Major Project Report on

ESG /SRI Funds: A study on Investor Awareness & Perception

Submitted By:

Harkesh Dhingra

2K18/EMBA/511

Under the Guidance of:

Dr. Deep Shree

Assistant Professor

DELHI SCHOOL OF MANAGEMENT

Delhi Technological University

Bawana Road Delhi-110042

CERTIFICATE

This is to certify that Harkesh Dhingra, Roll No: 2K18/EMBA/511, student of Masters of Business Administration (Executive 2018-2020) at Delhi Technological University, Delhi has accomplished the project titled "**ESG/SRI Funds: A Study on Investor Awareness & Perception**" under my guidance and to the best of my knowledge completed the project successfully, for the fulfilment of the course Executive MBA.

Dr. Rajan Yadav
Head of Department
Delhi School of Management
Delhi Technological University

Dr. Deep Shree
Asst. Professor
Delhi School of Management
Delhi Technological University

DECLARATION

I the undersigned solemnly declare that the project report titled "**ESG/SRI Funds: A Study on Investor Awareness & Perception.**" is based on my own work carried out during study under the supervision of Dr. Deep Shree.

I assert the statements made and conclusions drawn are an outcome of my research work. I further certify that: -

I. The work contained in the report is original and has been done by me under the general supervision of my supervisor.

II. The work has not been submitted to any other Institution for any other degree/diploma/certificate in this university or any other University of India or abroad.

III. I have followed the guidelines provided by the university in writing the report.

IV. Whenever I have used materials (data, theoretical analysis, and text) from other sources, I have given due credit to them in the text of the report and giving their details in the references.

HARKESH DHINGRA

ROLL NO: 2k18/EMBA/511

ACKNOWLEDGEMENT

The successful completion of the project would be incomplete without the mention names of the people who made it possible. I would like to take the opportunity to thank and express my profound sense of gratitude to my project guide **Dr. Deep Shree, Assistant Professor, Delhi School of Management, Delhi Technological University** New Delhi. I am greatly indebted to her for providing his valuable guidance at all stages of the study, her advice, constructive suggestions, positive and supportive attitude, and continuous encouragement, without which it would not have been possible to complete the project.

I would also like to convey my warm regards to my family members and friends for their kind support and helping hand.

HARKESH DHINGRA

ROLL NO: 2k18/EMBA/511

EXECUTIVE SUMMARY

1.1 BACKGROUND

What parameters one should look for before investing in a fund; are there any parameters of the company one should look for before investing in a company through funds be it Index funds or mutual funds. Generally, investors look for the returns against the risk posed by the funds & the expense ratio charged by the fund manager. We are looking to study whether the investor (i.e. retail investor) is thinking beyond the risk reward equation & considering the fundamental parameters of the company before investing in the funds.

SRI and ESG "screens" are ways to determine what you have in your investment portfolio. Socially responsible investing (SRI) is a steadily growing market segment. socially responsible investing is done to fund activities that have a high social utility. It involves evaluating companies on CSR issues, analysing corporate social and environmental risks, and engaging corporations to improve their CSR policies and practices. More and more investors apply socially responsible screens when building their stock portfolios. This raises the question whether these investors can increase their performance by incorporating such screens into their investment process. SRI fund managers employ several screens at the same time such as tobacco, alcohol, community, employee relations, environment, and diversity. Indian investors are not ready for SRI funds as yet since there is a feeling (even among high net worth investors) that fund managers will compromise on returns for the sake of meeting social objectives. Socially responsible investing also has tax advantage. SRI funds, currently, have $3 trillion in assets across the globe. SRI ratings are a valuable information for investors. A simple trading strategy based on this publicly available information leads to high abnormal returns. This immediately raises the question of where this extra profit stems from. Does it result from a temporary mispricing in the market or does it compensate for an additional risk factor.

Over the past few years, the world has seen that the integration of ESG factors where ESG refers to Environmental, Social & Governance have a material impact on the performance of that investment. Similar trend is also witnessed in India & the funds aligned to these factors have given sustainable returns. But are these preferable funds/choice for the Investors; this is what we are looking to study through this project.

We have gathered information from the sample size of 50 mainly the participants were from corporate world & other retail investors. Information was analysed through the software to study the preference for the ESG funds.

