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EDUCATION AND AWARENESS: PROMOTING GREEN FINANCE IN INDIA

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ABSTRACT

This research paper delves into the pivotal role of education and awareness in fostering green finance in India, a country striving to balance economic growth with environmental sustainability. Green finance, encompassing investments in renewable energy, sustainable agriculture, and climate resilience projects, is crucial for India to meet its environmental commitments and transition towards a low-carbon economy. The paper explores the current landscape of green finance in India, highlighting key challenges such as limited awareness, inadequate financial literacy, and fragmented institutional coordination. Through a comprehensive analysis of educational initiatives, regulatory interventions, and awareness campaigns, the study examines how various stakeholders can enhance public understanding and engagement in green finance. The findings underscore the necessity of a collaborative approach involving government, educational institutions, financial bodies, and civil society to create an enabling environment for green finance. The paper concludes with policy recommendations aimed at embedding green finance education in academic curricula, enhancing the capacity of financial professionals, and leveraging digital platforms to reach a broader audience. By promoting education and awareness, India can accelerate its journey towards a sustainable financial ecosystem, driving both environmental and economic benefits.

Keywords: Green Finance, Economic Development, Financial Literacy, Educational Institutions, Sustainable Investment, Decision Making.

1. INTRODUCTION

Climate change and environmental degradation have emerged as defining challenges of the twenty-first century, compelling nations to rethink the way economic growth is financed. India, as one of the world's fastest-growing major economies and among the largest emitters of greenhouse gases, occupies a critical position in the global effort to transition towards low-carbon, climate-resilient development. Having committed to achieving net-zero emissions by 2070 and to meeting ambitious Nationally Determined Contributions (NDCs) under the Paris Agreement, India faces an enormous financing gap that conventional finance alone cannot bridge.

Green finance has consequently gained prominence as a mechanism to channel capital into environmentally sustainable activities such as renewable energy, energy efficiency, sustainable agriculture, clean transportation, and climate adaptation infrastructure. It encompasses a wide array of instruments, including green bonds, green deposits, green loans, sustainability-linked loans, and ESG (Environmental, Social, and Governance) linked investment products. In India, momentum has been building steadily: the government issued its first Sovereign Green Bonds in 2022–23, the Reserve Bank of India (RBI) introduced a regulatory framework for Green Deposits in 2023 and followed it with more comprehensive Climate Finance and Management of Climate Change Risks directions, and the Securities and

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Exchange Board of India (SEBI) has strengthened disclosure requirements through the Business Responsibility and Sustainability Reporting (BRSR) framework.

Despite these regulatory advances, the flow of green finance in India remains constrained not primarily by the unavailability of capital, but by a persistent gap in awareness, understanding, and trust among key stakeholders — including retail investors, small and medium enterprises, rural populations, and even financial intermediaries themselves. Estimates suggest that meeting India's Net Zero target by 2070 will require a cumulative investment of over USD 10 trillion, a scale that cannot be achieved through public finance alone and therefore depends critically on mobilising private and household savings into green instruments. This is where education and awareness assume a central, and currently under-examined, role.

This paper argues that education and awareness are not peripheral, 'soft' components of the green finance ecosystem but foundational prerequisites for its success. Without a financially literate and environmentally conscious citizenry, even well-designed green financial products risk remaining under-subscribed, misunderstood, or vulnerable to greenwashing. The paper is structured as follows: Section 2 reviews the existing literature on green finance and financial literacy; Section 3 outlines the objectives of the study; Section 4 describes the research methodology; Section 5 presents the current landscape of green finance in India; Section 6 discusses key challenges; Section 7 examines the role of education and awareness initiatives undertaken by various stakeholders; Section 8 presents the findings and discussion; Section 9 offers policy recommendations; and Section 10 concludes the paper.

