

“ESG Investment: The New Agenda of Sustainable Development”

¹Ganesh Verma, ²Dr. Bharti Shukla

¹MBA 2nd Year Student, ²Assistant Professor,

^{1, 2}HMSD, Madan Mohan Malaviya University of Technology, Gorakhpur, Uttar Pradesh, India

Email - ¹ganeshverma20594@gmail.com , ²bhartimmec@gmail.com

Abstract: The Research Project on “ESG Investment: The New Agenda of Sustainable Development” is a deep study of different steps required for decision-making process of checking the viability of different projects ideas. Environmental social investment is new trend now and this paper tell about how developed nation right now following this and how India is leading a way ahead. Paper also discussed that how many mutual fund houses started in ESG investment.

Key Words: ESG Investment, Sustainable Development, Green finance, Social development

1. INTRODUCTION:

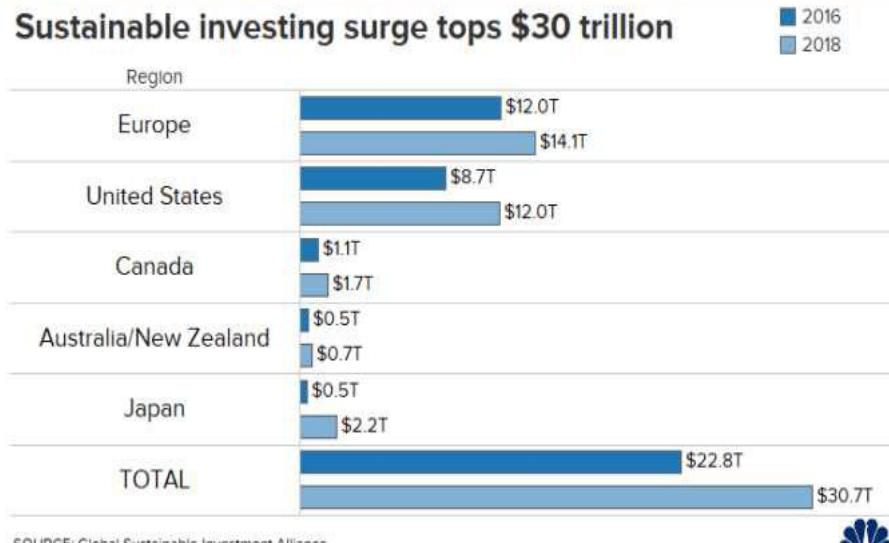
What is ESG? It stand for E= ENVIRONMENTA, S= SOCIAL, G=GOVERNANCE

- Environmental, social and governance (ESG) depends many things:

It measuring the sustainability and ethical impact of an investment. ESG for investments that seek positive returns and for long term impact on society, environment and business performance.

Ecological, social, and administration (ESG) are an undeniably mainstream way for financial backers to assess organizations in which organization they should contribute. ESG is can likewise assist financial backers with staying away from organizations and this is may represent a more prominent monetary danger because of their ecological or other factor. ESG contributing is the thought of ecological, social and administration (ESG) factors, with monetary elements, in the speculation dynamic cycle. Different factor like manageable contributing, socially mindful contributing, moral contributing and sway contributing all structure some portion of ESG contributing, with the assistance of ESG factors covering a very wide scope of issues just as trying not to put resources into tobacco organizations to financing clean water drives. Many shared assets, financier firms, and counsels presently offer items that utilize ESG rules and economical speculation.

Since hundred years prior, dependable contributing was generally about strict convictions affecting the selection of speculations that is presently about individuals' impression of themselves and their part in the public eye illuminating their venture system. ESG contributing beginnings were to a great extent dependent on prohibition - keeping away from the resource classes and areas considered to negatively affect society - anyway lately it has reached out to cutting edge activism, where financial backers straightforwardly mediate to institute positive change. Today, ESG is considered by some as a resource class and a speculation approach by its own doing. Financial backer inspirations for seeking after ESG fluctuate broadly, going from the all-around referenced good and strict convictions, to administrative and authoritative prerequisites, public and customer pressure, and monetary reasons.