TABLE OF CONTENTS

LIST OF TABLES

CHAPTER-1
INTRODUCTION

1.1 INTRODUCTION

Venture rehearses that somehow or another incorporate a thought of ecological, social and corporate administration (ESG) issues, have a long history, going back in any event to the extent the 1700s abolitionist subjugation crusades of the Quakers (Schueth, 2003: 89). As ahead of schedule as 1928, venture finances cooking explicitly for the speculation needs of strict gatherings were created in the USA (Schwartz, 2003: 195). These assets included screening out specific ventures that were not adjusted to the virtues of their customer base. By the late 1970s and mid 1980s, this development had risen above the domains of explicit strict customer base to an increasingly common methodology. The counter Vietnam war and hostile to politically-sanctioned racial segregation capable venture developments were prime instances of this (Feigenbaum and Lowenberg, 1988; Lansing and Kuruvilla, 1988; Meznar, Nigh and Kwok, 1998). The essential good 'rightness' of these two dissent SRI developments had an a lot more extensive intrigue than the previous strict venture developments. From that point forward, variations of this speculation type holding onto systems, for example, positive screening, best-in-segment screening, investor activism, cause-based (directed) contributing and improved investigation have gotten progressively well known. As per a 2008 European SRI industry study (Eurosif, 2008: 51), huge development in socially capable contributing (SRI) has been noted in evolved markets, for example, the USA, Canada, Europe and Australia.

Investment Forum, 2007: ii) shows that SRI in the USA is developing at a quicker pace than the more extensive universe of all speculation resources under expert administration. SRI resources in the USA rose by 324% from $639 billion out of 1995 to $2,71 trillion out of 2007. During a similar period, the more extensive universe of advantages under expert administration expanded by just 260% from $7 trillion to $25,1 trillion.

Different marks are utilized to portray speculations that consider ESG issues, from the generally conventional socially capable contributing to the later mindful contributing and economical contributing. Conventional socially mindful contributing is most firmly connected with keeping away from ethically faulty organizations, though reasonable contributing is typically described by recognizing speculation dangers and openings with the assistance of ESG investigation. There is, nonetheless, an absence of consistency in the utilization of such names, and various names can be utilized to mean covering thoughts. Today, the individuals who state they practice socially dependable putting depict it similarly as the individuals who state they practice reasonable contributing. The regular topic fundamental the different marks is an accentuation on ESG issues.

Later, in this guide, we use long-held ESG concepts to focus on how these issues should be addressed in comprehensive profits assessments and better-educated guessing options that put a little thought into how the forecast can be called.

ESG offers include supportive features and sometimes optional performance. Currently a small portion of the resources allocated are in place to apply ESG standards in their centralized participation process, ESG resources can grow dramatically because the process of profiting by increasing public support for support, operational attributes, and good management practices.

An important and recurring theme in relation to ESG problems is that it does not fit neatly into the short-term contribution - that is, the general thinking of some big companies, funders, and a lack of thinking about long term gratitude. There are basic reasons and practices that cause a temporary downturn in the budget markets, in particular, financial and cultural motives.. For example, poor management of a large corporation will undoubtedly influence the organization in a long-term drawback.

The External Effect on ESG

Another view is that the rise of environmental change through the government's strategy, for example, the EU's interchangeable framework, currently does not seem to produce the desired results. Financial experts should not deliberately leave something to the government that the administration may look uncomfortable and that it will affect the lives of the people who get the guesswork. Another view is that the trustee attackers will not rely on it to cover the debt of what is outside their control, and it is unwise to bring external factors within the guardian's security obligation. Perhaps the area between these two external ideas and board performance is to seek to "manage" the UK Stewardship Code, "by approving or clarifying" the first requirement, which means developing a kind of commitment between the service. "4 Another valid example is the Code of Investing in Commitment in South Africa," that provides a guide to procedure an institutional guardian need to conduct screening tests and forecasts exercise and exercise rights to improve sound administration. "5 The ironic case in relation to this discussion of external factors is the enormous speculative assets with global portfolios -" all providers included "- presented at the risk of minority interests in the portfolio may influence the profits of different ventures. For instance, a few organizations may profit by externalizing ecological expenses through contamination, which, thusly, influences different organizations, along these lines influencing the profits of the widespread proprietor's portfolio. Externalities are a financial motivation behind why all-inclusive proprietors they should go into investee organizations and policy makers, but the broader discussion of external factors and institutional analysts is far from resolved.

MAJOR HURDLES

The discussion of ESG issues revolves around, especially environmental and social issues, do not get enough thoughts from strong assumptions. Various reasons are given for explaining why this is the case.

Triple adhesion:

■ It is difficult to allocate financial incentives to ESG factors and to organize them into accounting models.

■ Classifications connected to ESG organizations can be limited, unsupported, and unequal.

■ ESG problems will affect money-related financial performance over time while many analysts, as discussed earlier, have skylines temporarily.

Economists, governments and the public are slowly worrying about the financial and environmental consequences of environmental change. Financial experts are concerned about the proposals of organizations operating within a carbon-forced economy. Business openings related to risks that alternate between components. For example, in the automotive sector the emphasis is on efficiency and the development of choice but attention is to the greater power of parts, for example, the service of waste and paper. In order to more easily understand the effects of organizations and the board's approach, analysts are seeking further development of this issue through activities, for example, the Carbon Exposure Project

As jobs, for example, UNEP's Commitment Plans (www.unpri.org) receive support from well-meaning social and financial experts appreciate the impact and environmental, social, and business management (ESG) problems when launching long-term portfolio portfolios. Counting these issues in the business process can help double points for improving cash-related returns and better align financial professionals' goals to broader goals for additional organization partners (for example employees, regulators and adjacent networks).