2. LITERATURE REVIEW

The concept of green finance has evolved considerably since it first gained international currency following the 2015 Paris Agreement and the adoption of the United Nations Sustainable Development Goals (SDGs). Scholars broadly define green finance as any structured financial activity that has been created to ensure a better environmental outcome, encompassing lending, investment, and insurance activities that support environmentally sustainable projects (Lindenberg, 2014; Zhang et al., 2019). In the Indian context, researchers have increasingly focused on the regulatory architecture built by the RBI and SEBI, noting that while green banking guidelines, priority sector lending norms for renewable energy, and green deposit frameworks have laid a strong foundation, the absence of standardised ESG metrics and weak enforcement mechanisms continue to hinder uniform implementation across financial institutions.

A parallel and equally important strand of literature concerns financial literacy in India. The National Centre for Financial Education (NCFE), operating under the mandate of the Financial Stability and Development Council, has conducted nationwide Financial Literacy and Inclusion Surveys (FLIS) that reveal persistently low levels of financial literacy — the 2019 survey placed the national average at approximately 27 percent, with significant regional and rural-urban disparities. Scholars such as Rath and Patra (2023) have characterised financial literacy as a composite of awareness, knowledge, skill, attitude, and behaviour necessary for sound financial decision-making, and have argued that without addressing this baseline deficit, any specialised literacy — including green or sustainable finance literacy — is unlikely to take root.

A smaller but growing body of work specifically addresses green financial literacy, defined as the ability of individuals to understand and evaluate sustainable investment products, assess climate-related financial risk, and make informed decisions that align personal savings with environmental outcomes. This literature highlights that green financial literacy is not merely an extension of general financial literacy but requires additional layers of

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understanding — such as the ability to interpret ESG disclosures, recognise greenwashing, and assess the credibility of green labels. Studies on green banking in India have found that while public sector banks have made visible efforts to publicise green deposit and green loan products, consumer uptake remains modest, largely attributed to inadequate marketing, limited product differentiation, and low customer awareness of the environmental impact of their financial choices.

International literature offers useful comparative insights. Studies of green finance education in the European Union and China indicate that embedding sustainability concepts into school and university curricula, alongside mandatory ESG training for finance professionals, has measurably improved both retail participation in green products and institutional-level integration of climate risk into lending decisions. These findings inform the present study's emphasis on curriculum reform and professional capacity-building as central levers for India. Overall, the literature converges on a consistent conclusion: the success of green finance policy in India will depend less on the sophistication of financial instruments and more on the extent to which education and awareness efforts can close the knowledge gap between policymakers, financial institutions, and the wider public — a gap this paper seeks to examine in greater depth.

3. OBJECTIVES OF THE STUDY

The present study is guided by the following objectives:

1. To examine the current landscape, instruments, and regulatory framework of green finance in India.
2. To identify the key challenges limiting awareness and participation in green finance among individuals, institutions, and enterprises.
3. To assess the role of educational institutions, government bodies, financial regulators, and civil society organisations in promoting green finance literacy.
4. To evaluate the potential of digital platforms and technology-enabled interventions in scaling green finance awareness.
5. To recommend policy measures for embedding green finance education within academic curricula and professional training frameworks.

4. RESEARCH METHODOLOGY

This study adopts a descriptive and analytical research design based primarily on secondary data. Information has been drawn from a wide range of credible sources, including reports and circulars issued by the Reserve Bank of India and the Securities and Exchange Board of India, publications of the Ministry of Finance and the Department of Economic Affairs, survey reports of the National Centre for Financial Education, industry reports on the Indian green finance and green bond market, and peer-reviewed academic literature on green finance, financial literacy, and sustainability education. The qualitative-analytical approach allows the study to synthesise regulatory, institutional, and academic perspectives into a coherent assessment of the education-awareness gap in India's green finance ecosystem.

The analysis proceeds in three stages. First, it maps the existing landscape of green finance instruments and regulatory initiatives in India to establish the institutional context. Second, it identifies recurring challenges reported across regulatory documents, industry reports, and academic studies, using thematic content analysis to group these challenges into categories such as awareness deficits, financial literacy gaps, and institutional fragmentation. Third, it evaluates ongoing and potential educational and awareness interventions against these

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identified challenges to derive practical, implementable recommendations. As the study relies on secondary sources, its findings should be read as an analytical synthesis rather than as originating from primary survey data; this is acknowledged as a limitation, and the paper suggests avenues for future primary research in its concluding section.