Many ESG-related investment are available for selection by asset managers, and also in combination, and even though the market players have not settled on standard methodologies yet, ESG strategies can generally be clustered according to more active.

1.1. Research Gap: Significance of Study:

- Our study on this research paper will help in bringing about new marketing investing strategies and sustainable growth using ESG data.
- Areas and fields which require modifications can easily be tracked down using our methodology and further helps in developing new and most favorable marketing investing strategies which help in increased overall revenue and sustainable growth.
- Introduction to new era of developing marketing investing strategies in all sector can be studied and researched upon by corresponding our data.

1.2. Background &significance:

Many research shows that sustainability has natural phenomena benefits, and they are consistently integrated into business operations and increasing wealth also

- Brand Image & Competitive Advantage
Attract good employees, loyal customers & responsible investors
- Increased Productivity & Reduced Costs
Efficient operation conserves resources for the long run
- Increased Compliance
Ability to adapt with changing regulations in timely manner

2. LITERATURE & REVIEW:

Author	YEAR	Research paper title	Key findings
<i>Collins G Ntim</i>	2017	Environment, social, and governance (ESG)	This investigation zeroed in on financial backers to take speculation choices has perceived ESG rules and shortcoming existing in the conduct of financial backers as uncovered by the current writing with respect to social money. Hence, got of ESG range in speculation choices will decrease shortcoming in the dynamic cycle just as presentation of climate, social and administration. it will work on the general lead of associations and thinking about all partners for feasible development.
Elroy et al.	2019	Doing Well by Doing Good and take good decision for investment: A Systematic way to Increasing esg fund	This study aims on environmental, sustainable investing in different sector and increasing investment in green field
Austin J Bus Adm Manage	2017	Environmental governance and social report	It is initially defined is “the needs of the present without compromising the ability of future generations to meet their own need” the main motive of this things to increase sustainable investment in different sector and gives more return to investor.

2.1. Problem Statement:

The ESG investment depends many things as well as classified in different categories like environmental issue, social issue, and governance issue. The main motive for classified categories to increasing investment in different sector as well as understanding the factor of ESG

Environmental Issues	Social Issues	Governance Issues
Climate change and carbon emissions	Customer satisfaction	Board composition
Air and water pollution	Data protection and privacy	Audit committee structure
Biodiversity	Gender and diversity	Executive compensation
Deforestation	Employee engagement	Lobbying
Energy efficiency	Community relations	Bribery and corruption
Waste management	Human rights	Political contributions
Water scarcity	Labour standards	Whistle blower schemes

2.2. Research Objectives:-

- With the help of ESG data to predict which company are well positioned in the future And avoid those which are likely to underperform or fail.
- Find ways to integrate ESG investment into capital markets for sustainable development.

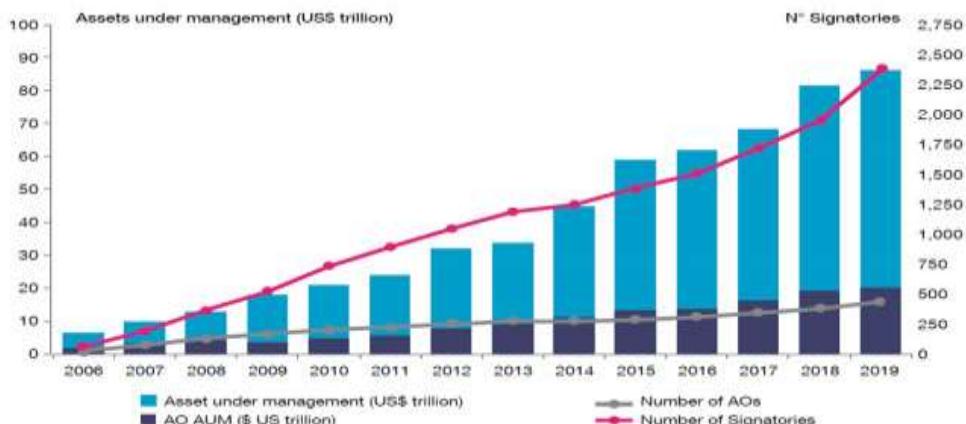
3. RESEARCH METHODOLOGY:

