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Perceptions and Investment Behaviour towards Green Finance
An Empirical Study

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ABSTRACT

The Paper aims to examine investor perception, awareness, and return expectation on the green finance products in India. The study is a quantitative survey-based study, and data samples were collected from 400 individual investors in the urban and semi-urban areas via a structured questionnaire. Descriptive statistics, correlation analysis and crosstabulation methods were used to determine the impact of demographic factors on the way people are aware of the risks, their perceptions of the risks, and the way they want to invest. The research shows that the awareness of green finance among investors is moderate, and education and income level have a positive relationship with investment involvement. Green financial awareness investing in green finance became a highly important predictor of green finance adoption, whereas Awareness and return expectations are the strongest predictors, while risk perception appears to have little to no direct effect when combined with these other factors. The incentives provided by the government and transparent reporting were identified to increase investor confidence and participation. The paper adds to the future scope of sustainable finance in the developing world and offers empirical implications on how policymakers and institutions can make more people partake in the green investment opportunity.

Keywords: Green Finance, Investor Perception, Sustainable Investment, Behavioural Finance

INTRODUCTION

Green finance is based on the intersection of economic development and environmental stewardship, i.e. financial activities and investments that are directly aimed at promoting sustainable performance and transition to a low-carbon, resource-efficient global economy (Gupta & Patel, 2019). With the global economies facing the dual challenge of increasing and environmental accountability and responsibility, green finance has become not only a policy necessity but a strategic sphere of focus by investors to serve their own, their business and the values of the society (Bansal & Sharma, 2022).

Green finance is a range of financial products and services that are aimed at investing in projects that reduce climate change, increase energy efficiency, conserve biodiversity, and help manage land and water in a sustainable manner (Krushelnytska, 2018). Among them, it is possible to mention green bonds, green loans, green mutual funds, green insurance, and environmentally-oriented equity investments (Agarwal & Singh, 2023). The increase in digital technologies has also made access wider, with products like mobile green banking and digitally offered green mutual funds becoming more mainstream (Mehta & Joshi, 2023).

India, being among the fastest-growing economies globally and a key signatory to the global climate agreements, has adopted green finance, both in policy and market levels (Agarwal & Singh, 2023). The government efforts, such as tax incentives on renewable energy investments, regulation assistance on green bonds, and electric vehicle subsidised financing options, have increased the sustainable financial product ecosystem in the last few years (Kumar & Soni, 2021). Green finance all over the world is experiencing an upward trend of growth, and global collaboration has been accelerating the inflow of funds to sustainable projects, and the range of products to offer (OECD,

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2024). The younger generations, more sensitive to the environmental concerns and technological changes, are proving to have high interest in ecofriendly investments, usually affecting their families and acquaints to switch to greener financial services (Mehta and Joshi, 2023; Kumar and Kaushik, 2023).

The research objective of this study is to examine investor perceptions regarding the risks and returns of green finance compared to traditional financial products.

LITERATURE REVIEW

The concept of green finance, as established by major scholars and other financial entities, refers to ecologically sustainable development and mitigation of climate change effects, the conservation of natural resources, and financial products and investments (Kumar, 2021). Increased seriousness of environmental issues and the need to decarbonise the economies have been accompanied by the development of green finance across the globe due to international agreements like the Paris Accord and the Sustainable Development Goals (SDGs; Bhardwaj & Malik, 2022). Green finance is a complex of instruments, such as green bonds, green loans, sustainability-linked funds, and asset-backed securities, which channel capital into renewable energy, pollution control, efficient use of resources, and biodiversity protection (Flammer, 2021).