There are currently three assets - SBI Magnum Equity ESG, Quantum India ESG Equity and Axis ESG - following the speculation scheme for ESG in India. Shopping malls, for example, ICICI Pru, DSP, Aditya Birla, Kotak and BNP have recorded the fillings provided by SEBI and are expected to be approved.

In any case, SEBI as of late commanded that the Top 1000 recorded organizations set up a yearly business duty report. A BRR has broad revelations about the selection of mindful strategic policies by a recorded organization

1.2 OBJECTIVES OF THE STUDY

1. To identify the awareness level of Investor for ESG/SRI Funds
2. TO identify what ESG Issues impact consideration for Investment decision
3. TO study what ESG factors are important for Investment Decision
4. TO analyse investor perception for ESG Funds.

CHAPTER-2

LITERATURE REVIEW

Regulations & Investors preferences lay the foundation for enduring growth in ESG investing.

Buyer inclinations and guidelines establish the framework for suffering development in ESG contributing. Expanded retail and institutional interest for ESG items isn't repetitive, yet rather mirrors a suffering movement in purchaser inclinations as more youthful and all the more socially cognizant customers start to contribute. As dynamic items lose footing among speculators, resource supervisors have attempted to help development through various contributions, from elective ventures and non-straightforward ETFs to quantitative factor contributing. Nonetheless, not at all like customary venture items that expect to convey an incentive through the guarantee of speculation outperformance, which is to a great extent unachievable in total, ESG items intend to convey an utility past speculation return, an increasingly attainable objective. What's more, chiefs that organize ESG procedures will in general display better than expected natural development versus peers, as per our overview of appraised resource directors. Guidelines identified with ESG consistence, in the meantime, are prompting more prominent straightforwardness in corporate divulgences, giving administrators information they can use to coordinate ESG chances in their ventures and allow customers to comprehend ESG chances in their investment.

Resource the board has seen a few item advancement achievements throughout the decades, from the pooled common reserve to record assets and ETFs. All through this time, both dynamic and uninvolved venture items have intended to make an incentive by conveying the best attainable monetary rates of profitability to customers. Presently, the focal incentive of advantage the board items is extending a direct result of the groundswell of enthusiasm for ESG, as speculators, in a progressively comprehensive perspective on venture utility, try to impact cultural and natural results through their speculation decisions. Through ESG reserves, customers are looking for esteem that stretches out past monetary profit. Also, essentially, this is an offer that advantage administrators can convey, as a distinct difference to the guarantee to convey predictable venture outperformance. In like manner, with more prominent acknowledgment of the dangers and openings emerging from ESG contemplations, for example, environmental change, financial specialists are progressively centered around maintaining a strategic distance from speculation misfortunes associated with these dangers, and on situating themselves to benefit from accurately foreseeing atmosphere and social patterns. As indicated by a review directed by Natixis Investment Managers, roughly seventy five percent of members across ages said it was imperative to have their ventures coordinate their own qualities.

Percentage of ESG assets under management is small, but potential growth is large.

In spite of expanded exposure around ESG items and various item dispatches, AUM stays little as a level of generally speaking contributed resources. As per our review, ESG entrance arrived at the midpoint of 6.3%, while the middle infiltration was 1.7%. Then, the complete resources oversaw by (UN PRI) signatories is almost $88 trillion, recommending the all-out marked market size is very huge.

ESG-agreeable commands are plausible and promptly feasible, rather than numerous conventional store items Firms putting resources into creating ESG apparatuses and abilities have a higher probability of procuring returns on their ventures than do those putting resources into endeavours at beating the list. Resource directors that put exclusively in the quest for overabundance returns – or alpha – are wagering on a costly and erratic result. Also, resource the executives organizations face wide industry difficulties, for example, financial specialists' day of work into minimal effort record items and the consistent disintegration of advantage the board charges. Subsequently, resource chiefs have been looking for new items to enable them to develop, going from non-straightforward ETFs to elective ventures. Be that as it may, every one of these items certainly guarantee venture outperformance. ESG is the principal significant item class that doesn't exclusively depend on beating a benchmark list – a suggestion that in total over the long haul doesn't work for the business – to make esteem, and conveying on the guarantee of ESG items is in this manner substantially more feasible for resource supervisors.

Major Obstacles to growth are perceived return trade-off and lack of standardization.

