



## 26. Green finance and sustainable development in achieving Viksit Bharat by 2047

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### **Abstract**

*India's vision to become Viksit Bharat by 2047, will require green finance and sustainable development to work together to create economic growth that includes everyone while also protecting the environment. This study illustrates the role of green investment in facilitating this transformation. This study highlights the rising requirements of green bonds and local and foreign investments (Renewable energy projects, ESG funds) that are good for the environment (reducing pollution, encouraging renewable energy, building economic stability). Secondary data from government institutions (IREDA, RBI, SEBI) and foreign institutions (OECD, CPI, IFC) provides trends analysis to examine the progress for last 5-10 years. Policies and schemes (like SGrBs, SEBI's BRSR Framework, RBI Climate Risk Framework, IFSCA Regulation) support these projects, focuses on encouraging green and sustainable investments, managing risks related to finance maintaining transparent reports, strengthening regulatory framework. The study suggests India's economy to be stable and environmentally balanced, boost job creation, healthier environment and stronger financial sector.*

**Keywords:** Viksit Bharat, Renewable energy, ESG funds, Finance.

### **Introduction:**

The growing severity of climate change, environment damage, and loss of natural resources have greatly impacted economic growth and financial development around the world. In response to these challenges the green finance has become an essential tool to channel financial system for environmental sustainability and long term economic sustainability.

Green finance broadly refers to banking and financial investments that support eco- friendly activities. Projects that directs towards sustainable development, environment friendly products and policies that focuses on reducing consequences of changing environment, conserving natural resources and stabilizing economy.

### **Background:**



During the 1980s and 1990s, the idea of promoting environmental stability began to emerge. In 2000s, mechanisms like Clean Development Mechanism (Under the Kyoto Protocol) were introduced, promoting investments in projects helping to reduce greenhouse gas emission.

The last decade has seen an accelerated growth and diversification of green finance. The Paris Agreement, 2015, has given a push to investment in projects that promote funding for coping with the changing climate.

### **Problem Statement:**

Even though there are numerous developments in various fields like Green bonds, ESG funds and renewable energy, but, still there is a gap in knowledge on effects of green finance operations and of its whole extent. Green Finance projects and product are widely accessible worldwide, however, their current availability in India is limited due to various factors.

The present study reflects the current landscape, scope, challenges and explores future prospects of green finance in India.

### **Literature Review:**

Green finance has become an important financial tool to address environmental problems and promote sustainable development. It means financial investments in climate change mitigation, pollution control, renewable energy projects and environmentally sustainable projects. The relationship between green finance and sustainable development has been researched extensively by researchers over the years. They have highlighted its contribution to economic growth with environmental sustainability.

#### *Green Finance and sustainable development:*

Green finance is of great significance to the achievement of carbon neutrality, environmental protection and sustainable economic development. The authors emphasized the significance of green investments and sustainable policies related to finance to accomplish the goals of global sustainability (Fu, Lu, and Pirabi, 2023). The role of green finance is to invest in eco-friendly projects and foster development in this field. The study finds that advancements in technology and supportive government policies can enhance the efficiency of green finance towards sustainable development (Woode, 2024).

#### *Green Finance and Economic Growth:*

Researchers have discovered that the use of green finance investments contributes to economic development because sustainable businesses will be established through green finance investments, leading to the job creation (Zhang et al., 2022). Inclusive economic development and efficient resource utilization are facilitated by sustainable investments and green financing. Green finance is recognized by academic literature as a tool for achieving sustainable economic development (Desalegn and Tangl, 2022).



### *Green Finance and Climate Change Mitigation:*

Climate change mitigation is among the main purposes of green finance. The researchers have underline the importance of finance for the purpose of cutting down carbon emission and developing a low-carbon emission and developing a low-carbon economy.

Green finance tools play a substantial role in terms of decarbonization and adaptation to climate change. Numerous scientific researches indicate that investment in renewable sources of energy, sustainable technologies, and infrastructure may lead to the achievements of the necessary results by countries (Fu et al, 2024).

### *Green Bonds and Sustainable Investments:*

Research shows that green bonds finance renewable energy, efficient transportations, waste management, and energy-efficient infrastructure.

Green bonds and sustainable investments are other key aspects of contemporary green finance. The rise in Environment, Social, and Governance (ESG) is another indication that sustainability is becoming increasingly important in finance matters (Mudalige, 2023).