In response, the international financial architecture has intensified regulatory transparency and novel approaches, including the EU taxonomy of sustainable activities and the China Green

Credit Policy, which offer efforts to evaluate, monitor, and promote sustainable investments (European Commission, 2020; Wang & Zhi, 2016). These innovations will increase involvement and improve the transparency of the work so as to harmonise the activities of the private sector with the social climate targets. Integration of ESG (Environmental, Social, and Governance) is now widespread in both developed and emerging capital markets, improving risk management and leading to long-run returns, which can be proven by a variety of metaanalyses of investment performance (Friede et al., 2015). The companies that have a strong ESG rating perform better during economic crises and times of increased market instability, which supports the claim that being a good company through good does not only sound as an ethical motto but also as a good business practice (Clark et al., 2015; Statman & Glushkov, 2009).

The green finance ecosystem in India has been developing at a very fast pace in the last decade and is supported by the green policies of the country, the integration of climate action policies, as well as the growing involvement of the banking and non-banking financial sector (Reddy & Acharya, 2020; Gupta and Jain, 2021). The Indian climate promises, including its Nationally Determined Contributions (NDCs) along with a promise to install 450 GW of renewable energy capacity by 2030, form the basis of a trillion-dollar demand of the sustainable investment (Government of India, 2020). According to the International Finance Corporation (IFC), India will need about 3 trillion by the year 2030 to achieve its climate and sustainability goals in their entirety (IFC, 2017).

Investor perceptions of risk and returns, as well as social, regulatory, and informational dimensions, are always observed to be the determinant of the willingness to use green finance products in empirical literature (N R & Patil, 2025). A number of surveys and quantitative studies indicate that green finance products are becoming seen as competitive and even more so than conventional ones by investors, especially in long-term portfolio choices and reducing downside risk in response to market shocks (Flammer, 2021; Clark et al., 2015; Friede et al., 2015). High returns, the ability to diversify, tax advantages, government incentives, and stability in inflation and fluctuating macroeconomic variables are regularly mentioned as drivers in investing in sustainability-related funds and green bonds (N R & Patil, 2025).

Despite such good practices, obstacles still exist. The areas of concern raised by investors to apply include greenwashing (misrepresentation of products as sustainable), ambiguous or unsophisticated ESG measures, regulatory changes, and the lack of track records of many novel green instruments (Boffo and Patalano, 2020; Ameli et al., 2021). The lack of financial literacy complicates these problems, undermine trust and worsens the desire to invest funds in longer terms.

Demographic and behavioural factors tend to influence risk perception per se. More financially literate people

tend to be more confident about the ability to cope with sustainability risks, and less financially literate people might view green investments as more risky as they are relatively new and lack any established performance standards (Statman and Glushkov, 2009; Ng and Cumming, 2020). It has been found that opportunity recognition may include awareness of government incentives, tax breaks or institutional guarantees; these may change played an active role in this process and trigger investment (Chaudhry and Yadav, 2021; Bhattacharya and Ivanyna, 2021).

Recent findings have implied an increase in a so-called greenium, or the price premium, in green bonds, which implies increased demand, and people are ready to receive slightly lower yields in exchange of environmental gains (Ehlers & Packer, 2017). Green funds and ESG funds have been showing sustained performance partly because of diversification and policybased fiscal benefits (Kumar and Firoz, 2022).

ESG-oriented portfolios not only have provided competitive returns, but also reduced volatility and enhanced crisis response (Friede et al., 2015; Clark et al., 2015). Government policies in India, such as the National Clean Energy Fund, the renewable product support of IREDA, and guidelines on ESG integration set by the Securities and Exchange Board of India, are seen to be central to market development, yet the total green finance mainstreaming still needs more alignment of environmental goals with national/ banking policy (Securities and Exchange Board of India, 2021; Reserve Bank of India, 2022).