The connection between E, S, G variables and venture execution was formalized by the United Nations in 2006 when it proclaimed the Principles for Responsible Investment (PRI), a lot of training norms offered for intentional selection by financial specialists. Instead of blocking interest in organizations having poor ecological, social or administration records, PRI asks that speculators think about ESG variables to the degree that they are material to the venture execution of a portfolio. Financial specialists are urged to examine ESG issues close by customary markers of hazard and opportunity when making an underlying venture and to become dynamic proprietors once a speculation is made, drawing in organizations and chiefs about potential material ESG exposures and openings.

Over the previous decade, manageability has developed as a urgent part of contributing. This is obvious from the exponential ascent in freely accessible data just as signatories to the (UNPRI). The rising number of ESG value records across significant stock trades is just intelligent of this development. Indeed, driving European speculation firm Schroders expresses that it is presently standard for institutional resource proprietors to get some information about resource administrators' qualifications in incorporating ESG contemplations in the venture procedure. The firm further expresses that retail financial specialists have likewise indicated hunger for items that perceive and mirror the connection between their speculations and an inexorably testing social and ecological background.

The creators report "an unequivocally positive" commitment to risk-adjusted returns when utilizing a 10% best-in-class ESG screening approach (one that successfully evacuates organizations with the most minimal 10% of ESG rankings), both on a worldwide and a created markets universe. All the more explicitly, in light of such screening, both the worldwide and created markets portfolios show better yields, lower (tail) chance, and no critical decrease of broadening potential in spite of the decrease in the quantity of organizations. Utilization of a 25% screening channel was likewise found to include esteem, particularly by decreasing tail dangers, however with a bigger deviation from the unscreened universe.

ESG problems are often exemplified by the media when financial experts tolerate unforeseen and high evils at record-breaking prices - bad reporting on the risk management presented by at least one of these ESG problems. For example, in various organizations - including Enron, Banco Espírito Santo, Parmalat, and Toshiba - the opportunity for administration has shown a great deal of speculation.

Despite the fact that ESG issues are often overlooked due to the turbulent times that result in a significant decrease in the stock prices of major record organizations, they are not limited to rare, rare, or large organizations. ESG problems and related megatrends, for example, lack of human assets (e.g. water use) and social emergence (eg, last-minute well-maintained inflation in the twenties and thirties), are linked to risk and return on resource categories.

Over the previous decade, socially dependable speculation (SRI) has become a significant pattern in the common reserve industry and a key theme in budgetary research all around the world.1 SRI can be extensively characterized as a venture procedure that includes recognizing organizations with high corporate social duty (CSR) profiles where the last are assessed based on natural, social and corporate administration (ESG) models (see Renneboog, Ter Horst, and Zhang, 2008a). It infers that speculators don't principally wish to get money related utility from their venture choices yet additionally take a stab at non-monetary utility coming about because of holding portfolios that are reliable with individual and cultural qualities (see Bollen, 2007). While the issue of non-money related utility is undisputed, there is an as yet progressing banter on the potential financial suitability of SRI. In this regard, the writing uncovers three restricting perspectives (see Preston and O'Bannon, 1997; Sauer, 1997). The 'doing great while progressing nicely' see demonstrates a positive connection among social and monetary execution and recommends predominant comes back from picking high-evaluated stocks. It very well may be watched ifthe alleged 'accessible reserve theory's or the 'acceptable administration speculation's hold. While the previous contends that high corporate money related execution yields slack assets empowering firms to put resources into socially dependable exercises (see Eichholtz, Kok, and Yonder, 2012),the last suggests that gathering the necessities of significant partners by guaranteeing, for instance, item improvement or professional stability, can prompt higher budgetary execution because of proceeded with business or firm steadfastness (see Cornell and Shapiro, 1987; McGuire, Sundgren, and Schneeweis, 1988). The 'doing great however not well' perspective proposes a negative relationship that is connected to the 'administrative advantage speculation's or the 'exchange off hypothesis'. As indicated by the primary speculation, supervisors may will in general expand private gains in prosperous occasions and pacify feeble money related execution by expanding the investors' government assistance through social exercises (see Posner and Schmidt, 1992. a last point of view is that SRI neither includes nor crushes portfolio esteem in light of the fact that CSR isn't evaluated. It takes after the standard structure of account, where factors that are not intermediaries for chance don't influence expected returns and socially dependable financial specialists don't diminish the overall expense of funding to socially mindful organizations by preferring their stocks (see Hamilton, Jo, and Statman, 1993).

