

AN ANALYTICAL STUDY ON GREEN FINANCE TOWARDS SUSTAINABLE DEVELOPMENT IN HYDERABAD

***Dr. Kumaraswamy Mora**

Assistant Professor of Commerce Badruka College of Commerce and Arts Kachiguda,
Hyderabad. Telangana 500027.

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***Corresponding Author: Dr. Kumaraswamy Mora**

Assistant Professor of Commerce Badruka College of Commerce and Arts Kachiguda, Hyderabad. Telangana 500027.

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ABSTRACT

Now a days the importance of Green Finance (GF) is getting immense popularity not only at global scenario but also in our nation too. Green Finance is finance-related matters or items such as loans, investments and financial instruments movement towards environment friendly or benefits by businesses or persons or companies or any other organisations for the sake of sustainable development and economy in the form of green buildings, renewable energy, climate adoption and water management. The present research paper is going to study the impact and role of financial instruments or mechanisms in the improvement of sustainable development in Hyderabad city, the city is also known as a main technological and economic centre in our nation. The research is planning on key initiatives in green buildings and ESG (Environmental, Social and Governance) aligned financial instruments in Hyderabad city of Telangana state. The study is going to identify the critical mechanisms which are facilitating GF (Green Finance) allocation to desirable ESG goals. The study is going to apply the analytical method of research in relation to the green building certification and ESG aligned financial instruments in the fast-growing city (Hyderabad) towards green finance in India. The study contributes to the understanding of how Hyderabad develops city's economy and can mobilize green finance to accomplish pollution reduction, promotion in sustainable economic growth, urban climate action and improve healthy environment to all the stakeholders of the city. The paper concludes that a synergistic relationship between robust certification standards and accessible financial mechanisms is crucial for driving urban sustainability.

KEYWORDS: Green Finance, Financial Instruments, Renewable Energy, Green Buildings and Urban Climate Action.

INTRODUCTION

In the present days, the issue of global climate has placed unparalleled pressure on economies not only in India but also worldwide to moving towards sustainable structures of development. The central point to this transition is the model of Green Finance (GF), which strategically channels capital in the form of loans, investments and pioneering financial instruments into the sustainable development projects and businesses that produce perceivable environmental advancement and benefits. GF is an important mediation or link between striving environmental aims and the practical in terms of, on-the-ground projects required to achieve them, surrounding critical areas and sectors such as renewable energy, green buildings, water management and climate change variation.

While a global authoritative, the implementation of GF is fundamentally local and playing out in the urban and non-rural landscapes where economic activity and environmental impact are most intense. The present research paper focuses on Hyderabad, a major technological and economic hub in our country, to take an analytical study of Green Finance's role in encouragement sustainable urban and non-rural development. Hyderabad's rapid growth presents both a challenge and an opportunity, one side as a challenge in managing increased resource consumption and pollution and on other side an opportunity to embed sustainability at the core of its expansion by leveraging front-line financial and construction practices.

This analytical study will precisely investigate the pivotal role of Green Building Certification (GBC) as a tangible outcome of green investment and will focus on the various Environmental, Social and Governance (ESG) aligned financial instruments that are simplifying this transition within the Hyderabad city. With the application of an analytical research method focused on these two main areas, the paper objective is to identify the critical mechanisms driving green finance allocation in the city. The predominant goal is to understand how this dynamic city can efficiently mobilize GF (Green Finance) not only to stimulate its economy but also to achieve meaningful pollution reduction, promote inclusive and sustainable economic growth, advance urban climate action and ultimately foster a healthier environment for all its stakeholders.