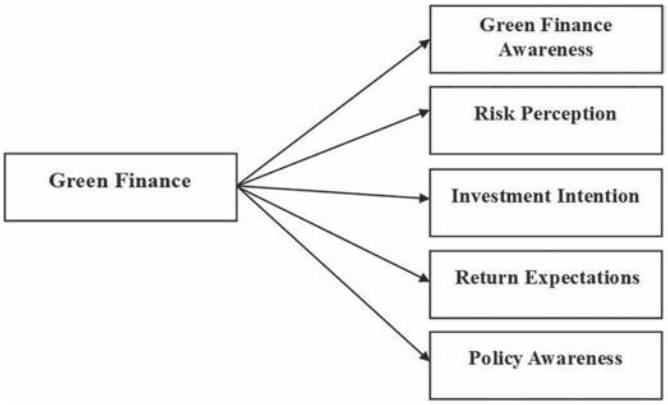

Figure 1: Conceptual Framework Model

The green finance growth opportunities are enormous with a governmental leadership, refinement of regulating policies, digital innovation, and participation in the sector by the business (Kumar, 2021; Bhardwaj and Malik, 2022). The main policy tools encompass better frameworks of issuing green bonds, direct stimuli of clean energy and infrastructure plans, and gradual implementation of the ESG factors in the main financial and investment strategy (Government of India, 2020; Reserve Bank of India, 2021).

The comparative research shows that market size, regulatory sophistication, and investor awareness of the green finance sector are lower in India than in world leaders, despite their growth and innovation (Reddy & Acharya, 2020). European, North American, and Chinese experiences highlight the importance of having standardized structures, increased institutional knowledge, transparency, and alignment between policymakers, financial institutions, and investors (European Commission, 2020; Wang & Zhi, 2016).

METHODOLOGY

The objective of the study is to determine how Green Finance Awareness, Risk Perception, Return Expectations, Policy Awareness and Investment Intention (independent variables) relate to green finance (the dependent variable) on individual retail investors in the National Capital Region (NCR) of the Indian stock markets. These relationships were tested using a quantitative, deductive research method (Chuahan, 2024; Filippin et al., 2024; Gafoor, 2024). The study was conducted in 2025. Primary data was collected using a structured questionnaire in the study among the target respondents. The respondents were picked using a non-probability convenience sampling technique. The 400 selected individual retail investors in the Indian NCR region were approached and selected in the sample on the basis of their availability and willingness to participate. Each respondent was provided with data through a self-administered questionnaire (both face-to-face and by means of the Internet). The questionnaire contained the questions that measured the factors of each independent variable and the outcome associated with the engagement in green finance. The questionnaire entailed about 24 measurement items that were well crafted to comprehensively measure each construct.

Each of the survey items was developed in the five-point Likert scale (1 as strongly disagree and 5 as strongly

agree) format to measure the degree of agreements by the respondents with each statement. To increase the reliability and validity of the constructs, all of them were operationalised using multiple indicators, which is the best practice in creating survey instruments (Ye and Dela, 2023). In this study, conceptual rigour and content validity were met by adjusting the research variables as well as measurement items based on the already validated measures. The Investor intention scale was made up of four items Ainia, N.S.N., and Lutfi, L. (2019). The instruments of risk perception of green finance investment were four items, relying on Akter et al. (2020) and Ainia and Lutfi (2019). Return expectations is a construct that has seven items referring to financial, reputational, and stakeholder-related benefits, grounded on Akter et al. (2020), Khan and Quaddus (2015), and Malsha et al. (2020). The knowledge of the green finance was evaluated on the basis of four questions created by Akter et al. (2020) that focused on familiarity, knowledge, and access to information. Lastly, the policy awareness was operationalised using seventeen items categorised into three dimensions, which included environmental (Zheng et al., 2021; Akter et al., 2018; Raihan, 2019), social, and economic implications of green finance. Such localised scales were well chosen and localised to suit the Indian retail investor environment. The statistical software used to analyse the collected data was the SPSS (version 27) to test how the independent variables affected the dependent variable. This method helped to conduct a systematic testing of hypotheses based on quantitative methods (Ye & Dela, 2023).