There are essentially two kinds of socially capable speculators (see Derwall et al., 2011): 'Worth driven financial specialists' (VDI) are concerned simply with the non-monetary utility they get from the SRI trait (a high ESG rating) of their venture and are eager to acknowledge a misfortune in money related execution in return for that. They can put resources into any locale and industry secured by our examination on the grounds that there is an adequate number of high-appraised organizations to browse. 'Capable benefit searchers' (RPS) wish to focus on high-evaluated organizations yet in addition increase monetary benefits from their portfolio decision. They would not put resources into areas or ventures, where SRI doesn't give money related advantages. Other than those two dependable sorts of speculators, we can order another gathering of financial specialists utilizing ESG scores in their choice procedure. These are called 'flippant benefit searchers' (IPS) since they are essentially keen on distinguishing productive venture openings and would even put resources into disputable stocks on the off chance that they demonstrated unrivaled execution. Our examination tries to respond to the inquiries of where (geographic locale and industry) and dependent on what model of social duty RPS and IPS can put resources into request to accomplish their objectives. To this end, we apply positive screens inside every area and industry so as to build portfolios containing the stocks with the most elevated ESG appraisals and arrangement of stocks with the least evaluations. Here, consequences of the last kind permit the distinguishing proof of venture portions in which a VDI needs to take care of being socially dependable.

Use of ESG Data Information Another symptom of growing thinking and thinking of ESG problems is the accessibility and use of ESG data and professional management. As shown by Bloomberg, the number of its customers using ESG data generated by 76% between 2013 to 2014 .There is an increasing number of ESG data and research providers as monitoring and information levels from general and specific providers, for example, Reuters, MSCI, and Sustainalystics. Morningstar, the most notable supplier of speculation, has announced that it will begin offering ESG stock scores in 2015.

Environmental issues like climate Change

According to the Intergovernmental Panel on Climate Change (2014), continued ozone depletion emissions "improve the likelihood of adverse, unavoidable and irreversible consequences for people and places" and the risk posed by environmental change will require "significant reductions and support for ozone depletion. "" The 2015 Global Report on Global Risk Factors "records the" disappointment of environmental reform "as the number 5 of the top 10 accidents so far. The risk posed by environmental change means that concentrated carbon sources are subject to guidelines and tax audits. Future environmental change guidelines can cover many areas, including those outside of high-risk carbon-protection. Despite the fact that environmental change can be the most irresistible environmental problem experienced by financial experts, it is clear that they are not alone.

Social Issues

Extraordinary Influence Social Issues play an important role undeniably. Renewal of insecure weaknesses and a safety record or difficult activities can damage an organization's history and therefore its productivity. As well, social patterns, for example, growing concerns about weight, will probably affect the availability of components such as diet. The impact of social issues, wherever they are, is not responsible. A breakdown in the organization's relationship with the work or networks in which it operates may jeopardize its availability. In any case, the effects need not be constant. Organizations can change their practices and persuade their partners and financial professionals to do so. A valid example by Nike: In the 1990s, Nike was related to superstitions in its charitable foundations in nation-building but took steps to recover from fixing that problem.
Managerial Issues Focused on Governance Issues will generally work with organizations in organizations and sectors. Generally, among ESG problems, they are covered administration has been canvassed the most in business and fund educational programs and in speculation research and investigation.

Principles, Standards, and Advocacy

Various standards, measures, and exhibitions - as well as related sponsor organizations - are filling in as a reference point for ESG issues, including PRI (previously mentioned), UN Global Compact, Equator goals, OECD Guidelines for Multiple Businesses , the organization's declaration of Fundamental Principles and Workplace Rights, SA 8000 (a social accreditation system with accredited workplace assessments), and ISO 26000 (a guide to how organizations and organizations can operate in a social setting).

CHAPTER-3
RESEARCH METHODOLOGY

3.1 RESEARCH METHODOLOGY

RM is a course of action of properly solving research problems. When we talk about research methodology, we are not talking about research methodology but we are also considering the basic assumptions of the methodology used in the context of research results.

3.2 Type of research design:

For this project report, Descriptive Research Design has been used.

3.3 Data sources

Primary data: Research data was created by Survey through Questionnaire & the respondents were mainly retail investors. There were about 40 people who responded to the survey.

The second data is one that has already been collected by someone and that has already passed through the mathematical process.

- Various publications of central, provincial and local governments.
- Books, magazines and newspapers.
- Reports prepared by researchers, universities, scientists etc.
- Internet
- Annual Report of companies

3.4 Objectives of the Research

1. To identify the awareness level of Investor for ESG/SRI Funds
2. To identify what ESG Issues impact consideration for Investment decision
3. TO study what ESG factors are important for Investment Decision
4. TO analyse investor perception for ESG Funds.

