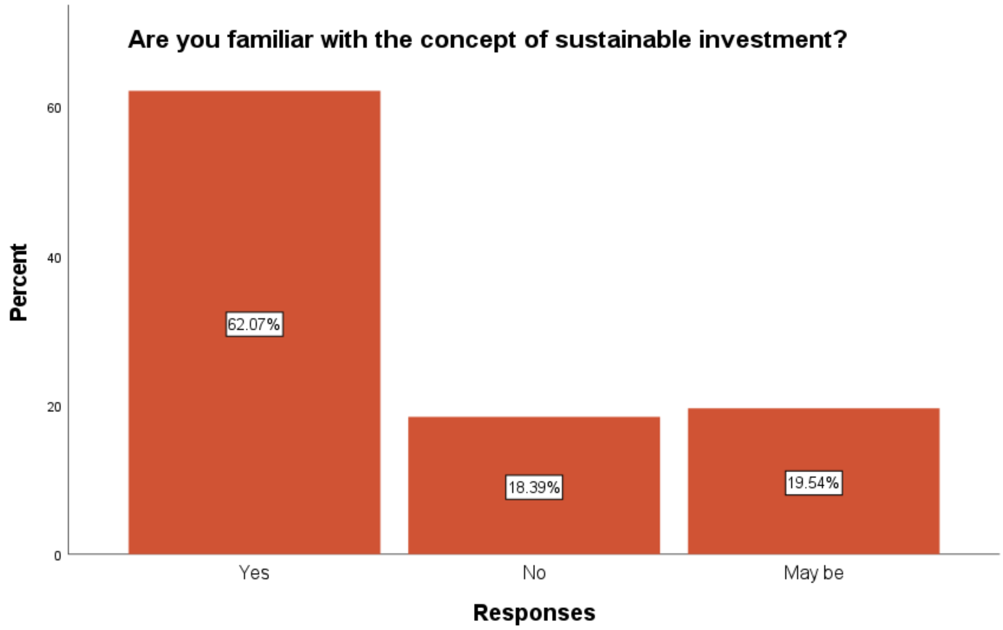

Chart 4

The main goal of this research is to understand the awareness level of the sustainable investment along with its impact on organisation long term success. From the chart 4, 62% of the respondents were aware of the concept of sustainable finance. However, a significant portion of the responses were still recorded as possibly amounting to 20%, and 18% never knew this concept even existed. The general population's degree of awareness has generally increased in recent years. Investors, investment managers, and the public comprise the general population. Several major initiatives are aimed to raise awareness of these types of investments and encourage their funding (Ghosh, 2021).

Would you be willing to give up financial gains to have a positive impact on non-financial ESG factors?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	**37**	**42.5**	**42.5**	**42.5**
	No	**26**	**29.9**	**29.9**	**72.4**
	May be	**24**	**27.6**	**27.6**	**100.0**
	Total	**87**	**100.0**	**100.0**	

Table 5

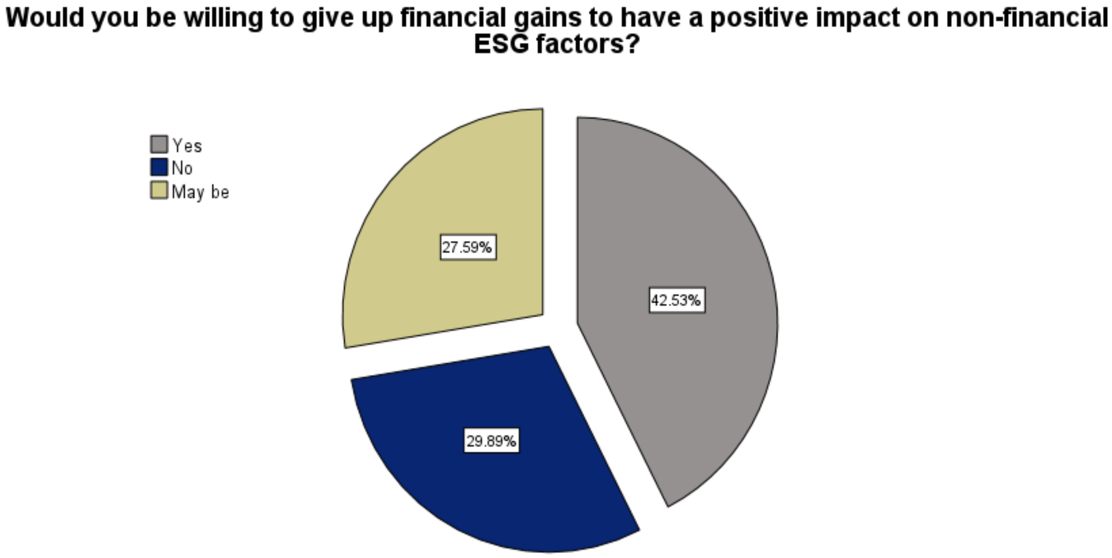

Chart 5

In response to the question "Would they be willing to give up financial returns in order to have a positive impact on non-financial factors?", it was revealed from chart 5 that 42% of respondents would be willing to forego financial gains in favour of the positive impact generated by these non-financial factors. About 28% of respondents were neutral, and about 30% preferred financial gain over positive impact. They firmly anticipate profits from their investments, just like they would with regular investments. Recent investigations by researchers at the University of Chicago revealed from their studies that investors would be willing to forego financial returns to attain a higher ESG performance (Bhagat, 2022). According to a recent global survey by CFA Institute around 60% of investors in India highlighted higher risk-adjusted returns as the main reason for investing in ESG funds, which was higher than the global sample (29%), and only 30% mentioned personal values or making a positive impact as a reason for doing so (Ramachandran and Prabhu, 2022).

Would Sustainable investment improve organisation’s performance in the long run?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	**22**	**25.3**	**25.3**	**25.3**
	Agree	**46**	**52.9**	**52.9**	**78.2**
	Neutral	**17**	**19.5**	**19.5**	**97.7**
	Disagree	**2**	**2.3**	**2.3**	**100.0**
	Total	**87**	**100.0**	**100.0**	

Table 6

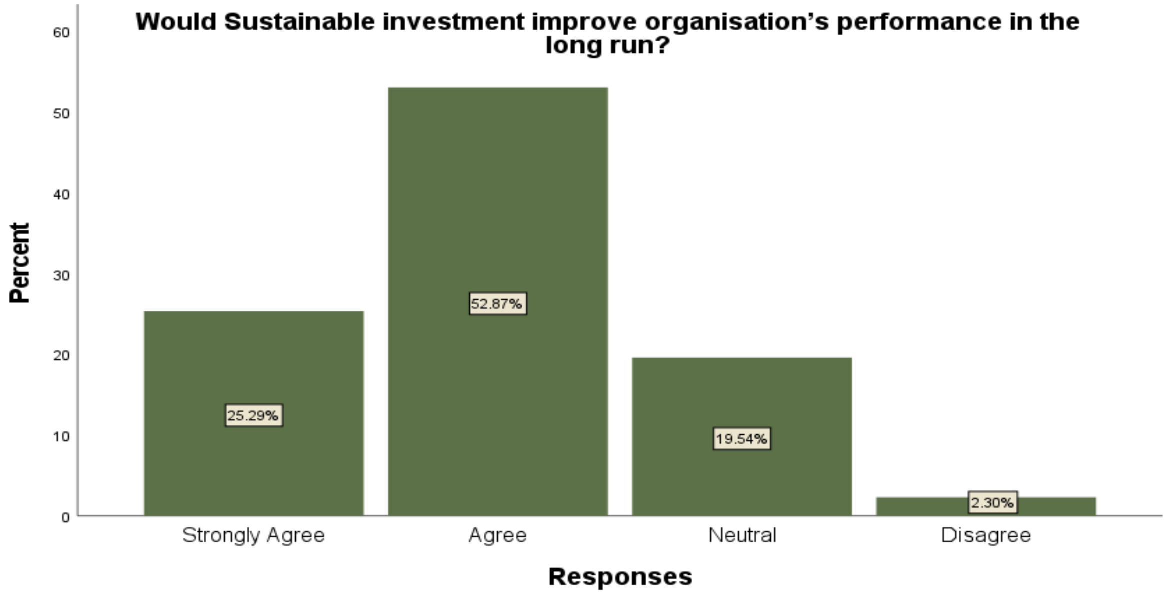

Chart 6

Investors are constantly being drawn to ESG investments by organizations. According to chart 6, almost 53% of the responders agreed that these investments will benefit the organization in the long run. About 25% strongly agree that it will improve long-term profitability since investor demands are increasing. 19% of respondents were neutral, and 2% were against it. Organizations that proactively adopt “ESG” principles and have them incorporated into the business strategy are receiving significant investment from both individual and institutional investors. Businesses must learn to adapt to the latest COVID-19 as well as changes brought on by globalization, technology, society, and customer behaviour. From a long-term viewpoint, integrating “Environment, Social, and Governance (ESG)” issues into their fundamental strategy can assist deliver value over the long run, if not immediately (Kardile,2022).