- Perform Literature Review To Related Investment
- Development Of Framework
- Factor Including In ESG Investing
- Analysis Of Review
- Identification Of Gap
- Setting For Future Agenda Providing Solution To Gap

4. DATA ANALYSIS AND INTERPRETATION:

- Almost all financial institutions' climate impact and risk is driven by the activities they finance in the wider economy, yet the data suggests that this is not yet where the focus is for a large number of institutions
- 49% of financial institutions indicate they do not conduct any analysis of how their portfolio impacts the climate at all.
- Only 25% of disclosing financial institutions report their financed emissions – 84 financial institutions worth US\$27 trillion of assets.
- For those 25%, on average, reported financed emissions are over 700x larger than reported operational emissions.

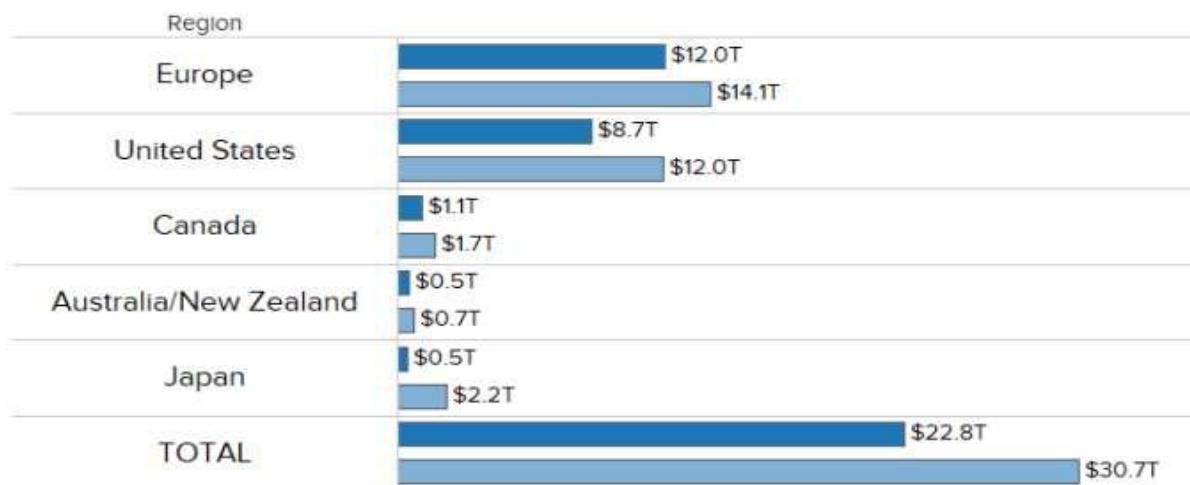
YEAR	NO.OF SIGNATORIES	ASSET MANAGEMENT(US\$ trillion)	AO AUM(\$US trillion)
2015	51	1600	300
2016	60	1750	350
2017	66	2000	400
2018	70	2250	450
2019	80	2500	500



Year 2018 Investment (in US\$ trillion)	Year 2020 Investment (in US\$ trillion)	REGION
12	14.1	EUROPE (17.5%)
8.7	12	UNITED STATES (37.931%)
1	1.7	CANADA (54.5455%)
0.5	0.7	AUSTRALIA (40%)
0.5	2.2	JAPAN (340%)

Sustainable investing surge tops \$30 trillion

■ 2016
■ 2018



SOURCE: Global Sustainable Investment Alliance



- On top of providing green finance, the finance sector must become green. The analysis shows just how key portfolio alignment is for financial institutions, those that have a low-carbon transition plan are mostly already taking actions to align their portfolio. 45% of banks are taking actions to align lending portfolios.
 - 48% of asset owners and 46% of asset managers are aligning investments. Only 27% of insurers are aligning underwriting portfolios, suggesting insurers' transition plans are currently focused on their investments.
 - To continue to thrive, financial institutions will need world; clear short- and mid-term milestones such as science-based targets for their portfolios can help them in achieving this.
1. Financial institutions definitely see opportunities for returns on financing the transition to a low carbon, deforestation free, water secure future – 76% see opportunities in offering sustainable finance products and services.
 - They highlight opportunities including green field investment– with potential financial impact up to US\$2.9 trillion
 - There are indications these opportunities could be realized, with potential impact outweighing the cost to pursue for most opportunities.