3.5 Research Hypothesis

1st Hypothesis

H0: No Statistical significance between Gender & Awareness level

H1: Statistically significant relationship between Gender & Awareness level

2nd Hypothesis

H0: No statistical significance between Family Income & Investment in ESG Funds

H1: Statistically significant relationship between Family Income & Investment in ESG Funds

Cross Tabulation:

Cross tabulation tables are prepared between family Income levels & Critical ESG Issues/factors

Cross tabulation tables are prepared between family Income levels & ESG Statements

CHAPTER 4
DATA ANALYSIS AND INTERPRETATION

Table 4.1

Count

		Awareness of ESG Funds		Total
		YES	NO	
GENDER	MALE	18	3	21
	FEMALE	8	7	15
Total		26	10	36

Test to examine difference between categorical variables

	Value	df	Sig. (2-sided)	Sig. (2-sided)	Sig. (1-sided)
Pearson Chi-Square	**4.573**(b)	1	.032		
Continuity Correction(a)	3.102	1	.078		
Likelihood Ratio	4.588	1	.032		
Fisher's Exact Test				.058	.039
Linear-by-Linear Association	4.446	1	.035		
N of Valid Cases	36				

Table 4.2

Count

		Investment in ESG compliant funds		Total
		YES	NO	
FAMILY INCOME	5-10 LAC	0	7	7
	10-15 LAC	2	10	12
	15-20 LAC	4	8	12
	ABOVE 20 LAC	0	5	5
Total		6	30	36

Test to examine difference between categorical variables

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	**4.800**(a)	3	.187
Likelihood Ratio	6.351	3	.096
Linear-by-Linear Association	.481	1	.488
N of Valid Cases	36		

a 5 cells (62.5%) have expected count less than 5. The minimum expected count is .83.

Table 4.3

Count

	. Where 1 is not important at all & 5 is very important. [**Accountability**]					Total
INCOME	1.00	2.00	3.00	4.00	5.00	
5 to 10 LAC	4	0	0	2	1	7
10 to 15 LAC	4	0	1	7	0	12
15 to20 LAC	0	2	0	5	5	12
20 lac above	0	1	0	4	0	5
Total	8	3	1	18	6	36

Table 4.4

Count

INCOME	. Where 1 is not important at all & 5 is very important. [**Human capital**]					Total
	1.00	2.00	3.00	4.00	5.00	
5 to 10 LAC	0	4	0	2	1	7
10 to 15 LAC	2	3	0	6	1	12
15 to20 LAC	0	2	4	4	2	12
20 lac above	0	1	0	4	0	5
Total	2	10	4	16	4	36

Table 4.5

Count

INCOME	. Where 1 is not important at all & 5 is very important. [**Environmental Protection**]				Total
	2.00	3.00	4.00	5.00	
5 to 10 LAC	4	0	2	1	7
10 to 15 LAC	1	2	3	6	12
15 to20 LAC	0	2	5	5	12
20 lac above	1	0	2	2	5
Total	6	4	12	14	36

Table 4.6

Count

INCOME	. Where 1 is not important at all & 5 is very important. [**Sustainable Resource Management**]				Total
	2.00	3.00	4.00	5.00	
5 to 10 LAC	0	0	6	1	7
10 to 15 LAC	1	2	4	5	12
15 to20 LAC	0	0	7	5	12
20 lac above	1	0	2	2	5
Total	2	2	19	13	36

Table 4.7

Count

INCOME	. Where 1 is not important at all & 5 is very important. [**Supply Chain**]					Total
	1.00	2.00	3.00	4.00	5.00	
5 to 10 LAC	0	0	4	2	1	7
10 to 15 LAC	2	1	4	4	1	12
15 to20 LAC	0	1	7	4	0	12
20 lac above	0	1	2	2	0	5
Total	2	3	17	12	2	36

Table 4.8

Count

INCOME	. Where 1 is not important at all & 5 is very important. [**Executive Compensation**]				Total
	2.00	3.00	4.00	5.00	
5 to 10 LAC	0	0	6	1	7
10 to 15 LAC	1	6	3	2	12
15 to20 LAC	3	4	3	2	12
20 lac above	1	0	4	0	5
Total	5	10	16	5	36

Table 4.9

Count

INCOME	. Where 1 is not important at all & 5 is very important. [**Climatic Change**]				Total
	2.00	3.00	4.00	5.00	
5 to 10 LAC	0	4	2	1	7
10 to 15 LAC	1	2	3	6	12
15 to20 LAC	5	0	4	3	12
20 lac above	1	0	2	2	5
Total	7	6	11	12	36

Table 4.10

Count

INCOME	. Where 1 is not important at all & 5 is very important. [**Customer's Right**]				Total
	2.00	3.00	4.00	5.00	
5 to 10 LAC	0	4	2	1	7
10 to 15 LAC	1	2	3	6	12
15 to20 LAC	2	5	3	2	12
20 lac above	1	0	4	0	5
Total	4	11	12	9	36

Table 4.11

Count

INCOME	. Where 1 is not important at all & 5 is very important. [**Shareholders Right**]				Total
	2.00	3.00	4.00	5.00	
5 to 10 LAC	0	0	6	1	7
10 to 15 LAC	1	4	5	2	12
15 to20 LAC	0	4	3	5	12
20 lac above	1	0	4	0	5
Total	2	8	18	8	36

Table 4.12

Count

INCOME	. Where 1 is not important at all & 5 is very important. [**Lawful Compliance**]				Total
	2.00	3.00	4.00	5.00	
5 to 10 LAC	0	0	6	1	7
10 to 15 LAC	1	2	7	2	12
15 to20 LAC	0	6	0	6	12
20 lac above	1	0	2	2	5
Total	2	8	15	11	36