5. THE LANDSCAPE OF GREEN FINANCE IN INDIA

India's green finance ecosystem has expanded considerably over the past decade, driven by a combination of international climate commitments, domestic policy priorities, and growing investor demand for sustainable assets. The government issued its inaugural Sovereign Green Bonds in January 2023, and since then has raised over ₹440 billion (as of May 2025) through this route — a sum exceeding the combined issuance by financial institutions, corporates, and municipal bodies during the same period. The government's Framework for Sovereign Green Bonds, administered by the Department of Economic Affairs, mandates that proceeds be deployed exclusively in public sector projects that reduce the carbon footprint of the economy, with allocation and utilisation subject to audit by the Comptroller and Auditor General.

On the regulatory front, the RBI has progressively strengthened the institutional architecture for green finance. It established a dedicated Sustainable Finance Group in 2021, issued a Framework for Acceptance of Green Deposits in 2023 to bring transparency and accountability to bank-level green fundraising, and in late 2025 notified the Reserve Bank of India (Commercial Banks – Climate Finance and Management of Climate Change Risks) Directions, requiring banks to systematically assess climate-related financial risk and integrate it into existing risk management structures. The RBI has also recognised sovereign green bonds as eligible securities for meeting the Statutory Liquidity Ratio, a move intended to deepen institutional demand. SEBI, for its part, has expanded ESG-related disclosure obligations for listed companies through the Business Responsibility and Sustainability Reporting framework and has laid down requirements for listed green bonds, including mandatory public disclosure of project evaluation and selection criteria to guard against greenwashing.

At the market level, India's green bond market — while growing rapidly — remains modest in global terms, estimated at around USD 5.7 billion outstanding compared with a global green bond market exceeding USD 3.5 trillion. Corporate issuance has also picked up pace, with renewable energy companies raising funds through certified green bonds to finance solar and wind capacity expansion. Domestic sources continue to dominate green finance flows into mitigation-focused sectors, accounting for an estimated 83 percent of total funding between 2022 and 2023, underlining the importance of mobilising domestic savings — including household savings — into green channels. Taken together, this landscape reflects a policy environment that has matured significantly on the supply side of green finance, even as demand-side awareness and participation continue to lag behind.

6. KEY CHALLENGES TO GREEN FINANCE AWARENESS IN INDIA

6.1 Low Baseline Financial Literacy

India's general financial literacy rate, as measured by the NCFE's nationwide survey, stood at approximately 27 percent in 2019, with considerable variation across states and a pronounced rural-urban divide. Since green financial literacy builds upon foundational financial literacy, this low baseline severely constrains the pace at which awareness of specialised green instruments — such as green deposits, green bonds, or ESG mutual funds — can spread among the wider population.

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6.2 Limited Awareness of Green Financial Products

Many retail investors and small enterprises remain unaware of the existence, structure, and benefits of green financial instruments. Green deposits, despite regulatory encouragement, have seen limited uptake because banks have not adequately communicated how allocated funds are used or how they differ meaningfully from conventional deposits. Concerns have also been raised that draft regulatory guidelines permit green deposit proceeds to be parked in ultra-safe, liquid assets for extended periods without penalty for non-allocation, which — if not addressed — risks undermining public trust once awareness does increase.

6.3 Absence of Standardised ESG Metrics and Greenwashing Risk

The lack of uniform, verifiable ESG disclosure standards across financial institutions makes it difficult for even a financially literate investor to distinguish genuinely sustainable products from those that are 'green' in name only. This uncertainty discourages participation and places a premium on investor education focused specifically on how to read and interrogate green claims.

6.4 Institutional and Market Fragmentation

Green finance initiatives in India are currently spread across multiple regulators (RBI, SEBI, IRDAI, PFRDA), ministries, and public and private financial institutions, often operating with limited coordination. This fragmentation makes it difficult to mount a unified, consistent awareness campaign, and can lead to inconsistent messaging reaching different segments of the population.