LITERATURE REVIEW

1. ***The Global and National Imperative for Sustainable Finance:*** In the Indian context, Climate Policy Initiative's analysis reveals both the challenges and opportunities in channelizing finance to urban green projects, with cities like Hyderabad emerging as key arenas for this transition [1]. The shift is imperative for stockholders, as highlighted by the WEF (World Economic Forum), which contends that focusing on SF (Sustainable Finance) is no longer optional but a critical element of risk management and value creation in the contemporary economic landscape [4]. The global drive for SF is well-established, defined by the European Commission as the integration of ESG (Environmental, Social, and Governance) considerations into investment decisions to foster sustainable growth [5]. The global momentum is replicated in national and regional initiatives. In China, for example, significant policy innovations and international collaborations are shaping a strong GF system [13], while global climate finance flows, as tracked by UNEP, underscore the scale of investment needed for climate action [14].

2. ***Mechanisms, Strategies and Instruments of Green Finance:*** Academicians and industry experts explore coming strategies, highlighting that innovation in financial products and risk calculation is crucial for scaling GF in 2025 and beyond [6, 7]. Research by Nuta et al. (2025) quantitatively examines the role of specific instruments like green bonds and clean energy investment, analysing their tangible effects on sustainable development and climate change mitigation within a framework of economic uncertainty [8]. These literature details various devices and strategic approaches supporting GF. Green, Social and Sustainability (GSS) bonds have become pivotal tools for mobilizing large-scale investment, with the WB (World Bank) noting their growing integration into conventional development finance [15].

3. ***Empirical Evidence of Green Development in Hyderabad:*** Hyderabad serves as a concrete case study for the application of these financial principles. The city is witnessing a "rise of sustainable living," driven by both consumer demand and infrastructural investment [3]. Waste-to-Energy, re-sustainability reports on a significant 19.8 MW plant in Hyderabad, with plans for expansion, demonstrating how green finance can turn municipal waste into a renewable energy source and address urban waste management challenges [9]. Green Buildings, the impact of this sector is substantial. The Indian Green Building Council (IGBC) proceedings that certified green buildings all over India are realizing massive resource savings, including billions of litres of water per annum [10]. Industry bodies like CREDAI promoter for green buildings as a core policy for creation urban India sustainable through energy optimization and resource preservation [12]. Renewable Energy Leadership, at the

state level, Telangana's vision for green energy, campaigning solar and wind initiatives, provides the policy framework enabling projects in Hyderabad [11].

4. *The Role of Standards, Reporting and Local Governance:* Effective application relies on robust governance and transparency. The adoption of global frameworks like the Sustainability GRI (Global Reporting Initiative) Standards in Hyderabad indicates a move towards standardized measurement and disclosure of environmental and social performance, which is vital for attracting and monitoring sustainable finance [2]. This local action aligns with the global insight that clear standards are necessary to ensure the integrity of green investments [5, 14].

5. *Synthesis and Identified Gaps:* The literature have been presenting a coherent narrative of global policy and investor compression are driving capital towards sustainable projects [4, 5], simplified by innovative financial instruments [6, 8, 15]. Hyderabad demonstrates this changeover at the city level, with concrete outcomes in energy, construction, and waste management policies [3, 9, 10, 12].

RESEARCH GAP

The existing literature extensively covers the global rise of green finance and its instruments. Moreover, separately documents green initiatives in Indian cities, there is a notable gap in studies that analytically link specific green finance mechanisms to tangible sustainable development outcomes at a city level in India. The present paper addresses this gap by providing a focused analysis of how ESG (Environmental Social and Governance) aligned financial instruments directly facilitate and correlate with the growth of green building certifications in the specific urban context of Hyderabad.

OBJECTIVES

To analyse the green building certification for sustainable development.

To examine various ESG aligned financial instruments.

RESEARCH METHODOLOGY

The present paper totally depended on secondary data; the required information gathered from published data through offline and online sources and applied exploratory type research method.

SCOPE AND LIMITAION

The current research is going to cover green finance in relation to sustainable development in Hyderabad city and restricted to green building certification and ESG aligned financial instruments in the respective city only.