Table 4.13

Count

	statement -1 [**Public company should be required to invest and report sustainable funds.**]				Total
INCOME	Disagree	Indifferent	Agree	Strongly Agree	
5 to 10 LAC	0	4	2	1	7
10 to 15 LAC	3	0	4	5	12
15 to20 LAC	0	2	4	6	12
20 lac above	1	0	2	2	5
Total	4	6	12	14	36

Table 4.14

Count

	statement -2 [**ESG verification and disclosure should be independent**.]				Total
INCOME	Disagree	Indifferent	Agree	Strongly Agree	
5 to 10 LAC	0	4	2	1	7
10 to 15 LAC	3	0	6	3	12
15 to20 LAC	0	7	2	3	12
20 lac above	1	2	2	0	5
Total	4	13	12	7	36

Table 4.15

Count

	statement -3 **[ESG Strategy need not compromise financial performance**]				Total
INCOME	Disagree	Indifferent	Agree	Strongly Agree	
5 to 10 LAC	0	4	2	1	7
10 to 15 LAC	3	2	6	1	12
15 to20 LAC	0	5	7	0	12
20 lac above	0	1	4	0	5
Total	3	12	19	2	36

Table 4.16

Count

	statement -4 [**Regulations should comprehend globally agreed SDG goals**]				Total
INCOME	Disagree	Indifferent	Agree	Strongly Agree	
5 to 10 LAC	0	4	2	1	7
10 to 15 LAC	1	0	7	4	12
15 to20 LAC	0	3	4	5	12
20 lac above	1	0	2	2	5
Total	2	7	15	12	36

Table 4.17

Count

	statement -5 [**ESG issues are important for future generations**]				Total
INCOME	Disagree	Indifferent	Agree	Strongly Agree	
5 to 10 LAC	0	4	2	1	7
10 to 15 LAC	1	0	5	6	12
15 to20 LAC	0	4	5	3	12
20 lac above	0	1	2	2	5
Total	1	9	14	12	36

Table 4.18

Count

INCOME	statement -6 [**ESG issues are vital to the global economy**] Disagree	Indifferent	Agree	Strongly Agree	Total
5 to 10 LAC	0	4	2	1	7
10 to 15 LAC	1	0	3	8	12
15 to20 LAC	0	2	5	5	12
20 lac above	0	1	0	4	5
Total	1	7	10	18	36

INTERPRETATION

1. For Table 1:P value of 0.032 falls below the limit of 0.049 shows statistically significant relationship between gender & awareness level of ESG/SRI Funds & Null Hypothesis is rejected.

2. For Table 2: p-value of 0.187 falls above the limit of 0.049 shows no statistically significant relationship between family Income level & Investment in ESG/SRI Funds.

3. Table (3 to 12): Presents the information about the relationship between Family Income & ESG Issues. From these tables we interpret that there is relationship between family Income & the different E, S & G issues. Respondents with higher income feel that these factors play an important role in investment decision for sustainable funds. Governance Factors like Shareholder's Rights, Lawful Compliance were given more importance than other factors.

4. Table (13 to 18): Presents the information about the relationship between Family Income & ESG Assumptions. From these tables we interpret that there is positive relationship between family Income & the different ESG Statements. These tabulations support that ESG issues are vital to the Investment decision irrespective of the Income.

CHAPTER 5
FINDINGS & RECOMMENDATIONS

FINDINGS AND RECOMMENDATIONS

FINDINGS:

- Data Suggests that there is some association between gender & awareness level of ESG/SRI Funds. Although the respondents were mainly the retail investors & under these circumstances it conveys that male are more aware with these funds.
- Data Suggests that there is no evidence of association between family Income & Investment Consideration for ESG/SRI Funds. It shows that people who are aware of these funds & whose values match with these themes will invest in ESG funds irrespective of their Income.
- Data Suggests that Governance issues are more relevant to the respondents followed by environmental issues & social issues.
- Data also suggests that respondents agree that ESG issues align with their investment decision & their values/perception.

RECOMMENDATIONS ON RESEARCH REPORT:

- As a result of our findings it shows that awareness of these funds must be increased through more research in this field.
- Given that these funds are gaining value day by day worldwide, few more indices need to be designed based on these ESG themes.
- Once the result of these funds come out later in this year a research must be done to see which factors affect the performance of these funds.
- ESG funds were always there in the capital market, however now they are getting official name to it.