The five above listed factors were the independent variables in the analysis and the dependent variable was the Green Finance (representing the participation or support of sustainable financial investments by the investors). To summarize the profile of respondents demographically, as well as to get an overview of each significant variable (mean, standard deviation, frequency distributions, etc.), descriptive statistics were computed. The correlation and regression analysis of Pearson was carried out next to investigate the bivariate relationships among the independent variables (Green finance awareness, risk perception, return expectations, policy awareness, investment intention) and the dependent variable (green finance).

DATA ANALYSIS AND RESULT

The obtained data is statistically processed with the use of descriptive statistics to describe the demographics of the sample and distribution of responses as stated in the Table 1 (Malgaonkar, 2024; Narvekar, 2023). The correlational analysis and regression analysis were used to test the relationships between Perceptions and Investment Behaviour towards Green Finance by use of inferential statistical methods (Adhiyoko et al., 2022; Gupta, 2024).

Table 1: Demographic Profile of Respondents

Demographic Variable	*Category*	*Frequency*	*Percentage*
Gender	Male	261	65.2%
	Female	139	34.8%
Age Group	18–25 years	103	25.8%
	26–35 years	127	31.8%
	36–45 years	95	23.8%
	46–55 years	47	11.8%
	56+ years	28	7.0%
Education Level	High School	40	10.0%
	Graduate	177	44.2%
	Post-Graduate	152	38.0%
	Professional	31	7.8%
Annual Income	Below 3 lakhs	80	20.0%
	3–5 lakhs	103	25.8%
	5–8 lakhs	110	27.5%
	8–12 lakhs	69	17.2%
	Above 12 lakhs	38	9.5%

Source: SPSS

The researchers obtained a sufficient sample size of 400 respondents, recruited into the study to complete a structured questionnaire survey, which had sufficient statistical power. The demographic analysis showed that the sample mostly comprised of males (65.2%), with the greatest proportion of 26-35 years (31.8 percent), and 18-25 years (25.8 percent). The sample was well-educated, though educational qualifications were 44.2% graduates and 38.0% postgraduate degree holders. The income distributions were concentrated in the middle-income categories of 27.5% of earning 5-8 lakhs years and 25.8% of earning 3-5 lakhs/ years. Income Distributions as mention in the Table 1.

Reliability Analysis

Reliability of the multi-item constructs was assessed using Cronbach's alpha. Table 2 below presents the item-total statistics for each construct, including the corrected item-total correlations. These construct was measured by multiple Likert-scale items. All items show strong item-total correlations (≥ 0.70).

Table 2: Reliability Analysis

Items	*Cronbach's Alpha*
Green Finance Awareness	0.81
Risk Perception	0.83
Return Expectations	0.73
Policy Awareness	0.78
Investor Intention	0.82

Source: SPSS

The level of reliability of the Green Finance Awareness scale is high (α = 0.81). The four awareness items have a strong correlation with the overall score and they therefore appear to measure the same underlying construct which is awareness. Elimination of any of the items would not contribute significantly to reliability which can be justified by the fact that each of the items has a significant contribution to the scale.

Cronbach Alpha of Risk Perception, Return expectations, Policy awareness and Investment intention, which depicts good reliability. The Risk Perception scale (α = 0.83) is a valid measure. Those respondents who concurred that green investments are risky in many aspects were likely to score consistently to these five statements. The outcomes scale of the Green Finance is very trustworthy (α = 0.844). The 24 item all have strong correlations with the total score (item-total correlations vary between 0.70 and 0.90) meaning that those who acknowledge one of the benefits of green finance will also acknowledge other benefits. The Cronbachs alpha is very high which implies that there is a coherent underlying attitude towards the benefits of green finance. This scale is comprehensive and expresses positive perception of green finance results in a general manner by respondents.