How may sustainable investment techniques improve the long-term success of Indian organizations among the following?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Improved economic transactions	**20**	**23.0**	**23.0**	**23.0**
	Enhanced transparency	**11**	**12.6**	**12.6**	**35.6**
	Improved financial accountability	**11**	**12.6**	**12.6**	**48.3**
	All of the above	**45**	**51.7**	**51.7**	**100.0**
	Total	**87**	**100.0**	**100.0**	

Table 7

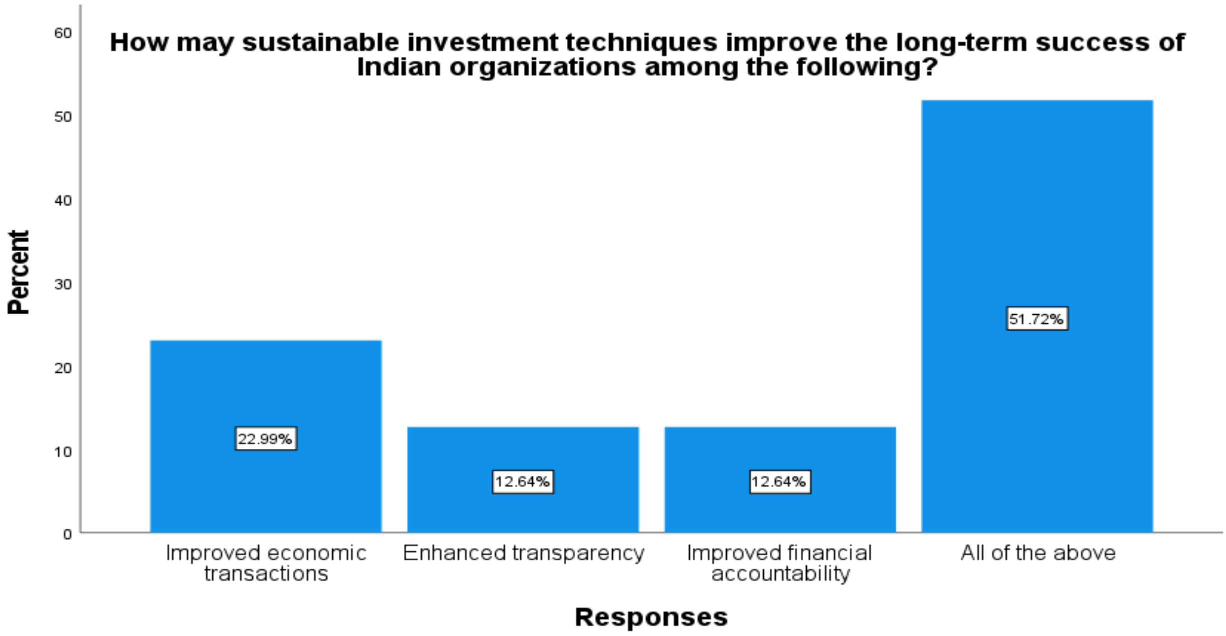

Chart 7

According to the results of the previous question, 78% of respondents agreed that ESG investment will benefit organizations in the long run. The purpose of this question was to determine how sustainable investment methods might increase the long-term viability of Indian organizations. According to the data in the chart 7, 52% of the respondents agreed with each of the aforementioned factors, and about 23% of the respondents thought that businesses may enhance their economic transactions by making sustainable investments. About 13% of respondent agreed it would promote accountability, and 13% thought it would increase operational transparency. All these elements contribute to an organization's long-term success.

Do you consider ESG ratings/scores before making these sustainable investments ?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	**56**	**64.4**	**64.4**	**64.4**
	No	**10**	**11.5**	**11.5**	**75.9**
	May be	**21**	**24.1**	**24.1**	**100.0**
	Total	**87**	**100.0**	**100.0**	

Table 8

Do you consider ESG ratings/scores before making these sustainable investments ?

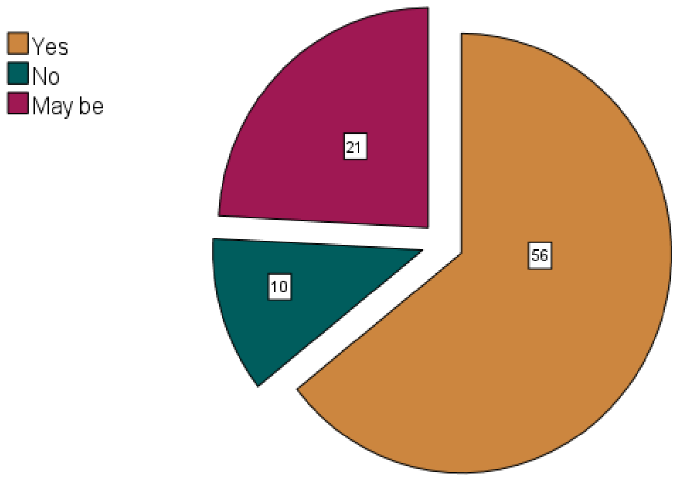

Chart 8

According to the analysis of chart 8, 56 respondents were in favour of taking ESG ratings into account before making sustainable investments. Only 10 respondents did not take ESG ratings into account when choosing sustainable investments, leaving about 21 respondents neutral. ESG ratings are provided in India by "Credit Rating Information Services of India Limited" (CRISIL). A recent review by CRISIL research revealed that 20% of 586 Indian companies were in the "strong" and "leadership" matrices. 464 businesses, or over 80%, were classified as "poor," "below average," and "adequate." The good news is that, according to Crisil, most corporations saw an increase in their ESG rankings because of enhanced transparency and improved performance across a range of metrics. Therefore, before making any investments, an investor or investment manager must take the company's ESG ratings into account (Modak, 2022). The findings from the survey also shows that majority of the respondents consider ESG rating before making investments.

Will ESG reporting, and disclosure be essential to the organisation's long-term performance in the Indian market?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	**20**	**23.0**	**23.0**	**23.0**
	Agree	**51**	**58.6**	**58.6**	**81.6**
	Neutral	**12**	**13.8**	**13.8**	**95.4**
	Disagree	**3**	**3.4**	**3.4**	**98.9**
	Strongly Disagree	**1**	**1.1**	**1.1**	**100.0**
	Total	**87**	**100.0**	**100.0**	

Table 9

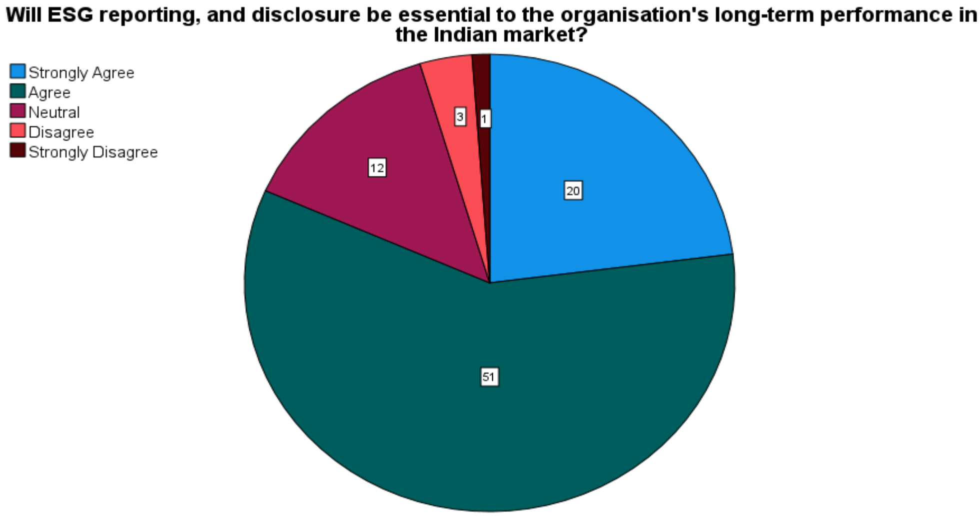

Chart 9

Approximately 59% and 23% of respondents, as shown in Table 9, agreed and strongly agreed that ESG reporting, and disclosure are necessary for an organization's long-term performance. Neutral responses were given by about 14% of respondents. 3% of respondents disagreed, while 1% strongly disagreed. The top 1,000 publicly traded firms in India will be required to create a "Business Responsibility and Sustainability Report" ("BRSR") that includes comprehensive ESG disclosures starting in the financial year 2022-2023. The BRSR must be included in the annual report, it is sent to exchanges, posted on the websites, and sent to shareholders. By rewarding businesses that both promise and adhere to their ESG commitments, better quality in ESG reporting by Indian corporations will be a crucial instrument in directing bigger amounts of capital toward sustainable goals. The BRSR framework is an admirable step forward and could hopefully aid in giving Indian public market investors more useful and trustworthy ESG data (Kumar et al., 2022). Investors are demanding ESG reporting, in a recent survey conducted by PwC, 79% of respondents stated that ESG reporting was a crucial consideration in their choice of investments, and 49% indicated that they were prepared to withdraw from businesses that were not making significant ESG efforts (Chalmers et al., 2021).

