

Investor Attitudes Toward Green and ESG Mutual Funds in India

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<p>Peer Review Information</p> <p><i>Type: Article</i> <i>Received: 22 March 2026</i> <i>Revised: 18 April 2026</i> <i>Accepted: 06 May 2026</i> <i>Published: 29 May 2026</i></p>	<p style="text-align: center;">Abstract</p> <p>This study critically examines investor attitudes toward Green and ESG mutual funds in India with specific emphasis on awareness and willingness to invest. Drawing on primary data from 100 respondents, the research employs descriptive statistical techniques and graphical analysis to identify behavioral patterns. The findings reveal that while investor awareness exists at a moderate level, it does not sufficiently translate into investment action. A significant gap persists between knowledge and decision-making, primarily influenced by perceived risk and trust deficits. The study contributes to sustainable finance literature by highlighting the importance of bridging informational and psychological barriers to enhance ESG investment adoption.</p> <p>Keywords: Green Mutual Funds; ESG Investing; Investor Awareness; Investment Willingness; Sustainable Finance; Investor Behaviour; Perceived Risk; Trust in Investments.</p>
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Introduction

Sustainable investing has evolved from a niche concept into a mainstream financial strategy, driven by increasing global concerns regarding environmental sustainability, corporate governance, and social responsibility. ESG mutual funds represent a critical instrument through which investors can align financial objectives with ethical considerations.

In the Indian financial landscape, ESG investing is witnessing gradual growth; however, adoption remains limited. Despite rising awareness, investor participation is hindered by uncertainty, lack of clarity, and perceived risks. This study aims to explore the underlying behavioral dynamics that influence investor decision-making, with a particular focus on the relationship between awareness and willingness to invest.

Objectives of the Study

- To evaluate the level of awareness of investors toward ESG and Green mutual funds.
- To analyze the relationship between awareness and willingness to invest in ESG funds.

Research Hypotheses

H01: There is no significant relationship between investor awareness and willingness to invest in ESG mutual funds.
H11: There is a significant relationship between investor awareness and willingness to invest in ESG mutual funds.

Literature Review

Kaur and Singh (2022) identified that while ESG awareness is increasing among Indian investors, it remains superficial and lacks depth. Their study emphasized the need for enhanced financial literacy to facilitate informed investment decisions.

Similarly, Garg et al. (2022) highlighted the role of ethical motivation in socially responsible investment behavior. However, their research primarily focused on intention rather than actual investment willingness. The present study extends these findings by explicitly examining the transition from awareness to willingness.

Research Methodology

The study adopts a descriptive research design with a quantitative approach. Primary data was collected from 100 respondents using a structured questionnaire consisting of Likert-scale items. The analysis is based on mean values and graphical representation, ensuring that interpretations remain grounded in observed data without overstating statistical relationships.

Results

The comparison between awareness and willingness indicates that awareness alone does not significantly drive investment behavior. Although respondents demonstrate familiarity with ESG concepts, this does not consistently translate into active investment decisions.

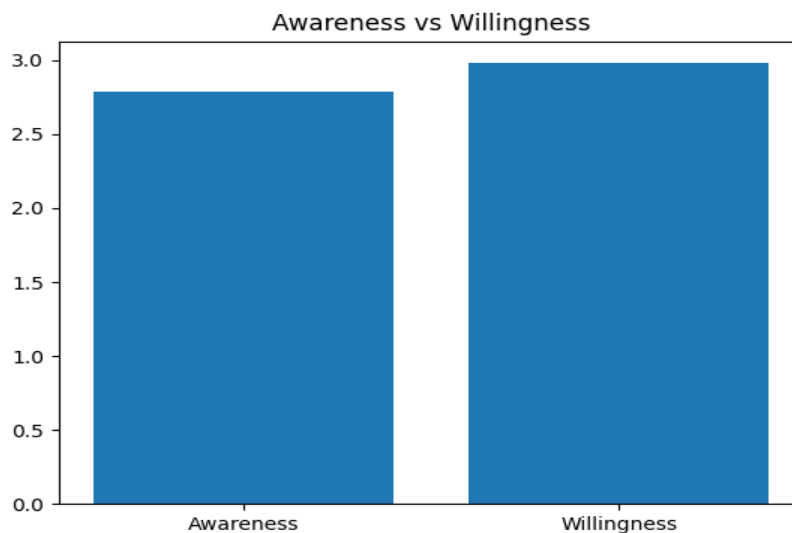


Fig. 1. Mean Scores of Investor Awareness and Investment Willingness for Green and ESG Mutual Funds.

A majority of respondents perceive ESG investments as relatively risky, which significantly constrains their willingness to invest. This perception is influenced by concerns regarding greenwashing, lack of transparency, and insufficient historical performance data.

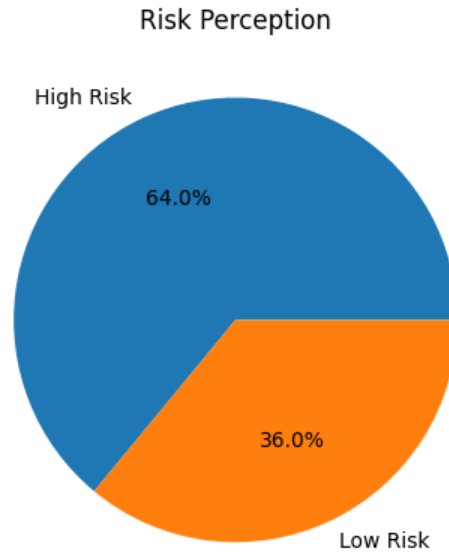


Fig. 2. Investor Risk Perception Toward Green and ESG Mutual Fund Investments

Discussion

The findings of the study reinforce the notion that awareness, while necessary, is not sufficient to drive investment behavior. Behavioral factors such as perceived risk and trust play a crucial role in shaping investor decisions. The results align with existing literature while offering new insights into the gap between awareness and willingness.

Conclusion

The study concludes that ESG investing in India is in a transitional phase. While awareness is gradually increasing, significant barriers related to risk perception and trust must be addressed. Enhancing transparency, improving financial literacy, and strengthening regulatory frameworks can significantly contribute to the growth of ESG investments.

Recommendations

1. **Enhance Investor Awareness:**
Conduct educational programs and campaigns to improve understanding of ESG and Green mutual funds among investors.
2. **Improve Transparency:**
Fund houses should provide clear and detailed ESG disclosures to build trust and reduce confusion.
3. **Reduce Risk Perception:**
Highlight historical performance and risk-return comparisons to make ESG investments appear more reliable.
4. **Strengthen Regulation:**
Regulatory bodies like SEBI should ensure strict guidelines to prevent greenwashing.
5. **Promote Through Digital Platforms:**
Use online platforms and apps to increase reach and attract younger investors toward ESG investments.

References

1. Kaur, N., & Singh, M. (2022). ESG Investment Awareness.
2. Garg et al. (2022). Socially Responsible Investment Drivers.