Int. J. Sci. R. Tech., 2026 3(7)
A Multidisciplinary peer-reviewed Journal
www.ijsrtjournal.com [ISSN: 2394-7063]

Original Article

Retail Investor Behaviour Towards Green Investments: A Study Of Awareness And Adoption

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ABSTRACT

Green investments is one of the important component of the sustainable finance, which encourages environmentally responsible economic development while offering investment opportunities to every individuals. Despite the growing availability of green investment products in the market, their adoption rate among the investors remains very much low due to lack of awareness, percieved risk and also due to various other influencing factors. The study mainly focuses on the awareness and adoption of green investments among retail investors, with a major focus on identifying the factor influencing investment decision and analysing the relationship between awareness and adoption. This research adopts a quantitative approach using a structured questionnaire to collect primary data in bangalore. The collected data were analysed using correlation analysis and multiple regression analysis to check the relationship and the factors influencing awareness and adoption of green investments. The findings indicate that more awareness of green investments is associated with high amount of adoption, whereas factors such as environmental concern, expected returns, risk level and availability of information significantly influence investment decisions. The findings will help policymakers, investment firms, financial institutions, and other stakeholders to improve strategies to increase the awareness among the individuals, encourage sustainable investment behavior and promote enironmentally responsible financial decisions.

Keywords: Green investments, Retail investors, Awareness, Adoption, Investors behavior, Sustainable finance.

INTRODUCTION

Green investments are those investments which include green bonds, renewable energy funds, Environmental, Social and Governance (ESG) and many other sustainable investment products as the financial instrument. Nowadays, green investments are emerging as important tools for financing environmentally friendly projectswhile generating a good financial returns to green investors. These green investments will not only contribute to environmental conservation but also support long term economic stability.

The Indian government, and the investment institutions have introduced various initiatives to encourage sustainable investment practices and to strengthen the nations green finance ecosystem. But, with all this efforts the participation of green investors id relatively very low when compared with all major investment areas or platforms. Most of investors continue with the conventional investment just because of limited awareness, lack of knowledge, uncertainity issues and due to various risk factors. Simultaneously, analysing the factors which influence the awareness and adoption of green investments will become most important for promoting sustainable investment in India.

However, several previous records has identified that challenges such as limited knowledge, uncertainity regarding financial performance will act as a barrier to adoption of green investments. Although, the present literature provides valuable insights into sustainable investing, emperical studies focusing specifically on the awareness and adoption of green investments among retail investors. Therefore, the goal of this study is to enrich the field of sustainable financing and practicle recommendations to policymakers, financial institutions, and investos to promote green investment behaviors.

OBJECTIVES:

1. To know the awareness level of green investments among retail investors.

Relevant conflicts of interest/financial disclosures: The authors declare that the research was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest.

2. To understand the key factors influencing the adoption of green investment.

3. To analyse the relationship between awareness and adoption of green investment.

REVIEW OF LITERATURE:

1. **Understanding Retail Investors' Green Investing Behavior: A Systematic Review—An Integrated Review Approach (2025)**

The study examined the factors influencing retail investors' green investment behaviour through a systematic review of existing literature. It aimed to identify key determinants such as environmental awareness, ESG knowledge, financial literacy, risk perception, and ethical concerns affecting investment decisions. The study highlighted the lack of integrated research combining behavioural, financial, and environmental perspectives. The findings revealed that greater environmental awareness and ESG knowledge significantly encourage the adoption of green investments among retail investors.

2. **Can Green Credit Policy Stimulate Firms' Green Investments? (2024)**

This study investigated the impact of green credit policies on firms' green investment activities using secondary data and Difference-in-Differences (DID) analysis. It addressed the limited evidence on the effectiveness of green credit policies in promoting sustainable investments. The findings showed that green credit policies significantly increased green investments, particularly among large firms and state-owned enterprises.

3. **How to Finance Green Investments? The Role of Public Debt (2024)**

The study examined whether public debt is an effective financing mechanism for green investments through a quantitative survey conducted in Italy and the Netherlands. It addressed the limited understanding of public acceptance of different financing methods for green projects. The findings indicated that financing green investments through public debt received greater public support than tax-based financing, making it a practical option for sustainable development.

4. **Why Do Retail Investors Pick Green Investments? A Lab-in-the-Field Experiment with Crowdfunders (2023)**

This study explored the reasons behind retail investors' preference for green investments using an experimental research design. It examined the influence of financial, environmental, and social motivations while addressing the limited evidence distinguishing these factors. The results revealed that environmental concern and expected financial returns were the primary drivers of green investment decisions, whereas social impact had a relatively smaller influence.

5. **Green Investments: A Luxury Good or a Financial Necessity? (2022)**

The study analysed the role of green investments as diversification and hedging instruments during the COVID-19 pandemic using financial market data. It addressed the research gap regarding the effectiveness of green investments during periods of financial uncertainty. The findings demonstrated that green bonds provided superior diversification, hedging benefits, and higher risk-adjusted returns, indicating that green investments have become an essential component of investment portfolios rather than a luxury.