Case Summary

What are the main advantages of sustainable investment in the Indian market?						
	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Advantages	**87**	**100.0%**	**0**	**0.0%**	**87**	**100.0%**

Table 10

What are the main advantages of sustainable investment in the Indian market?				
		Responses		Percent of Cases
		N	Percent	
Advantages	Maximization of returns	**27**	**17.2%**	**31.0%**
	long term performance	**34**	**21.7%**	**39.1%**
	Good competitive position	**29**	**18.5%**	**33.3%**
	New untapped opportunities	**26**	**16.6%**	**29.9%**
	All of the above	**41**	**26.1%**	**47.1%**
Total		**157**	**100.0%**	**180.5%**

Table 11

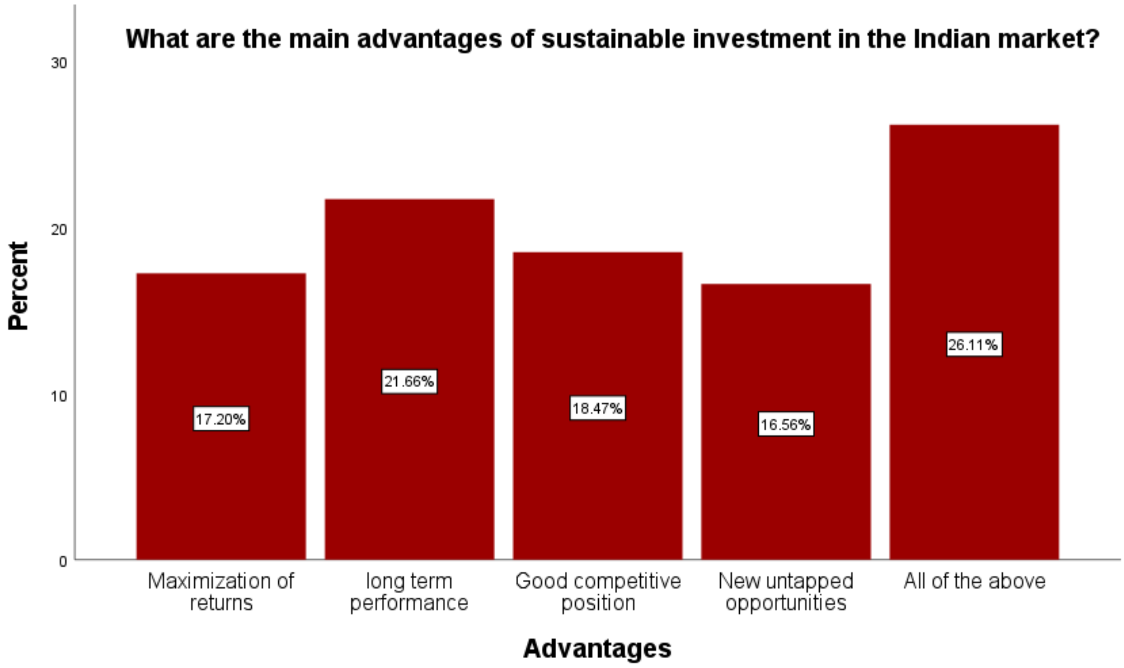

Chart 10

Here in this question the respondents were given a choice to select multiple choices. The total number of replies collected is displayed in Table 10, case summary. There were 87 participants in this survey. The respondents chose a certain number of multiple options, as shown in Table 11. There were 157 responses overall. According to chart 10, the highest replies, totalling about 26%, were observed for all the benefits. 22% of the responses came next, and these were noted for long-term performance. 19% of the respondents said the market for sustainable investments had a strong competitive position. Along with their usual investment patterns, 17% of respondents think it helps to maximize profits. According to 17% of respondents, there are several new chances because India is now adopting a new investment pattern.

ESG assets are anticipated to total more than USD 50 trillion by 2025, accounting for more than one-third of projected worldwide “assets under management (AUM)”. ESG investing is not only a trend in the investment world. For instance, the Assets under management of ESG funds in India reached INR 123 billion in 2021, more than 5 times from the previous year. In India, there are currently at least ten ESG mutual funds, and investors can now select from a variety of ESG indexes for benchmarking. Sustainable investments benefit organizations globally, not only in India, ESG investments are now being looked seriously by many investors for their portfolios. They are particularly interested in finding out the company's goals, values, and mission. On the other side, companies have a big responsibility to include ESG factors into their business models or risk losing potential investors (Kumar et al., 2022).

Case Summary

Which advantages of ESG investment are most significant to you?						
	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Advantages	**87**	**100.0%**	**0**	**0.0%**	**87**	**100.0%**

Table 12

Which advantages of ESG investment are most significant to you?				
		Responses		Percent of Cases
		N	Percent	
Advantages	Energy efficiency	**59**	**17.9%**	**67.8%**
	Climate change	**42**	**12.8%**	**48.3%**
	Waste and pollution control	**37**	**11.2%**	**42.5%**
	Health and safety	**53**	**16.1%**	**60.9%**
	Stakeholder concerns	**46**	**14.0%**	**52.9%**
	Board structure	**24**	**7.3%**	**27.6%**
	Remuneration	**26**	**7.9%**	**29.9%**
	Shareholder rights	**41**	**12.5%**	**47.1%**
	Other	**1**	**0.3%**	**1.1%**
Total		**329**	**100.0%**	**378.2%**

Table 13

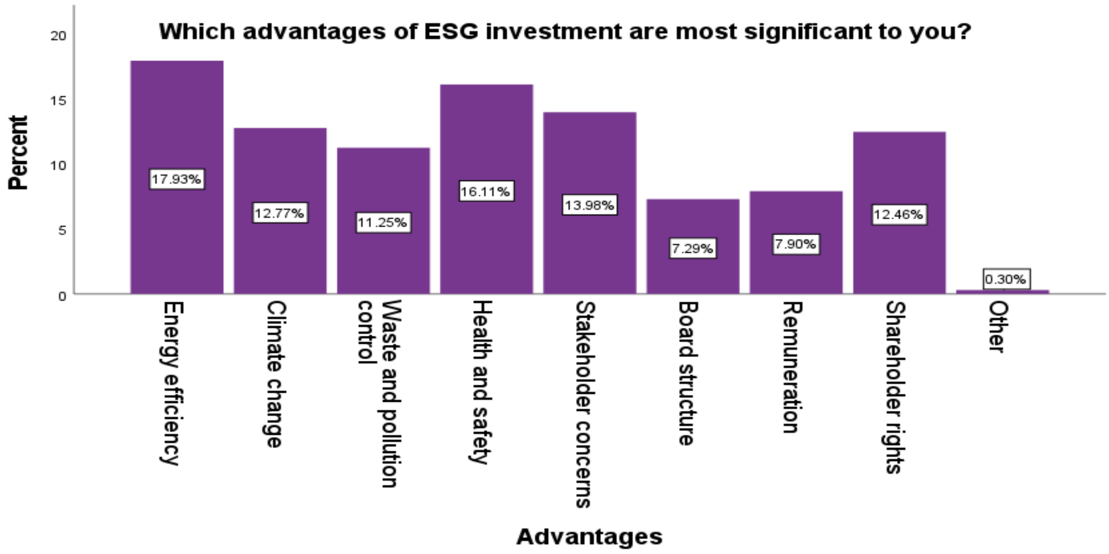

Chart 11

In this question the respondents were given a choice to select multiple choices. The total number of replies collected is displayed in Table 12, case summary. There were 87 participants in this survey. The respondents chose a certain number of multiple options, as shown in Table 13. There were 329 responses overall. The bulk of responses to the question "Which benefits of ESG investment are most important to them?" from respondents focused more on the environmental element than the social or governance factor. Energy efficiency received about 18% of the responses, followed by health and safety with 16%. Concerns from stakeholders were noted in around 14% of cases. The response rate for climate change was about 13%. Shareholder rights were accounted for at about 12%. 11% or so for pollution and waste management. 7% for the composition of the board and about 8% for remuneration.