### *Green Finance and Renewable Energy Development:*

Studies shows that green financing assists investors to invest in solar energy, wind energy, hydroenergy, and other renewable energies. Literature indicates that financial support such as green bonds, climate finance, and sustainable investment portfolios could speed up the adoption of clean energy and sustainable development (Muhmad et al., 2024).

The practice of green banking has become one of the significant elements of sustainable finance. It is stressed that banks could contribute to the goals of environment sustainability by making their activities environmentally sound. There is evidence showing that green banking results in responsible financing with low risk for the environment. It is observed that financial organizations are becoming more environmentally conscious by adopting sustainable policies and funding environmental protection projects.

### **Objectives of the Study:**

1. To comprehend the idea of green finance along with its importance in sustainable development.
2. To assess the present state of green finance in India
3. To analyze the various green financial tools including green bonds, ESG funds and financing renewable energy, in addition to regulatory framework supporting green finance in India.
4. To identify the challenges faced by green finance in realizing India's goal of sustainable development by 2047.

### **Hypothesis:**



H1: Green financing contributes towards sustainable development in India.

H0: There is no contribution of green finance to sustainable development in India.

### **Research Methodology:**

The current study regarding “Green Finance and Sustainable Development in India by 2047” is conducted in line with the descriptive and analytical research approach. This research tries to explore and analyze the concept of green finance, its present scenario, obstacles, future outlook in India.

#### *Research Design:*

This study employs the descriptive research methodology since the aim here is to understand the existing state of affairs in terms of green finance and its contribution towards sustainable development in India. This is also an analytical study because it analyzes different pieces of literature.

#### *Nature of Data:*

Secondary sources have been used in the study. Primary data, such as surveys and interviews has not been collected.

#### *Sources of data:*

Sources from where secondary data have been collected are as follows:

- Research articles and journal
- Government reports (RBI, NITI Aayog, etc.)
- International reports (World Bank, IEA, etc.)
- Books and published literature
- Online academic databases and websites

#### *Tools and Techniques:*

The study relies on qualitative research in order to analyze the gathered data. The data have been analyzed on the basis of thematic understanding of literature on green finance, sustainable development, green bonds, ESG funds, and financing renewable energy.

#### *Scope of study:*

The scope of the study will be constrained to analyzing the significance of green finance in fostering sustainable development in India, especially through identifying its present trends and opportunities as well as the future till the year 2047.

#### *Limitations of the study:*



- This study relies solely on secondary data, which might lack real-time insights from the field.
- Scarce long-term data on green finance for India.
- Results are interpretive in nature and subject to change depending on future occurrences.

### **Data Interpretation:**

Secondary data obtained from different sources, including published studies and government reports, shed light on various aspects of green finance and sustainable development in India. Green finance is essential for sustainable development because it uses financial resources to fund eco-friendly initiatives such as renewable energy, energy efficiency and sustainable infrastructure development. The majority of studies show that when countries implement green finance policies, they achieve positive environmental and economic results.

From the analysis of existing literature, it can be seen that green financial tools like green bonds, ESG funds, and climate finance have assumed greater significance in India despite having a smaller scale of operations as compared to those in developed nations. However, growth in the past few years has been consistent owing to growing government support and awareness. It can further be seen that the renewable energy segment in India is among the most benefited sectors from the concept of green finance, particularly with respect to the solar and wind energy segments.

The findings indicate that the institutional backing provided by RBI and other policy measures taken by NITI Aayog have ensured that the Indian green finance model is more robust. However, certain shortcomings in the true potential of the concept. A noteworthy finding was that certain obstacles, such as lack of knowledge and understanding, greenwashing issues, and weak market infrastructure, impede the development of green finance in India.

In general, the interpretation indicates that although green finance is making positive contributions to sustainable development, its present size in India is still developing. In case of more policy and financial backing, green finance could play an important role in helping India achieving its goals of sustainable development by 2047.

### **Conclusion:**

According to the research, green finance can make great contributions to sustainable development in India through the encouragement of investments that are environmentally friendly like green energy and bond. It allows for economic growth along with environmental protection. As evidenced from the results, it should be noted that green financing in India is in its development stage compared to international practice. Favorable state policy and regulation made the situation better but there are some difficulties as well.



In conclusion, green finance is very promising for contributing to sustainable development in India and making India a developed country by 2047. If there is more investment made in this area, the contribution of green finance would be even greater in the coming years.

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