Validity Analysis – Exploratory Factor Analysis (EFA)

In order to measure the construct validity, an Exploratory Factor Analysis (principal components extraction with Varimax rotation) was run on the survey items that comprised the key constructs. The Kaiser-Meyer-Olkin (KMO) value of the sampling adequacy was 0.932, which implies that the data is very appropriate to use in performing analysis of factors. The Test of Sphericity of Bartlett was very significant (kh^2 (666) = 12055.14, p = <0.001), which proves that the inter-item correlations are adequate to do a factor analysis.

The EFA revealed a clear factor structure broadly aligning with the theoretical constructs. Based on eigenvalues > 1 and interpretability. These factors explained a cumulative 75.0% of the variance in responses. Table 3 presents the rotated factor loadings for each item on the six extracted factors (loadings < 0.30 are suppressed for clarity). Cross-loadings (items with substantial loadings on more than one factor) are shown where applicable.

Table 3: Rotated Component Matrix (Varimax) – Factor Loadings

Survey Item (abbreviated)	*Factor 1*	*Factor 2*	*Factor 3*	*Factor 4*	*Factor 5*
RE1				0.81	
RE2				0.81	
RE3				0.67	
RE4				0.79	
RE5				0.74	
PA1					0.64
PA2					0.67
PA3					0.68
PA4					0.48
PA5					0.46
II1			0.85		
II2			0.83		
II3			0.81		
II4			0.65		
GFA1	0.72				
GFA2	0.67				
GFA3	0.74				
GFA4	0.72				
GFA5	0.73				
RP1		0.78			
RP2		0.79			
RP3		0.78			
RP4		0.78			
RP5		0.72			

Source: SPSS

Table 3 presents that Factor 1 has high loadings for items describing the green finance awareness. Factor 2 is characterized by strong loadings of the five risk perception constructs. Factor 3 includes the four items, reflecting Investment Intent. Factor 4 is driven by the comparative judgment items, indicating a Return Expectation factor that encompasses relative risk and return expectations. Factor 5 has high loadings on items related to environmental impacts and conceptual aspects of green finance. Most items loaded strongly on their intended factors with minimal cross-loading. "Green finance" outcome items cross-loaded between Factor 1 and Factor 5, suggesting that respondents who recognise environmental benefits often also recognise financial benefits, albeit the rotation separated these themes. Overall, the EFA supports the construct validity of the survey: items intended to measure the same construct cluster together, and the factors correspond to the key theoretical constructs (Green Finance awareness, risk perception, return expectations, etc.), with the multi-faceted Green Finance outcome variable showing two closely related sub-dimensions (environmental vs financial benefits).

Descriptive Statistics

Table 4 presents descriptive statistics (Mean, Standard Deviation, Minimum, Maximum) for all relevant individual survey items. Table 5 summarises the descriptive statistics for the main composite variables (constructs), where multi-item scales have been averaged into a single score.

Table 4: Descriptive Statistics for Individual Survey Items

Survey Item (abbreviated)	*Mean*	*SD*	*Min*	*Max*
GFA1	3.73	1.18	1	5
GFA2	4.17	0.73	2	5
GFA3	4.18	0.74	1	5
GFA4	3.11	1.25	1	5
RP1	4.16	0.83	1	5
RP2	4.14	0.83	1	5
RP3	4.09	0.82	2	5
RP4	4.05	0.85	2	5
RP5	2.45	1.24	1	5
RE1	3.17	1.15	1	5
RE2	2.94	1.22	1	5
RE3	4.33	0.68	1	5
RE4	4.21	0.75	1	5
RE5	4.34	0.70	2	5
PA1	4.12	0.79	1	5
PA2	4.16	0.74	1	5
PA3	4.15	0.74	1	5
PA4	4.21	0.73	2	5
PA5	4.26	0.70	2	5
II1	4.27	0.66	2	5
II2	4.24	0.70	2	5
II3	4.20	0.79	1	5
II4	4.20	0.72	2	5

Source: SPSS

Table 5: Descriptive Statistics for Main Variables (Composite Constructs)