Due to extreme weather catastrophes like the cyclones that destroyed the east coast and climate change, India lost an estimated $37 billion in 2018; also, 42% of India's territory experienced drought conditions in 2019. Considering these issues there is a change in governmental policy and business responsibility for climate change, sustainable development, and carbon emission reductions. India must cut its carbon footprint by 33–55% from 2005 levels by 2030 in accordance with the Paris Agreement. India's own renewable energy objectives include for a capacity rise of 175 GW by 2022, a 40% reduction in its reliance on fossil fuels, and the construction of 450 GW of new renewable energy capacity by 2030. India is currently ranked fourth in the world for established renewable energy capacity, fifth for solar capacity, and fourth for wind capacity. This progress can only be maintained with ongoing policy changes and greater sustainable investment (Obhan, 2021).

Case Summary

Which of the following factors most significantly contributes to investors' growing interest in sustainable investment?						
	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Factors	**87**	**100.0%**	**0**	**0.0%**	**87**	**100.0%**

Table 14

Which of the following factors most significantly contributes to investors' growing interest in sustainable investment?				
		Responses		
		N	Percent	Percent of Cases
Factors	Higher financial returns	**37**	**25.5%**	**42.5%**
	Low risk	**16**	**11.0%**	**18.4%**
	Market reputation and size of the firm	**34**	**23.4%**	**39.1%**
	Minimal regulation	**16**	**11.0%**	**18.4%**
	Niche market	**7**	**4.8%**	**8.0%**
	All of the above	**35**	**24.1%**	**40.2%**
Total		**145**	**100.0%**	**166.7%**

Table 15

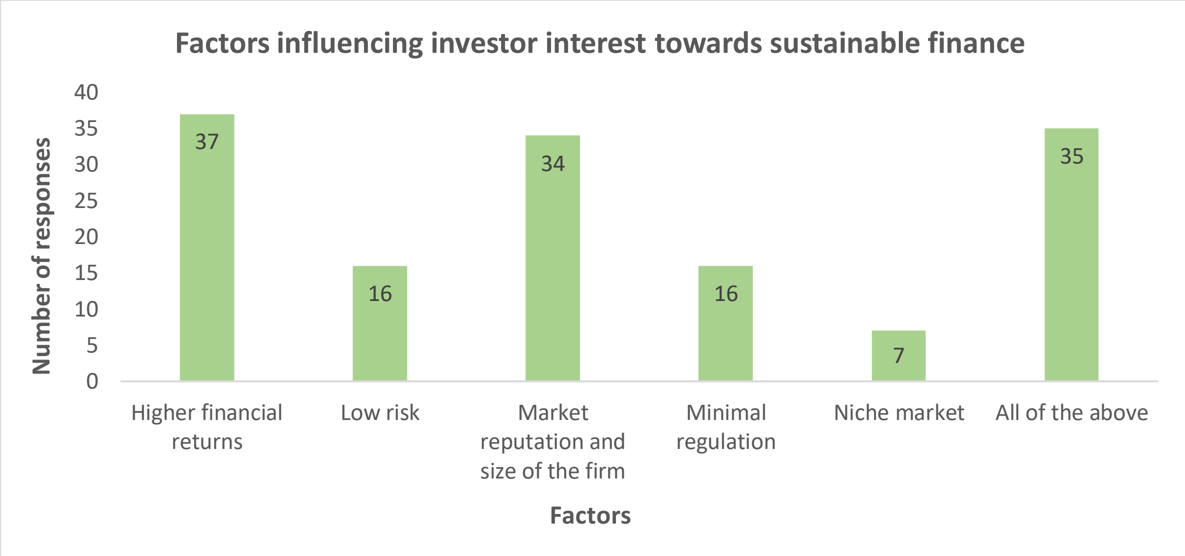

Chart 12

In this question the respondents were given a choice to select multiple choices. The total number of replies collected is displayed in Table 14, case summary. There were 87 participants in this survey. The respondents chose a certain number of multiple options, as shown in Table 15. There were 145 responses overall. A total of 37 responses were chosen for higher financial returns and 35 of the respondents choose all the aforementioned factors. A total of 34 responses were recorded for Market reputation and size of the firm. A total of 16 responses were chosen for both low risk and minimal regulation. 7 responses were recorded for Niche market.

A recent interview conducted by Bloomberg to the CEO of Waterfield Advisors Pvt, Somya Rajan discusses how ESG returns in India are increasing. Compared to peers, investing in companies with higher environmental, social, and governance scores produces high financial returns. The “MSCI India ESG Leaders Index” has increased by 400 basis points since its inception in 2007, higher than the overall “MSCI India index” (Sanjai, 2021). The top 1000 listed companies are required to submit sustainability reports to the regulator and publish in their websites. This in turn will earn good will for the company. Investors are continuously looking out for companies with good market reputation. Although now there is regulatory and reporting framework in India some respondents still feel there is minimal regulation in this sector as compared to conventional methods.

Case Summary

What potential ESG barriers can you identify from the list below?						
	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Barriers	**87**	**100.0%**	**0**	**0.0%**	**87**	**100.0%**

Table 16

What potential ESG barriers can you identify from the list below?				
		Responses		Percent of Cases
		N	Percent	
Barriers	Negative perception on financial returns	**43**	**13.4%**	**49.4%**
	Lack of awareness	**65**	**20.2%**	**74.7%**
	Lack of regulation	**39**	**12.1%**	**44.8%**
	Lack of framework	**43**	**13.4%**	**49.4%**
	Lack of governance	**39**	**12.1%**	**44.8%**
	Market volatility	**33**	**10.3%**	**37.9%**
	High capital investments	**27**	**8.4%**	**31.0%**
	Stakeholder conflicts	**32**	**10.0%**	**36.8%**
Total		**321**	**100.0%**	**369.0%**

Table 17

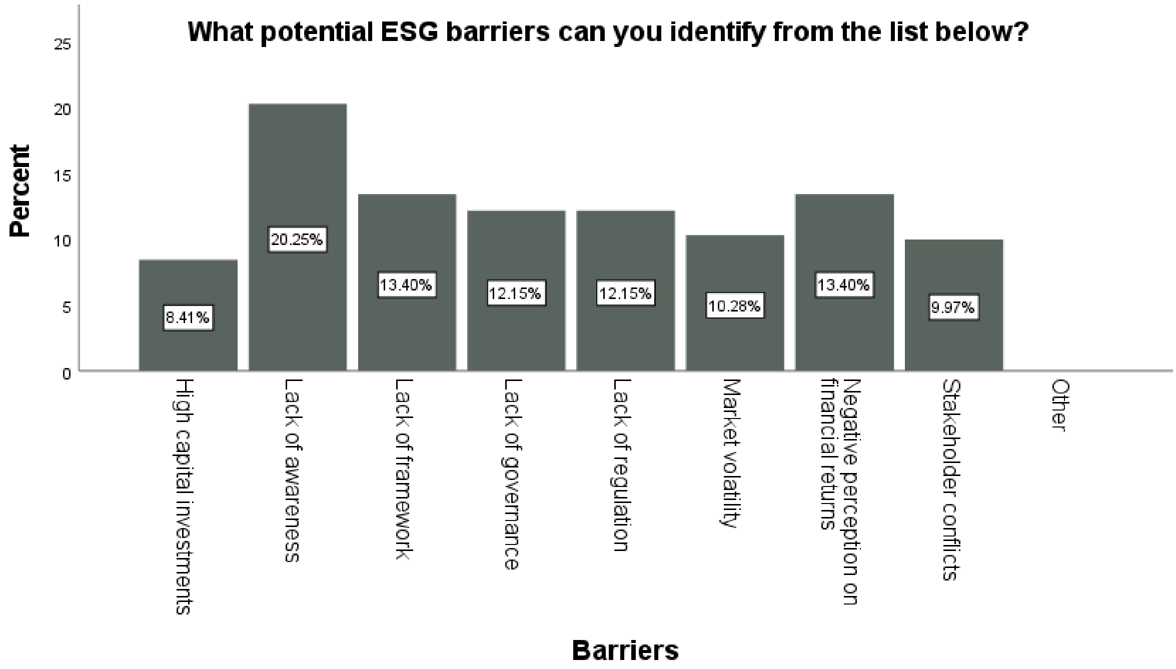

Chart 13

Here in this question the respondents were given a choice to select multiple choices. The total number of replies collected is displayed in Table 16, case summary. There were 87 participants in this survey. The respondents chose a certain number of multiple options, as shown in Table 17. There were 321 responses overall. Among all the above-mentioned potential barriers nearly 20% of the responses were recorded for lack of awareness on sustainable investments. Followed by approximately 13% of the responses were recorded for lack of framework and negative perception on financial returns. Around 12% of the responses were recorded for lack of regulation and Market volatility. 10% of the respondents selected stakeholder conflicts and 8% of the responses were received for high capital investments. It is very clear from the above barriers is that there is still lack of awareness about these investments in India. From the earlier question from the survey, “ Are you familiar with the concept of sustainable investments?” the responses received were nearly 18% of the respondents were not aware and approximately 20% of the responses were neutral. While ESG investing is progressively gaining popularity among businesses, there hasn't been enough advocacy for it, particularly in India. It is crucial to increase investor awareness of the advantages of ESG investment.