STOXX USA500 ESG-X(in%)	STOXX USA 500(in %)	SECTOR
10	12	Ind. Goods & Services
3	4	Insurance
7	5	Financial Services
25	22	Technology
10	11	Health Care

4.1. ESG funds available in India:

This is observed that people prefer to invest in public sector mutual fund rather than private sector (Kumar A & Shukla B, 2020). For that reason many public sector mutual fund schemes focuses on initiative of government i.e. increase in green field investment. In recent year there is increase in green field investment in India in different sector like as social environmental and govern to increasing efficiency of company. The main motive to increase investment in different investment as well as give more return to investor. In this scenario the ESG investment is essential for investor for increasing wealth as well as return. For this situation the green investment is take opportunities to investor to increasing investment for social works as well as concern about health of people.

4.2. SBI Magnum Equity ESG Fund:

In may 2018 the SBI magnum equity fund was increasing and classified of investment if different sector to got maximum return.

The equity holding of SBI magnum is 41

The main five holding companies is HDFC BANK, TCS, ICICI BANK, BHARTI BANK.

The investment design of this equity is 80% in stock and 20% in other equities or debt and money market instrument

5. ADITYA BIRLA SUN LIFE ESG FUND:

In December 2020 the Aditya Birla sun life fund was increasing and classified of investment if different sector to got maximum return to investor The equity holding of Aditya Birla sun life is 40.

The main five holding companies is HDFC BANK, AXIS BANK,, INFOSYS, BAJAJ FINANCE, SBI.

The investment design is 60%in large cap and remaining to small cap companies. it focused in ESG investment 40-50% in green investment. it also investment in international securities as well as debt

6. CONCLUSION:

- With the help of data collection of ESG investing in different sector I can say ESG investing is useful for sustainable development and increasing revenue as well as increasing return to investor.
- ESG investing is valuable for predict which company perform better in future and avoid those which are likely to underperform or fail.
- And finally most important things is integrate ESG investing into capital market for sustainable development and get higher return on equity.
- It also help to identify which sector are better for investor to increasing revenue of firm.
- The main motive of ESG investing is good wellness of health of people as well as good nature for sustainability.
- It gives positive return to investor to increasing wealth with the help of proper categories of sector of investment.
- I aspect the ESG investment is increasing in different sector in India in coming years.
- The main purpose of ESG investment to brings green investment in India.
- The main motive is to protect our nature as well as livings things through sustainable investment by investors

REFERENCES:

1. Ashley Ding, Dan Daugaard, Martina K. Linnenluecke, The future trajectory for environmental finance: planetary boundaries and environmental, social and governance analysis, Accounting & Finance, 10.1111/acfi.12599, **60**, 1, (3-14), (2020).[Wiley Online Library](#)
2. Aisha Kumar, Chaitanya Sravanthi Kommukuri, Chandan Bhavnani, Arnesh Sharma, 'Innovating pathways to sustainable finance in India', YES BANK, YES BANK website, 2018, https://www.yesbank.in/pdf/innovative_pathways_finance_india_pdf, (accessed 21st September 2019)
3. Abhishek Kumar, Bharti Shukla, 2020, "[Investors' Perception Towards Performance Evaluation On Public & Private Sector Mutual Fund-Conceptual Framework For Decision Making](#)" Tathapi Journal, PP: 241-257
4. Patrick Velte, Institutional ownership, environmental, social, and governance performance and disclosure – a review on empirical quantitative research, Problems and Perspectives in Management, 10.21511/ppm.18(3).2020.24, **18**, 3, (282-305), (2020).[Crossref](#)
5. Supporting the champions of ecological growth, Demeter website, <https://demeter-im.com/mwg-internal/>, (accessed 19th October 2019)
6. ESG Disclosures in Asia Pacific, CFA Institute, 2019, (accessed 21st September 2019)
7. Social and environmental Value Creation', CFA Institute and ACCA, 2019, (accessed 5th October 2019)
8. 'Exploring ESG: A Practitioner's Perspective', Blackrock, 2016, (accessed on 19th October 2019).