Variable	*Mean*	*SD*	*Min*	*Max*
Green Finance Awareness	3.27	0.74	1.00	5.00
Risk Perception	2.79	0.73	1.00	5.00
Return Expectations	2.39	1.05	1.00	4.00
Policy Awareness	0.76	0.43	0.00	1.00
Investment Intention	0.96	0.19	0.00	1.00
Green Finance	3.65	0.55	1.00	5.00

Source: SPSS

At the construct level, Table 5 presents that Green Finance Awareness has a mean of 3.27 (SD = 0.74) on a 5-point scale, indicating that overall awareness of green finance is slightly above the mid-point (moderate awareness). Risk Perception has a mean of 2.79, relatively low on the 5-point agreement scale, reinforcing that, on average, respondents do *not* strongly perceive green investments as risky or worrisome. The average for Return Expectations is 2.39 on a 1-5 scale (where a lower value here implies expecting relatively *lower* or equal returns for green investments compared to traditional). This suggests that many respondents are somewhat sceptical about green finance returns, on average, leaning toward expecting *lower returns* than conventional investments.

Policy Awareness is high 75.8% of respondents answered that government policies and incentives influence their investment decision. Likewise, Investment Intention is extremely high – 96.2% of respondents indicated that they would recommend investing in green finance products to others. This near-ceiling result signals very strong positive intention or endorsement of green investments among the sample. Finally, the composite attitude toward Green Finance outcomes is quite positive (mean = 3.65 out of 5, SD = 0.55). This suggests that, overall, respondents agree

Table 6: Pearson Correlations Between Key Variables

Variable	*GF Awareness*	*Risk Perception*	*Return Expectations*	*Policy Awareness*	*Investment Intention*	*Green Finance (DV)*
Green Finance Awareness	1	-0.20	-0.25**	0.80**	0.12*	0.83**
Risk Perception	-0.20**	1	0.79**	-0.01	-0.13**	-0.33**
Return Expectations	-0.25**	0.79**	1	-0.41**	0.01	-0.40**
Policy Awareness	0.80**	-0.01	-0.41**	1	-0.01	0.74**
Investment Intention	0.12*	-0.13**	0.01	-0.01	1	0.77**
Green Finance (DV)	0.83**	-0.33**	-0.40**	0.74**	0.77**	1

Source: SPSS

Note: GF Awareness = Green Finance Awareness; Return Expectations, higher values indicate perceiving higher returns for green finance; Policy Awareness Investment Intention Significance: $p < 0.05$ = ; $p < 0.01$ = *

that green finance yields significant benefits. The relatively small standard deviation for this outcome scale reflects a consensus among most respondents, a favourable view of green finance's impact.

Pearson Correlation Matrix

Table 6 shows the Pearson correlation coefficients among all the main variables in the study: Green Finance Awareness (GFA), Risk Perception (risk concerns), Return Expectations, Policy Awareness, Investment Intention, and the Green Finance outcome variable. For multi-item constructs, composite scores (the mean of the items) are used. Correlations are two-tailed, with significance indicated by $p < 0.05$ () and $p < 0.01$ (*).