6.5 Pricing and Demand-Side Volatility

Market evidence, such as the RBI's cancellation of sovereign green bond auctions in May 2024 and June 2025 despite oversubscription — because the yields demanded by investors exceeded the government's expectations — illustrates that domestic investor demand for green instruments is still price-sensitive and not yet anchored by a broad base of informed, mission-aligned retail investors. A deeper, better-educated investor base would likely provide more stable demand and reduce reliance on a narrow set of institutional bidders.

6.6 Limited Integration of Sustainability in Education Curricula

Concepts of green finance, sustainable investing, and climate risk remain largely absent from mainstream school and undergraduate curricula in India, and even within business and finance programmes, dedicated coverage is inconsistent across institutions. This leaves a generation of future investors, entrepreneurs, and financial professionals without structured exposure to the subject before they enter the workforce or begin making independent financial decisions.

7. THE ROLE OF EDUCATION AND AWARENESS INITIATIVES

Addressing the challenges outlined above requires coordinated action across four principal stakeholder groups: government and regulators, educational institutions, financial sector bodies, and civil society and digital platforms. Each has a distinct but complementary role to play.

7.1 Government and Regulatory Initiatives

The National Centre for Financial Education, established with support from all major financial regulators, has for over a decade run the National Strategy for Financial Education, distributing free financial education handbooks, target-group booklets, and digital finance guides — many translated into vernacular languages to widen reach among rural and semi-

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urban populations. Extending this existing, trusted infrastructure to explicitly cover green and sustainable finance concepts represents a low-cost, high-leverage opportunity, since it would not require building new distribution channels from scratch. The RBI's own communications around green deposits and the government's investor-facing material on Sovereign Green Bonds (including access through the RBI Retail Direct platform) are steps in this direction, but currently remain limited in scale and visibility relative to the size of India's retail investor base.

7.2 Educational Institutions

Universities, business schools, and professional bodies have a critical role in embedding green finance within formal curricula — not as a standalone elective but as an integrated component of core finance, economics, and commerce courses. Case-study-based teaching using Indian examples (such as sovereign green bonds, green deposit schemes, and BRSR disclosures) can make the subject more accessible and locally relevant to students. Business schools can further contribute through dedicated research centres, student-run sustainability investment clubs, and partnerships with financial institutions for experiential learning, such as analysing real green bond prospectuses or ESG disclosures as part of coursework.

7.3 Financial Sector Bodies and Professional Training

Banks, non-banking financial companies, mutual fund houses, and insurance companies are often the first point of contact between the public and green financial products, making front-line staff training essential. Professional certification bodies can strengthen this channel by incorporating green and sustainable finance modules into mandatory continuing-education requirements for financial advisors, relationship managers, and wealth managers, ensuring that the intermediaries advising retail customers are themselves well-versed in the products they recommend.

7.4 Digital Platforms and Civil Society

Given India's high mobile and internet penetration, digital platforms offer a particularly scalable channel for green finance awareness. Fintech applications, SEBI-registered online bond platforms, and mobile banking apps can integrate short, accessible explainers on green products at the point of investment decision-making — a moment when engagement and retention of information are typically highest. Civil society organisations and think tanks, meanwhile, play a valuable watchdog and advocacy role, scrutinising the credibility of green claims (as seen in critiques of draft green deposit guidelines) and thereby indirectly strengthening public trust in the ecosystem by holding institutions accountable.

8. FINDINGS AND DISCUSSION

The analysis presented in this paper points to several interlinked findings. First, India's green finance regulatory and institutional framework has advanced substantially over the past five years, encompassing sovereign green bonds, green deposit guidelines, climate risk management directions for banks, and enhanced ESG disclosure norms. This supply-side progress, however, has not been matched by a commensurate increase in demand-side awareness, creating an imbalance that manifests in modest green deposit uptake, price-sensitive bond demand, and periodic auction cancellations.