Correlation Analysis:

Correlation			
		factors most significantly contribute to investors growing interest in sustainable investment	Advantages from sustainable investments in India
factors most significantly contribute to investors growing interest in sustainable investment	Pearson Correlation	1	.608**
	Sig. (2-tailed)		<.001
	N	87	87
Advantages from sustainable investments in India	Pearson Correlation	.608**	1
	Sig. (2-tailed)	<.001	
	N	87	87

**. Correlation is significant at the 0.01 level (2-tailed).

Table 18

Correlation testing is done through SPSS software. Correlation test helps to find out whether two variables are related to each other or not. Two variables selected for this analysis are Factors influencing investors interest towards sustainable investments and the advantages or the benefits achieved from these sustainable investments in India. "The test statistic known as Pearson's correlation coefficient is used to assess the statistical association or relationship between two continuous variables. It provides details on the degree of the correlation or association between variables. Coefficient can range between -1 to +1 where -1 indicates perfect negative relationship, +1 indicated perfect positive relationship and 0 indicates no relationship between two variables" (Shevlyakov and Oja, 2016). From the table 18, the p-value used for the test is 0.01 and the correlation coefficient between these two variables are 0.608 which indicated that there is a strong relationship between these two variables. This means that Factors influencing investors interest towards sustainable investments and the advantages, or the benefits achieved from these sustainable investments are positively correlated to each other.

4.3 Discussion

The discussion of the findings from the survey results are presented in this section. The responses were collected mainly from investors and investment managers around 87% of the respondents were investors and 13% were investment managers. Because these groups have in-depth understanding of financial concepts and products related to investing, it was crucial to collect data from them rather than the broader public. The findings from the analysis signifies that most of the investors or investment managers who took part in the survey are familiar with the concept. Around 62% of the respondents were aware of the concept and understood how beneficial these investments could be in the long run. To promote funding of these types of investments and increase awareness of them, several significant projects have been launched in India (Ghosh, 2021). All these projects are taken by the Government of India to achieve SDG goals by 2030. This also increases sustainable investment opportunities and awareness among the public, investors, investment managers, financial institutions, and corporations.

ESG has recently risen to the forefront of everyone's attention because ESG can have many beneficial implications on a company's ability to conduct business, its application to the organization is crucial to its survival (Maya et al., 2020). Nowadays, majority of Indians base their purchases on social responsibility, inclusivity, and environmental effect. Recent research conducted by Capgemini research institute highlights that 79% of consumers in India are adjusting their buying patterns based on social responsibility or environmental effect. This indicates that sustainability has moved up the customer's priority list. Additionally, COVID-19 has raised consumer commitment to and understanding of sustainable consumption: Because of the COVID-19 situation, 67% of consumers stated they will use natural resources more sparingly, and 65% said they will be more conscious of the effects of their consumption. The less well-known products were more environmentally friendly, 53% of consumers overall and 57% of those between the ages of 18 and 24 switched to them. Consumers who identify with items or organizations they believe to be sustainable, report having an emotional bond with them. 64% of consumers conveyed purchasing sustainable goods makes them happy. This shows how important it is for businesses to include ESG metrices to succeed in the market (Alves, 2020).

Environmental, social, and governance (ESG) factors are impacting investments more and more, leading to the creation of specialized funds and market behaviors. In contrast to 46% of traditional investments, 77% of the ESG funds that first appeared ten years ago have survived.

In the future, it is expected that ESG and sustainable investment would grow rapidly. The percentage of assets under management with ESG mandates and practices is predicted to reach 33% by 2025. The main concern here is the returns generated by these types of investments. Investors have higher expectations in terms of returns. They want to make sure that enterprises will fulfil their commitments, and they anticipate that these funds will yield a competitive return (Hope, 2022).

The findings from the survey also shows that around 42% of the respondents are ready to compromise on the returns unless and until business incorporates the ESG criterion in their business model. This shows how much investors are concerned towards ESG investments and value created by them. When making sustainable investments, a investor concentrates on the contribution that the investment strategy will make to the advancement of environment or society as well as how the investment strategies will affect their ability to earn financial returns (Yeoh, 2019).

Sustainable business practices enable organizations to provide long-term value and develop opportunities for sustainable investing. The businesses' accessibility to value-based investing and subsequent maintenance of outstanding financial performances have also been made possible by sustainable investment (Robins, 2012). From the survey it was found that nearly 78% of the respondents agreed that this will enable organizations in long run. In the long run, even if not immediately, incorporating Environment, Social, and Governance (ESG) concerns into their fundamental strategy can help deliver value (Kardile, 2022). Sustainable investment benefits businesses by promoting socially responsible organizational practices, which are essential for surviving in the extremely competitive operating markets. On the other hand, it offers opportunities for organizations to gain sustainable competitive advantage. This assist business organizations in two ways to improve operational efficiency and boost productivity. The first is that sustainable investments are beneficial to businesses. Management resolves problems like environmental and social issues brought on by business operations, which helps to enhance the organization's brand image in the operational markets (Aho, 2013). Finding businesses involved in addressing global issues and then investing in them allows them to be able to grow is what sustainable investing is all about. It involves implementing better business practices and inspiring many individuals to work for sustainable investment (Rayer, 2017). This conveys how sustainable investments have positive impact on long term performance of the organisation.

Apart from this, ESG reporting is significantly increasing in India and globally. This allows companies to report their operations related to sustainable activities and be transparent to the public. This will enable companies to succeed in the long run. Investors are screening their investment decisions based on ESG criterion, so ESG reporting plays a very crucial aspect for the businesses. From the survey it was found that around 82% of the respondents agreed that ESG reporting, and disclosure will help organisation in long term performance. Starting with the fiscal year 2022-2023, the top 1,000 Indian publicly traded companies will have to produce a "Business Responsibility and Sustainability Report" (BRSR) that contains thorough ESG disclosures. The BRSR is required to be included in the annual report, as well as being sent separately to shareholders, publicized on the websites. An improved standard of ESG reporting by Indian enterprises will be a key tool in directing greater sums of money toward sustainable aims by rewarding companies that both promise and keep their ESG obligations. It is hoped that the BRSR framework will help provide investors with more beneficial and reliable ESG data (Kumar et al., 2022).

It is now obvious that reporting cannot continue to be the typical forward-looking, stock-taking, and performance measuring undertaking due to the shift of reporting standards, the beginning of the integration of key frameworks, and the drive for creation of long-term values by stakeholders. It must develop into integrating opportunity evaluation and measurements that look ahead, as well as business strategy development that shows an organization is taking a proactive rather than a reactive approach to environmental, social, and governance issues (Tyagi, 2021). ESG disclosure and the company's worth are positively correlated. The incorporation of ESG into the company's operations will enhance business performance and have a positive impact on the value of the company's stock (Li et al., 2018).A firm that is eco-efficient has a better market value than a company that does not have an environmental strategy. Environmental disclosures can affect a company's ability to sustain itself and improve its performance. Significantly, CSR was positively correlated with business performance (Shakil et al., 2019).

Based on the results, it is determined that a high financial return, low risk, market reputation and size of the firm, niche market, and minimal regulation are the major elements responsible for the growing interest among stakeholders in sustainable investments in India. From the survey results, it was found that majority of the respondents chose higher financial returns. A firm that is eco-efficient has a better market value than a company that does not have an environmental strategy. Environmental disclosures can affect a company's ability to sustain itself and improve its performance. Significantly, CSR was positively correlated with business performance (Shakil et al., 2019).