Correlation results provide evidence for the study: Green Finance Awareness is positively and strongly correlated with the attitude towards Green Finance outcome ($r = 0.83$, $p < 0.01$). This indicates that respondents who are more knowledgeable about and familiar with green finance tend to have a more favourable view of green finance and its benefits. Risk Perception is negatively associated with the Green Finance attitude ($r = –0.33$, $p < 0.01$). In other words, respondents who see green investments as risky or have more concerns tend to view green finance less favourably overall. Risk perception also correlates negatively with investment intention ($r = –0.13$, $p < 0.01$); higher perceived risk is linked to a lower likelihood of recommending or intending to invest in green finance. Return Expectations show a significant negative correlation with the Green Finance outcome attitude ($r = –0.40$, $p < 0.01$). (higher values on Return Expectations indicate believing green investments' returns are higher relative to traditional), This negative relationship suggests that those who expect lower returns from green finance (i.e., who gave a low rating on that question) have a less favourable attitude toward green finance. Policy Awareness is positively correlated with the Green Finance attitude ($r = 0.80$, $p < 0.01$). Policy awareness itself did not correlate significantly with risk perception or investment intention in this sample, suggesting that simply being aware of policy incentives is relatively independent of one's personal risk concerns or willingness to invest. Investment Intention (willingness to recommend or invest) is positively related to the Green Finance outcome attitude ($r = 0.77$, $p < 0.01$). This suggests that respondents who intend to invest (or endorse investing) indeed have a somewhat more favourable overall attitude toward the benefits of green finance. Given the very high overall level of intention, the correlation size is modest but significant. Interestingly, intention is negatively associated with risk perception ($r = –0.13$, $p < 0.01$), meaning that those with lower intention tend to perceive more risk. Intention did not show a significant correlation with return expectations

Table 7: Model Summary

Model	*R*	*R Square*	*Adjusted R Square*	*Std. Error of the Estimate*
1	0.770	0.592	0.587	0.354

Source: SPSS

Note: $F(5, 470) = 136.22$, $p < 0.001$. The model explains about 59.2% of the variance in the Green Finance outcome (perceived benefits/impact), indicating a moderately strong fit. The adjusted $R^2 = 0.587$ is close to R^2, suggesting no overfitting. The overall regression is highly significant (F-test $p < 0.001$), meaning that the predictors collectively have a significant effect on the Green Finance outcome.

Table 8: Coefficient Estimates

	Unstandardized B	*Std. Error*	*Standardized Beta*	*t*	*Sig.*
(Constant)	1.090	0.160	–	6.824	0.000
Green Finance Awareness	0.555	0.036	0.578	15.634	0.000
Risk Perception	–0.018	0.025	–0.024	–0.723	0.470
Return Expectations	0.150	0.023	0.217	6.594	0.000
Policy Awareness	0.138	0.040	0.107	3.442	0.001
Investment Intention	0.102	0.041	0.088	2.513	0.012

Source: SPSS

Note: Unstandardized B = regression coefficient; Std. Error = standard error of B; Standardized Beta = beta coefficient in standardized units; Sig. = p-value. Dependent Variable: Composite Green Finance Outcome (perceived benefits/impact).

or policy awareness after controlling for other factors. Awareness and positive perceptions are correlated with greater intention and favourable attitudes, whereas higher risk perceptions are correlated with lower intention and a less favourable view of green finance. Moreover, perceiving strong returns and a supportive policy context tends to coincide with positive attitudes. All significant correlations are in a direction consistent with the theoretical framework of the study.

The positive influence of Green Finance Awareness on the outcome is also strong (B = 0.555, p < 0.001). This means that the average change in the perceived benefits score is about 0.555 units with the increase in the awareness (e.g. the increase in the level of knowledge about green finance) by one unit. The greatest influence is had by awareness (b = 0.579), implying that it is the strongest predictor. The coefficient of Risk Perception is negative but non-significant (B = -0.018, p = 0.470), and its meaning is that the perceived benefits are not significantly related to perception of greater risk at a constant set of other factors. Return Expectations positively influences (B = 0.150, p < 0.001) and respondents who reported higher return expectations (higher optimism about the returns associated with green investment) are more likely to report a higher perceived benefit (moderate effect size (b = 0.218)). The positive predictor is also Policy Awareness (B = 0.138, p = 0.001). Respondents who are knowledgeable of policies of government green finance, on average, have a score that is approximately 0.14 units higher on the perceived benefits than the non-aware respondents do (b = 0.107). There is a positive and significant effect also on Investment Intention (B = 0.102, p = 0.012); those who invested in green finance or those who plan to do so have a little higher score on perceived benefits (b = 0.088). This implies that individual engagement or will is related to a small increment in the perceived benefits. Awareness and return expectations are the strongest predictors (both positive), while risk perception appears to have little to no direct effect when combined with these other factors.