6. **Commodity Market Risks and Green Investments: Evidence from India (2021)**

The study examined the impact of commodity market risks on green investments in India using daily financial market data and a GARCH-based quantile regression model. It addressed the limited evidence on the influence of commodity market volatility on green investments in emerging economies. The findings revealed that fluctuations in crude oil, gold, and silver prices significantly affect Indian green stock indices, particularly during bearish market conditions.

7. **Conventional versus Green Investments: Advancing Innovation for Better Financial and Environmental Prospects (2023)**

This study investigated the impact of conventional and green investments on firms' financial and environmental performance using ESG data from Asian companies. It addressed the limited understanding of balancing financial performance with environmental sustainability. The findings indicated that while both investment types improve firm value, green investments contribute more effectively to environmental performance by reducing carbon emissions.

8. Firms' Green Investments: What Factors Matter? (2021)

The study examined the factors influencing firms' green investment decisions using micro-level industrial data and econometric analysis. It addressed the limited evidence on firm-level determinants of green investments. The findings showed that environmental regulations, firm size, innovation, and positive spillover effects significantly encourage investments in environmental protection activities.

9. The Drivers of Green Investment: A Bibliometric and Systematic Review (2021)

The study identified the major drivers of green investment through a bibliometric and systematic review of 444 research articles. It highlighted the lack of integrated research explaining green investment adoption across organizations. The findings revealed that government policies, stakeholder pressure, environmental awareness, competitive advantage, and economic incentives are the key factors promoting green investments.

10. The Role of Green Investment and Corporate Social Responsibility Investment on Sustainable Performance (2021)

The study examined the influence of green investment and corporate social responsibility (CSR) investment on sustainable organizational performance using panel data and regression analysis. It addressed the limited evidence on their combined impact on sustainability. The findings showed that green investment and CSR practices significantly enhance environmental responsibility, corporate reputation, and long-term business performance.

HYPOTHESIS:

Null hypothesis: There is no significant relationship between the awareness level of retail investors and their adoption of green investments.

Alternative hypothesis: There is a significant relationship between the awareness level of retail investors and their adoption of green investments.

RESEARCH METHODOLOGY:

Research deseign: Descriptive (quantitative approach)

Nature of data: Primary

Data source: Structured questionnaire

Statistical tool used: Multiple regression and correlation

DATA ANALYSIS AND INTERPRETATION:

Correlation analysis:

Table 01

VARIABLES	AWARENESS	ADOPTION
AWARENESS	1.000	0.728
ADOPTION	0.728	1.000

Source: computed from primary data

Interpretation: The pearson correlation coeffecient between awareness and adoption of green investments is 0.728, which is indicating a strong positive correlation between two variables.

Multiple regression analysis:

Table 02

STATISTICS	VALUE
MULTIPLE R	0.815
R SQUARE	0.664
ADJUSTED R SQUARE	0.656
STANDARD ERROR	0.417
OBSERVATIONS	207

Source: computed from primary data

Interpretation: The above table shows a Multiple R value of 0.815, indicating a strong relationship beween the two variables. The R square value indicates that 66.4% of the variation in adoption is explained by the variables included in the model, while the remaining 33.6% is influenced by other factors not considered in this study.

Anova:

SOURCE	df	F VALUE	SIGNIFICANCE (P-VALUE)
REGRESSION	5	79.470	<0.001
RESIDUAL	201		
TOTAL	206		

Source: computed from primary data

Table 03

Interpretation: The ANOVA results indicate that the regression model statistically significant. Which confirms that the independent variables jointly have a significant effect on the adoption of green investments among the retail investors.

OVERALL FINDINGS:

The above analysis shows that the awareness has the positive relationship with the adoption of green investments. In the regression model, it explains 66.4% of the variation in adoption, which indicates that there is a good explanatory power. Whereas, the correlation analysis shows a strong positive relationship between awareness and adoption of green investments. Overall, the result suggest that increasing investor awareness and providing proper financial guidence can promote greater adoption of green investments among retail investors.

CONCLUSION

The present study explains about the awareness and adoption of green investments among the retail investors. Overall the findings plays a major role in influencing the adoption of green investments among retail investors. The study also found that advice from friends or family positively affect the investors decission in investing in green investments. Whereas, environmental concern and social media influence did not show a significant impact on investment in the above study.

The correlation analysis revealed a strong positive relationship between awareness and adoption, while the multiple regression analysis confirmed that awareness is the most significant factor affecting adoption.

Overall, the study concludes that increasing anvestors awareness through financial education, awareness campaigns, and professional guidance can contribute to the wider adoption of green investments.

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HOW TO CITE: Chandan H.*, Jaisheela S., Retail Investor Behaviour Towards Green Investments: A Study Of Awareness And Adoption, Int. J. Sci. R. Tech., 2026, 3 (7), 916-920. https://doi.org/10.5281/zenodo.21557226