Advantages such has maximization of returns, good competitive position, long term performance are all great importance. Most respondents choose all the aforementioned benefits. In India, the value of assets under management for ESG funds increased by more than five times from the preceding year to INR 123 billion in 2021. At least ten ESG mutual funds are already available in India, and investors may now choose from several ESG indices for benchmarking. Sustainable investments assist businesses worldwide, not just in India. Many investors are now giving ESG investing serious consideration for their portfolios. They are very curious about the mission, values, and ambitions of the organization. On the other hand, businesses must take seriously their obligation to incorporate ESG considerations into their business plans or risk alienating potential clients (Kumar et al.,2022)

From the findings, it was found that nearly 65 responses were recorded for lack of awareness among investors. This also relates to the survey question when asked, " Are you aware about concept of sustainable investment?" nearly 18% of the respondents were not aware and approximately 20% of the responses were neutral. Although there is lot of funds invested in these types of investments in India. India's ESG market is still small compared to that off other developed countries. Only top 1000 publicly listed companies have mandatory regulatory framework and reporting system. The BRSR framework should soon take some actions to increase the investments in this sector and create economic value (Kumar et al.,2022).

The data findings show that sustainable investment significantly improves the performance and effectiveness of the organizations operating in various industries over the long term. It comes because of the importance of such investments in speeding up financial activity, offering financial responsibility, and promoting transparency in how businesses operate. From the findings, it was found that nearly 52% of the respondents agreed to all the factors. Together, these factors guarantee simplified business operations in accordance with the demands and interests of the major stakeholder groups. Apart from using ESG principles as the cornerstone of their investment strategy, investors also need to be aware of the long-term factors influencing the prosperity of the various countries, regions, and sectors in which they are investing.

According to the best-in-class strategy, the sector's "least awful" businesses can attract the most investment. The management can strengthen their environmental and social positioning and attract investment by comparing themselves to their peers. This strategy can motivate businesses in a competitive industry, opening the door for future investment opportunities. Investors can benefit greatly from the "best in class" strategy because it will help excluding out businesses that engage in unethical behaviour (Rayer, 2017). From the findings, it was found majority of the respondents chose energy efficiency. Companies should start funding initiatives related to energy efficiency, climate change adaptation or mitigation, health and safety, and education, as investors have grown increasingly informed and concerned Indian organizations need to try to keep track of their evaluation criteria for ESG principles and to be transparent.

Through the assessment of the organization's "extra-financial" factors using ESG standards, a sustainable investing approach is linked to profitable outcomes. Utilizing these criteria aids in achieving precision in the finance and investment process, which has been deemed important for achieving enhanced performance of the organization in long run (Heinemann et al., 2018).

Therefore, all the above-mentioned analysis, findings and discussion relates back to research question stated earlier in the study "How are sustainable investments affecting an organization's long-term performance in India?" It is evident that sustainability is now not only a big corporation issue; it affects the development of start-ups as well. A sustainable firm may attract a huge pool of capital, strengthen its corporate brand, and foster strong long-term growth, all of which are advantageous to both businesses and investors. Sustainable investments are increasing the interest of investors towards these investments, and it is considered valuable in terms of enhancing the organization's long-term performance in India.

4.4 Conclusion

According to the survey findings and academic literature, sustainable investments have a significant positive effect on the organization's long-term success. There will be greater opportunities for investors to think about these investments and maximize returns while also producing a social value as more projects and awareness are conducted.

CHAPTER - 5
CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

The main purpose of the research study was to find out the investor awareness level in ESG investing and to find out the impact created by these non-financial factors in long term performance of organisations in India. To investigate essential information in accordance with the goal certain objectives were stated at the beginning of the study which will now be addressed in this section.

The first objective chosen was to see whether the investors or investment managers in India are aware of this concept and to explore the factors which are leading to increase in demand by investors towards sustainable investments. Since a few years ago, there have been two new movements in the Indian financial market. The first is the rapid growth in the proportion of retail investors, and the second is the rising demand for sustainable investments. The number of significant companies committing to net-zero emissions in their portfolios and an increase in investment flows both show that there has been a noticeable shift in the financial sector for sustainable investments. Investors are now more concerned about the ESG issues and want to integrate this in their decision-making process.

From the survey it was found that majority of the respondents are aware of the concept. Secondly, the main factors which are influencing investors towards these investments are the higher financial returns, low risk, market reputation and size of the firm, niche market and minimal regulation. Companies that actively adopt ESG principles and have them incorporated into the business strategy are receiving significant investment from both individual and institutional investors. Given the current trend of sustainable investment, which has grown significantly in significance among individual millennial investors, sustainable investing is actively developing. Before making an investment in any company, institutional investors also take ESG criteria into account. In India, consulting firms have created metrics that place organizations in comparison to their competitors based on ESG factors. Because investors recognize the value of ESG practices for business success, it is essential for businesses to invest in them now to gain their interest in the future.

The second objective was to determine the aspects in which sustainable investing strategies has led to long-term organisational performance in India. Sustainability leads to enhanced innovation and competitive advantage, and businesses are seeing significant cost savings due to operational efficiency related to environmental sustainability. In addition, the additional cost-saving advantages and greater investor interest boost the company's reputation and financial performance. For this reason, it's critical for firms to handle the changes resulting from globalization, technology, society, consumer behaviour, and the relatively recent COVID-19. If not immediately, integrating “Environment, Social, and Governance (ESG)” considerations into their core strategy can contribute to delivering long-term benefit.

ESG ratings also plays a very crucial role in the long-term performance of the organization. Company with high ESG rating perform better than a company which has low rating. Investors are also considering these ratings in their investment decision process. Investors are starting to take social, environmental, and governance concerns into account when making strategic investment decisions as people today are growing increasingly concerned about the environment and societal well-being. This clearly demonstrates the necessity for companies to provide sustainable investment options to attract an increasing number of investors and support business growth in long run. There is a lot of financial accountability and improved transparency which also helps in achieving better performance in the market.

An economic shift in favour of sustainability in accordance with the Paris Agreement, in 2015. Between 2015 and 2030 in India, indicates a projected investment of USD 2.5 trillion. committed to fulfilling the Sustainable Development Goals (SDGs). The AUM of ESG funds in India in 2021 was INR 123 billion, about 5 times the AUM from 2 years prior. There are currently at least 10 ESG funds available in India, and investors may now select from a variety of ESG indexes when benchmarking their investments. So, the growth in this sector enables more investors to actively participate in this segment and the businesses will have more opportunities which will support them in long term performance.

The third objective was to know whether financial performance is the only objective of an investor or are there any changes in the investment style. In India, many investors are now in addition to conventional financial research, many investors seek to include ESG elements in the investment process. Investment firms gather ESG information on businesses as part of this and use this information to assess the risk and valuation of a stock. Investors are willing to evaluate a company's ESG performance in the same way they would assess any other traditional financial investment. Investors in the modern world have higher expectations for returns. Investors increasingly seek details on how companies are reducing their carbon footprint. They want to make sure that enterprises will fulfil their commitments, and they anticipate that these funds will yield a competitive return.

In addition to having lower volatility and higher returns on equity, ESG funds also had a longer lifespan: 77% of ESG funds that first appeared ten years ago are still around, compared to 46% of conventional funds. The conventional method of investments is less in practice investors are now considering ESG criterion to incorporate these into their decision-making process. Earlier financial performance was taken as a measure to assess the company's stock value, but now investors look out and screen companies based on ESG metrices and invest in those companies to generate financial returns with environmental value. From the survey also it is analysed that 42% of the respondents were willing to give up financial gains to achieve ESG value.

5.2 Recommendations

The last objective was chosen to give any recommendations by the researcher to include ESG investing and for continuous improvement in the performance of organisations in the Indian market. As Financial markets are highly regulated, sustainable investments being the niche market in India can benefit from light touch regulation. Light-touch regulation can promote exceptional development in sustainable financing while easing the regulatory load on financial firms in the industry. In comparison to other financial sectors, the sustainable segment is still modest in size but expanding. The sustainable finance sector can expand with the aid of minimal regulation. To increase the awareness among young individuals Government of India can promote these concepts or ideas in the form of academia or e- learnings courses to incorporate the basic understanding of the subject. This will help to increase the global problems and people can start to invest in this segment. ESG rating criteria should eventually be included to all the private companies and not just for public listed companies.

5.3 Further research

To explore the impact of non-financial factors on long term performance of the organisation in this study quantitative methods are used to analyse and interpret the data. However, for further research mixed method or an interview method will give new insights about the topic. Further future researchers can also do a comparative analysis between two stock market indices to evaluate the growth prospect and ESG performance. As ESG reporting and disclosure requirements in India are now increased. There is a whole new area to explore and work on the ESG reporting of India in a detailed manner by considering each funds ratings and its performance.