Table 9: Education Level vs. Green Finance Awareness

Education Level	*Aware*	*Not Aware*	*Total*	*Percentage of Aware (%)*
Higher School	27	13	40	32.5%
Graduate	119	58	177	32.8%
Post-Graduate	98	54	152	35.5%
Professional	20	11	31	35.5%
Total	264	136	400	34.0%

Source: SPSS

The level of education was found to be positively correlated with the awareness with postgraduate respondents reporting 35.5% high awareness than the 32.8% of graduates respondents reported. This observation is consistent with Patro et al. (2024), who found that educational attainment is a predictor of Green finance. Investor Awareness towards Green Finance, as mentioned in Table 9.

Table 10: Age Group vs. Investment Intention

Age Group	*Low Intention (≤ 3.5)*	*High Intention (> 3.5)*	*Total*	*Percentage of Aware (%)*
18–25 years	57	46	103	44.7%
26–35 years	70	57	127	44.9%
36–45 years	59	36	95	37.9%
46–55 years	29	18	47	38.3%
56+ years	17	11	28	39.3%
Total	232	168	400	42.0%

Source: SPSS

The analysis based on the age groups showed in the Table 10 that younger investors (18-35 years) were more inclined to invest (44.8%) than older population groups (38.3% for 46-55 years), in accordance with the recent studies conducted by Kumar and Kaushik (2023) on the generational differences in the adoption of the ESG fund. The perception towards risk was greatly affected by the level of income, with high-income populations (>12 lakhs) having 47.4% high-risk concern relative to 39.8% among the middle-income populations. Investment behaviour towards Green Finance.

CONCLUSION

The research has found that India is starting to attract the interest of green finance investors and that more awareness, investment intentions, and policy awareness are necessary in order to transform interest into action. The research results reveal that there is a moderate but growing awareness of risk perception and return expectations, which appear to be affected by Green finance investment, becoming a major factor. Consequently, investment is being focused on well-known green instruments. This paper highlights the necessity of improving the level of educational outreach and the need to sustain incentives that make green investments attractive. This research provides implications for financial institutions to tailor products and communication to meet the concerns of investors, such as those seeking guaranteed or low-risk green products, and to provide clear information to address any doubts.

Limitations and Future Direction

Despite the useful information brought out in this study on individual investor behavior in green finance, it has a number of limitations. To begin with, it employed non-probability convenience sampling approach that can confine the generalization of the findings to the larger group of retail investors in India. Although the sample size was sufficient (n= 400), it was not always representative of various geographical/ socio-economic groups in India because it was not as extensive as it was restricted to the NCR area. Second, the measures used to collect the data were all self-reported using structured questionnaires. This method can create bias in response, including social desirability and exaggeration of knowledge and intent of green investment. Also, a single-item construct measurement of such central variables as investment intention and policy awareness limits the level of measurement and jeopardizes construct validity. Third, the cross sectional nature of the study does not allow one to draw causal conclusions between the variables studied. Although the regression analysis may indicate the existence of important correlations, the direction and time dynamics of these relationships cannot be determined completely without the longitudinal data.

The limitations may be overcome in the future research by using the probability sampling methods in different areas of India to improve the external validity and generalizability of the research findings. The more accurate analysis of segmentation would also be possible through the expansion of geographical and demographic coverage. Longitudinal studies of investor behavior can be useful in offering more information on how awareness, perception, and intention change or stay constant and eventually translate to real investment behavior. This would be used to establish causality and consistency or behavioral change upon which a policy or market strategy can be based. Also, experimental or mixed-method designs may be introduced into the future work, in which quantitative analysis is used with qualitative interviews or focus groups. The methodology would help understand more about the factors, obstacles, and psychological drivers that drive green investment decisions and guide narrower investor education and policy actions.

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