Second, the study finds that green financial literacy in India cannot be treated in isolation from the country's broader financial literacy challenge. With general financial literacy at only around 27 percent nationally, efforts to promote green finance awareness must be built upon, and integrated with, ongoing general financial literacy programmes rather than launched as a

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separate, parallel initiative. This suggests that the most efficient path forward lies in augmenting existing NCFE and regulator-led literacy infrastructure with green-specific content, rather than creating entirely new institutional channels.

Third, the absence of standardised, verifiable ESG metrics emerges as both a challenge and an educational opportunity. Teaching individuals and financial professionals how to critically assess green claims — rather than simply promoting green products — may do more to build durable, trust-based participation in green finance than awareness campaigns focused solely on product promotion. Fourth, the findings highlight those academic institutions and financial sector training bodies are currently underutilised as channels for green finance education in India, despite representing some of the most direct and credible touchpoints with both future and current financial decision-makers. Finally, digital and mobile channels represent a significant but not yet fully exploited opportunity, given India's scale of digital financial inclusion achieved through initiatives such as Jan Dhan-Aadhaar-Mobile (JAM) and the Unified Payments Interface (UPI), infrastructure that could equally be leveraged to deliver green finance education at scale.

9. POLICY RECOMMENDATIONS

Building on the findings above, this paper puts forward the following recommendations, organised by stakeholder group:

9.1 For Government and Regulators

- Integrate green and sustainable finance modules into the National Strategy for Financial Education and NCFE's existing literacy materials, including vernacular-language content for rural outreach.
- Mandate standardised, comparable ESG and green-labelling disclosure norms across all green financial products to reduce greenwashing risk and build investor confidence.
- Expand public investor education around Sovereign Green Bonds and the RBI Retail Direct platform to widen the domestic retail investor base and reduce dependence on price-sensitive institutional demand.

9.2 For Educational Institutions

- Embed green finance and sustainability concepts as a core component within undergraduate and postgraduate commerce, economics, and management curricula, rather than as an optional elective.
- Encourage case-study-based and experiential learning using Indian green finance examples, and support student-led sustainability investment clubs and research centres.

9.3 For Financial Sector Bodies

- Incorporate mandatory green and sustainable finance modules into continuing professional education requirements for financial advisors, bank staff, and wealth managers.
- Improve front-line communication of green deposit and green loan products, clearly explaining fund allocation and environmental impact to customers at the point of sale.

9.4 For Digital Platforms and Civil Society

- Leverage fintech apps, mobile banking platforms, and UPI-linked services to deliver short, contextual green finance explainers at the point of investment decision-making.

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- Support independent civil society monitoring of green finance claims to strengthen public trust and provide an accountability check on financial institutions and issuers.

A collaborative, multi-stakeholder implementation model — coordinated perhaps through a dedicated inter-regulatory green finance education task force — would help ensure these recommendations are pursued in a consistent and mutually reinforcing manner, rather than as isolated initiatives across different institutions.

CONCLUSION

India stands at a critical juncture in its transition towards a sustainable, low-carbon economy. The regulatory and institutional foundations for green finance — from sovereign green bonds to green deposit frameworks and climate risk directions for banks — have been substantially strengthened over the past several years. Yet, as this paper has argued, the success of these instruments in mobilising the scale of capital required to meet India's Net Zero 2070 commitment depends fundamentally on closing the persistent gap in financial and green finance literacy among the wider population. Education and awareness are not auxiliary to green finance policy; they are its precondition.

By embedding green finance concepts within academic curricula, strengthening the capacity of financial professionals, extending trusted government literacy infrastructure to cover green products, and leveraging India's extensive digital financial infrastructure, the country can build a more informed, engaged, and resilient base of green finance participants. Such an approach would not only accelerate the flow of both institutional and household savings into environmentally sustainable projects but would also help safeguard the credibility of the green finance ecosystem itself against the risks of greenwashing and investor mistrust. Future research employing primary survey data — particularly at the level of retail investors, small enterprises, and rural populations — would usefully extend the analytical synthesis offered in this paper and help quantify the direct impact of specific educational interventions on green finance participation in India.

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