ABBREVIATIONS

“CRISIL : Credit Rating Information Services of India Limited”

“ESG : Environmental, Social and Governance”

“EU : European Union”

“GHG : Green House Gases”

“IOSCO : International Organisation of Securities Commissions”

“IRDAI : Insurance Regulatory and Development Authority of India”

“KPI : Key Performance Indicator”

“MSCI : Morgan Stanley Capital International”

“NGO : Non-Governmental Organisation”

“OECD : Organisation for Economic Co-operation and Development”

“SDG : Sustainable Development Goals”

“SEBI : Securities and Exchange Board of India”

“RBI : Reserve Bank of India”

REFERENCES

Aho, I. 2013. Value-added business models: linking professionalism and delivery of sustainability. Building Research & Information 41(1), pp. 110-114.

Aich, S.; Thakur, A.; Nanda, D.; Tripathy, S.; Kim, H.-C (2021) Factors Affecting ESG towards Impact on Investment: A Structural Approach. Sustainability, 13, 10868. https://doi.org/10.3390/su131910868

Amel-Zadeh, A.; Serafeim, G (2018) Why and How Investors Use ESG Information: Evidence from a Global Survey. Financ. Anal. J., 74, 87–103.

Andreas G.F. Hoepner, Ioannis Oikonomou, Zacharias Sautner, Laura T. Starks, and Xiao Y. Zhou, (2022) ESG Shareholder Engagement and Downside Risk. Finance Working Paper N° 671/2020.

Ashwin Kumar, N. C., Smith, C., Badis, L., Wang, N., Ambrosy, P., & Tavares, R. (2016). ESG factors and risk-adjusted performance: A new quantitative model. *Journal of Sustainable Finance and Investment*, *6*(4), 292–300. https://doi.org/10.1080/20430795.2016.1234909

Ashima Obhan and Shuchi Dutta, (2021) India: Sustainable Finance And India's Climate Goals Banerjee, X. Chang, K. Fu, T. Li, G. Wong (2015) Corporate environmental risk and the customer–supplier relationship.

Berry, T.C. and Junkus, J.C. 2013. Socially responsible investing: An investor perspective. Journal of business ethics 112(4), pp.707-720.

Blaise Hope, (2022). How ESG investment returns are growing as market evolves.

Brandt, S. (2014). Data Analysis: Statistical and Computational Methods for Scientists and Engineers. London: Springer Science & Business Media.

Brunner, P.H.; Rechberger, H. (2021) Waste to energy—Key element for sustainable waste management. Waste Manag., 37, 3–12

Borrego, M., Douglas, E.P. and Amelink, C.T. (2009). Quantitative, qualitative, and mixed research methods in engineering education. Journal of Engineering education 98(1), pp.53-66.

Bryman, A. (2016). Social research methods. Oxford university press.

Buchanan, E.A. and Hvizdak, E.E. 2009. Online survey tools: Ethical and methodological concerns of human research ethics committees. Journal of Empirical Research on Human Research Ethic 4(2), pp.37-48.

Castañer, X.; Oliveira. (2020) N. Collaboration, coordination, and cooperation among organizations: Establishing the distinctive meanings of these terms through a systematic literature review. J. Manag., 46, 965–1001.

Christensen, H.B., Hail, L. and Leuz, C., (2011). Capital-market effects of securities regulation: The role of implementation and enforcement pp. 1-50

Cohen, L., Manion, L. and Morrison, K. (2013). Research methods in education. Routledge.

Cornett, (2016). Greed or good deeds: An examination of the relation between corporate social responsibility and the financial performance of U.S. commercial banks around the financial crisis. Journal of Banking & Finance.

Craig, C. D. (2021). Sustainable finance starts with data. World Economic Forum. Available at https://www.weforum.org/agenda/2020/01/sustainable-finance-starts-with-data/

Davida Charney (2015) Getting to "How Do You Know?" Rather Than "So What?" From "What's New?", Technical Communication Quarterly, 24:1, 105-108. https://doi.org/10.1080/10572252.2015.975965

De Boer, I.; Cederberg, C.; Eady, S.; Gollnow, S.; Kristensen, T.; Macleod, M.; Meul, M.; Nemecek, T.; Phong, L.; Thoma, G.; et al. (2021) Greenhouse gas mitigation in animal production: Towards an integrated life cycle sustainability assessment. Curr. Opin. Environ. Sustain. 3, 423–431

De Francesco, A.J.; Levy, D. (2020) The impact of sustainability on the investment environment. J. Eur. Real Estate Res., 1, 72–87.

De Spiegeleer, J.; Höcht, S.; Jakubowski, D.; Reyners, S.; Schoutens, W. (2021) ESG: A new dimension in portfolio allocation. J. Sustain. Financ. Invest. https://www.emerald.com/insight/content/doi/10.1108/17539260810891505/full/pdf?title=the-impact-of-sustainability-on-the-investment-environment

Encyclopedia (2022) "Demographic Surveys, History and Methodology of ." Encyclopedia of Population. *Encyclopedia.com.* <https://www.encyclopedia.com>.

D.S. Dhaliwal, O.Z. Li, A. Tsang, Y.G. Yang (2021) Voluntary nonfinancial disclosure and the cost of equity capital: The initiation of corporate social responsibility reporting. The Accounting Review, 86 (1), pp. 59-100

EC, (2020). Overview of Sustainable Finance. European Commission.

Eccles, R. G., Kastrapeli, M. D., & Potter, S. J. (2017). How to Integrate ESG into Investment Decision-Making: Results of a Global Survey of Institutional Investors. Journal of Applied Corporate Finance, 29(4), 125-133.

Economic times, 2022 ,India slips 3 spots to rank 120 on 17 SDG goals adopted as 2030 agenda: Report

E. Duuren, A. Plantinga, B. Scholtens. (2016), ESG integration and the investment management process: Fundamental investing reinvented Journal of Business Ethics, 138 (3) pp. 525-533

Escrig-Olmedo, E.; Munoz-Torres, M.J.; Fernandez-Izquierdo, M.A. (2010) Socially responsible investing: Sustainability indices, ESG rating and information provider agencies. Int. J. Sustain. Econ., 2, 442–461.

Fatemi, A.M., Fooladi, I.J. (2013). Sustainable Finance: A New Paradigm. Global Finance Journal, 24(2), 101-113.

Friede, G.; Busch, T.; Bassen, A (2015). ESG and financial performance: Aggregated evidence from more than 2000 empirical studies. J. Sustain. Financ. Invest. 5, 210–233. https://www.tandfonline.com/doi/pdf/10.1080/20430795.2015.1118917?needAccess=true

Geels, F.W., (2013). The impact of the financial–economic crisis on sustainability transitions: Financial investment, governance, and public discourse. Environmental Innovation and Societal Transitions, 6, pp.67-95. https://reader.elsevier.com/reader/sd/pii/S221042241200069X?token=6F6F745407269BB02FA4742A9621FE732E68054E1D2182C971EB54FCFB9155193A92549759B7200EB2E8971ACF8C4C0E&originRegion=eu-west-1&originCreation=20220720215319

Glynda Alves, (2020) Majority Indians now purchase items based on social responsibility, inclusiveness, and environmental impact, The Economic Times. https://economictimes.indiatimes.com/magazines/panache/majority-indians-purchasing-based-on-social-responsibility-inclusiveness-and-environmental-impact/articleshow/77299600.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

G20 Sustainable Finance Study Group. (2018). Sustainable Finance Synthesis Report (Rep.). Argentina.

Gomes, C.M., Scherer, F.L., Gonçalves De Menezes, U.I.A.R.A., Da Luz Neto, R.O.B.E.R.T.O. and Kruglianskas, I (2013). Strategies of sustainable management and business performance: an analysis in innovative companies. International Journal of Innovation Management 17(05), p. 1350026.

Govardhana Rangan, M.G (2021) "*Why RBI should be careful while framing ESG lending rules*", Economic Times, (accessed from www.economictimes.com).

Hebb, T. 2011. The Next Generation of Responsible Investing. Ontario: Springer Science & Business Media.

Heinemann, K., Zwergel, B., Gold, S., Seuring, S. and Klein, C. (2018). Exploring the Supply Demand-Discrepancy of Sustainable Financial Products in Germany from a Financial Advisor's Point of View. Sustainability 10(4), p. 944.

Huber, B. M., & Comstock, M. (2017). ESG Reports and Ratings: What They Are, Why They Matter. Retrieved from https://corpgov.law.harvard.edu/2017/07/27/esg-reportsand-ratings-what-they-are-why-they-matter/

ICMA (2020). Sustainable Finance High-level Definitions. International Capital Market Association. Zurich.

James Chalmers, Emma Cox, and Nadja Picard (2021) The Economic Realities of ESG., Pwc.

Kamal, Y.; Deegan, C. (2013) Corporate Social and Environment-related Governance Disclosure Practices in the Textile and Garment Industry: Evidence from a Developing Country. Aust. Account. Rev., 23, 117–134.