5.A) RECOMMENDATION-STRATEGIES TO FILL THE GAP OF "ESG BASED FUNDS" AWARENESS AMONG INVESTORS

- **Firms** must be regulated for the disclosure of the ESG impact of a project along with financial impact.
- **Public policy engagement** with government agencies such as the Securities and Exchange Board of India (SEBI), the Pension Fund Regulatory and Development Authority (PFDRA) and the Insurance Regulatory and Development Authority (IRDA), with the goal of incorporating ESG factors into their guidelines.
- **Direct high-level engagement** with key Indian business leaders and the main families that control large parts of the Indian private sector.
- **Companies** to be incentivised by government for incorporating the ESG issues like reducing carbon footprint & empowering human capital.
- **Strengthening capacity** and good practice guidelines for disclosure and reporting on ESG issues in response to the increased demand for transparency.
- **Training General partners** on integrating ESG issues into mainstream investment analysis through the development of appropriate management systems.
- **Making tools and training** available to the sector on calculation of social returns and integrating this into financial analysis.
- Working with the Green Investor Network to promote investments in clean technology, renewables, and social enterprises.
- **Establishment of effective mechanisms** for FIIs to engage on an on-going basis with the Indian business and investment community at a strategic level.
- The second key part of this strategy is to facilitate interaction between FIIs and Indian corporations that is business focused, adds value, and will achieve real change.

CHAPTER- 6

LIMITATIONS OF THE STUDY

LIMITATIONS OF THE STUDY

- This research does not cover the respondents from Financial Advisory service, brokers, Financial Analysts & Mutual fund professionals.
- To know the awareness of this upcoming trend sample size of 36 may not be optimum.
- Data was collected through survey as other medium of data collection could not be done due to lack of time & Covid 19 Pandemic.
- Financial Performances of these funds is not available because these funds were launched last year in July 2019.

REFERENCES

WEBLINKS

https://www.eticanews.it/wp-content/uploads/2020/03/Moodys_Sector-In-Depth-Asset-Managers-Global-27Feb20.pdf

https://www.niftyindices.com/indices/equity/thematic-indices/nifty100-esg

https://www.msci.com/documents/10199/06d20a9e-bd6b-4ea8-a7a2-31cfb0444273

https://www.msci.com/esg-trends

www.unpri.org

ANNEXURE-A

QUESTIONNAIRE

Name:

Age:

20-30 years 30-40 years 40-50 years 50-60 years Above 60 years

Gender:

Male Female

Work Status:

Salaried Employee Housewife Student Self-Employed

Family Annual Income:

Less than 5 lac 5-10 Lac 10-15 lac 15-20 Lac Above 20 Lac

Education:

Graduate Post- Graduate Professionally Qualified Other

Q1. Do you make investments in equity market?

Yes No

Q2. Are you aware of ESG funds?

Yes No

Q4. Do you believe companies should invest in projects that lead to sustainability?

Yes No

Q5. Do you believe in Investing money responsibly?

Yes No

Q6. Do you invest in ESG compliant funds?

Yes No

Q7. Which ESG Funds are you aware of?

1. Quantum India ESG Equity Fund
2. SBI Magnum Equity ESG
3. Axis ESG Equity Fund
4. Others

Q8. Why an investor should consider ESG issues?

1. Better ESG opportunities/long term returns
2. To help identify worthy investment opportunities
3. To derive reputational benefits.
4. To perform any fiduciary duty.
5. To help manage investment risks.

Q9. Why an investor does not take ESG consideration?

1. Lack of information/data.
2. Inability to quantify results.
3. Does not seem to relevant.
4. Market practices make me focus on short term benefits.
5. Insufficient knowledge.
6. Not so popular.

Q10. Rate the following ESG issues in terms of importance to your investment decision on a scale of 1 to 5. Where 1 is not important at all & 5 is very important.

1. Accountability
2. Human capital
3. Environmental protection
4. Sustainable resource management
5. Supply chain
6. Executive compensation
7. Climatic change
8. Shareholders right
9. Customers right
10. Lawful compliance

Q11. How do you take ESG issues into consideration investment decision?

1. ESG integration into whole investment decision.
2. Exclusive screening
3. Active investment
4. Thematic investing
5. Impact investing

Q12. How do you source ESG information?

1. Public information
2. Third party
3. Direct engagement
4. Annual Reports/announcements by company
5. Regulatory filings

For each of the question below, circle the response the best characteristics how you feel about the statement, where 1=strongly disagree, 2= disagree, 3= Neither agree or disagree, 4= Agree, 5= strongly agree

	Strongly disagree	Disagree	Neither agree or disagree	Agree	Strongly agree
1. Public company should be required to invest and report sustainable funds.	1	2	3	4	5
2. ESG verification and disclosure should be independent.	1	2	3	4	5
3. ESG reporting by companies should be made mandatory.	1	2	3	4	5
4. ESG Strategy need not compromise financial performance	1	2	3	4	5
5. Regulations should comprehend globally agreed SDG goals	1	2	3	4	5
6. ESG issues are important for future generations	1	2	3	4	5
7. ESG issues are vital to the global economy	1	2	3	4	5