Krosinsky, C. (2012). Sustainable investing: The art of long-term Performance. London: Routledge.

Krosinsky, C. (2012). Sustainable Investing: The Art of Long-Term Performance. London: Earthscan.

Krosinsky, C. and Robins, N. (2012). Sustainable investing: The art of long-term performance. NY: Routledge

Li, Y., Gong, M., Zhang, X. Y., & Koh, L. (2018). The impact of environmental, social, and governance disclosure on firm value: The role of CEO power. British Accounting Review, 50(1), 60–75. https://doi.org/10.1016/j.bar.2017.09.007

NEERAJ AKHOURY, (2021) " Now is the right time for businesses to ride the ESG wave", Forbes India.OECD https://www.oecd.org/financial/education/launchoftheoecdinfeglobalfinancialliteracysurveyreport.htm

Peterson K.Ozili (2021). Making sustainable finance sustainable Financial Internet Quarterly, vol.17/ no.3

Peylo, B.T.; Schaltegger, S. (2014) An equation with many variables: Unhiding the relationship between sustainability and investment performance. J. Sustain. Financ. Invest. 2014, 4, 110–126.

Preston, L. E., & Sapienza, H. (1990). Stakeholder management and corporate performance. Journal of Behavioral Economics, 19(4), 361e375.

Rayer, Q.G., (2017). Exploring ethical and sustainable investing. CISI, The Review of Financial Markets, 12, pp.4-10.

Reed, R.G.; Wilkinson, S.J (2005) The increasing importance of sustainability for building ownership. J. Corp. Real Estate, 7, 339–350. https://www.emerald.com/insight/content/doi/10.1108/14630010510700831/full/pdf?title=the-increasing-importance-of-sustainability-for-building-ownership

Refinitiv. (2020). Sustainable finance review. Refinitiv. https://www.refinitiv.com/content/dam/marketing/en_us/documents/reports/sustainable-finance-review-first-nine-months-2020-hsbc.pdf

Robins, N. (2012) Sustainable investing: The art of long-term performance. NY: Routledge.

Rodriguez-fernandez, M. (2016). Social responsibility and financial performance : The role of good corporate governance. Cuadernos de Economía y Dirección de La Empresa, 19(2), 137–151. https://doi.org/10.1016/j.brq.2015.08.001

Rule 8(5)(x) of the Companies (Accounts) Rules, 2014

Shevlyakov, L.G. and Oja, H. 2016. Robust Correlation: Theory and Applications. London: John Wiley & Sons.

Samie Modak, (2021) Female investor participation in India below global average, shows data, Business standard.

Samie Modak, (2022) ESG rating of 80% Indian firms just 'adequate' or 'below average': Analysis, Business standard.

Sanjai Bhagat, (2022) An Inconvenient Truth About ESG Investing, Harvard Business Review.

Saurabh, Ghosh., Siddhartha, Nath., and Abhishek Ranjan, (2021) .Green Finance in India: Progress and Challenges.

Saurav Kumar, Rohit Ambast, Shreya Chaturvedi (2022) : ESG REPORTING AND ITS FRAMEWORK IN INDIA, THE LEGAL 500.

Schwab K. (2015). The Global Competitiveness Report 2014-2015. WEF, Geneva

Securities and Exchange Board of India, (2021) "*Business responsibility and sustainability reporting by listed entities*", circular no. SEBI/HO/CFD/CMD-2/P/CIR/2021/562.

Shailesh Tyagi, (2021). How ESG reporting landscape is evolving in India.

Shakil, M. H., Mahmood, N., Tasnia, M., & Munim, Z. H. (2019). Do environmental, social and governance performance affect the financial performance of banks? A cross-country study of emerging market banks. Management of Environmental Quality: An International Journal, 30(6), 1331–1344. https://doi.org/10.1108/MEQ08-2018-0155

Shantanu Srivastava and Charvi Devprakash, (2022) "ESG Investing and Sustainability Reporting Trends in India”.

Sivananth Ramachandran and Mohan Kumar Prabhu. (2022) “ A peek inside Indian ESG funds”, The Economic Times. https://economictimes.indiatimes.com/markets/bonds/a-peek-inside-indian-esg-funds/articleshow/89381906.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Securities and Exchange Board of India, (2022) “*Consultation Paper on Environment, Social and Governance (ESG) Rating Providers for Securities Market*”, (accessed from www.sebi.gov.in).

Spears, J. (1985) Deforestation issues in developing countries the case for an accelerated investment programme. Commonw. For. Rev. 64, 313–343

Sreekumar Nair, A.; Ladha, R. Determinants of non-economic investment goals among Indian investors. Corp. Gov. Int. J. Bus. Soc. 2014, 14, 714–727

Swapnil Kardile (2022). “ Investing in sustainable practices today will help companies see RoI in next decade”, Social story.

Tim Stobierski, 2022 WHAT IS SUSTAINABLE INVESTING?

The rise of female investors in the post-pandemic era, Hindustan times, (2021).
Available at: https://www.hindustantimes.com/business/the-rise-of-female-investors-in-the-post-pandemic-era-101637933271258.html

United Nations Economic and Social Commission for Asia and the Pacific: What is Good Governance? Available online: https://www.unescap.org/sites/default/files/good-governance.pdf

United Nations. (2020). *The sustainable development agenda*. Available at. https://www.un.org/sustainabledevelopment/development-agenda/.

United Nations Economic and Social Commission for Asia and the Pacific: What is Good Governance? Available online: https://www.unescap.org/sites/default/files/good-governance.pdf

Vanderstoep, S.W. and Johnson, D.D. (2008). Research methods for everyday life: Blending qualitative and quantitative approaches (Vol. 32). John Wiley & Sons.

Van Duuren, E.; Plantinga, A.; Scholtens, B (2016) ESG Integration and the Investment Management Process: Fundamental Investing Reinvented. J. Bus. Ethics, 138, 525–533.

Who are the ESG Rating Agencies (SICM,2016). Retrieved https://www.sicm.com/docs/whorates.pdf

Williams, C. (2007). Research methods. Journal of Business & Economics Research (JBER) 5(3).

Yuthas, K. and Epstein, M.J, Measuring and Improving Social Impacts: A Guide for Non-profits, Companies, and Impact Investors; Berrett-Koehler Publishers: San Francisco, CA, USA, 2014; ISBN 9781609949792.

Yeoh, N. 2019. Sustainable Investing? Here's What Millennials Need To Know In The U.S. Available at: https://www.forbes.com/sites/neilyeoh/2019/10/26/sustainableinvesting-heres-what-millennials-need-to-know-in-the-u-s/#25efc3231e8a

APPENDIX : QUESTIONNAIRE

1. Age:
   a) 18-25
   b) 26-35
   c) 36-50
   d) ›50

2. Gender:
   a) Male
   b) Female
   c) Other

3. Are you an investor or investment manager?

4. Are you familiar with the concept of sustainable investment?
   a) Yes
   b) No
   c) May be

5. Would you be willing to give up financial gains to have a positive impact on non-financial ESG factors?
   Yes
   a) No
   b) May be

6. "Would Sustainable investment improve organisation's performance in the long run?"
   a) Strongly Agree
   b) Agree
   c) Neutral
   d) Disagree
   e) Strongly Disagree

7. How may sustainable investment techniques improve the long-term success of Indian organizations among the following?
   a) Improved economic transactions
   b) Enhanced transparency
   c) Improved financial accountability
   d) All the above

8. Do you consider ESG ratings/scores before making these sustainable investments ?

a) Yes
b) No
c) May be

9. Will ESG reporting, and disclosure be essential to the organization's long-term performance in the Indian market?

a) Strongly Agree
b) Agree
c) Neutral
d) Disagree
e) Strongly Disagree

10. What are the main advantages of sustainable investment in the Indian market?

a) Maximisation of returns
b) long term performance
c) Good competitive position
d) New untapped opportunities
e) All the above

11. Which advantages of ESG investment are most significant to you?

a) Energy efficiency
b) Climate change
c) Waste and pollution
d) Health and safety
e) Stakeholder concerns
f) Board structure
g) Remuneration
h) Shareholder rights
i) Other

12. Which of the following factors most significantly contributes to investors' growing interest in sustainable investment?

a) Higher financial returns
b) Low risk associated
c) Market reputation and size of the firm
d) Minimal regulation
e) Niche Market
f) All the above

13. What potential ESG barriers can you identify from the list below?
   a) Negative perception on financial returns
   b) Lack of awareness
   c) Lack of Regulation
   d) Lack of framework
   e) Lack of governance
   f) Market volatility
   g) High capital investments
   h) stakeholder conflicts
   i) other