GREEN BUILDING CERTIFICATION (GBC)

The GBC (Green Building Certification) is taking care by IGBC (Indian Green Building Council), it is a part and particle of CII (Confederation of Indian Industry) and came in to enforce from 2001 with intention to built environment towards sustainable and facilitate our nation as one of the global leaders in connection with sustainable built environment by 2025. IGBC is a prime body to issue certification in India and its main office located in Hyderabad. The body is going to provide a tailor rating system for buildings like residential, townships, parking structures, data centers, factories and other which are required to present as a green building with the intention of sustainable development.

Need of the GBC: The certification is important for the sake of following benefits and drives purposes.

1. Global Corporate Companies especially, Information Technology (IT) and Information Technology Enabled Services (ITES) are demanding that ESG based green offices or buildings.
2. The developers or builders of the offices or construction places are utilizing the Green Building Certification for the purpose of high market demand with the top rate for their buildings to ger more margins.
3. The management of the buildings is focusing on reduction in operating cost of the premises in the form of reduction in power and water usage and recycle the waste management and sewage water.
4. Institutional investors, purchasers and tenants are seeking and preferring certifies apartments, villas and spaces.
5. The governments also offering incentives in the form of tax waiving and rebates those building having good rating in the IGBC.
6. GHMC also providing an additional floor area benefit for the projects which are having green building certification.

Process to Getting Certified form IGBC

Step-1: Goal Setting and Team Formation, for this the respective seeker has to decide the rating system as IGBC and fix the target rating as platinum or gold or certified.

Step-2: Integrated Innovation Design Workshop, with the all stakeholders like as civil architect, Mechanical, Electrical and plumbing engineers, and all other consultants, it is necessary to organise a workshop for brainstorming in connection with sustainable development strategies.

Step-3: Preparation of Documentation and Submission, the green building project related detailed information in the form of applicable documents should register with the respective council for rating or certificate.

Step-4: Construction and Commissioning, while commencing the construction must implement sustainable development strategies and monitor it, moreover, follow the heating, ventilation and air conditioning (HVAC) norms.

Step-5: Final Submission and Audit, at this stage it is the time to submit final documentation with required proof, in addition to it conduct an audit with a third party such as US Green Building Council (USGBC) or Leadership in Energy and Environmental Design.

Step-6: Certification Awarded, on the basis submitted documentation and audit based the on points gained by the applicant will be awarded ratings and issued certificate as per the provision of the IGBC.

ESG ALIGNED FINANCIAL INSTRUMENTS

The different types of ESG aligned financial instruments have greater demand in Hyderabad to promote sustainable development through environmental focused investments are following

1. *ESG themed Mutual Funds (MFs) & Exchange Traded Funds (ETFs)* :This is one of the easiest entry point for retail as well as institutional investors in Hyderabad city. The important MFs are Axis ESG Equity Fund, ICICI Prudential ESG Fund, Quant ESG Equity Fund, SBI Magnum Equity ESG Fund, Aditya Birla Sun Life ESG Fund and the ETFs are Mirae Asset ESG Sector Leaders ETF.

2. *Second Half of the Financial Year Green Bonds (H2. Green Bonds)*: These bonds are ideal for institutional investors, High Net worth Individuals (HNIs) and organizations looking to finance special environmental projects like as GBs. These bonds are issuing by Indian renewable energy companies, ReNew Power and Greenko, public sector institutions, IREDA

(Indian Renewable Energy Development Agency) and Power Finance Corporation and occasionally Municipal Bodies.

3. *Social Impact Bonds and Development Bonds:* Such category of bonds is less common but emerging in India with the intention to focusing on specific social outcomes in the sectors of education, healthcare and employability. The issuing parties of the bonds the Development Financial Institutions and in partnership with the State Governments.

4. *ESG-Linked Loans and Bonds:* These loans and bonds are formed like as general loans and bonds and providing finance for special purposes and these are crucial for the construction companies in Hyderabad looking to raise capital. Such kind of finance is going to provide by major Indian and International Banks.

5. *Alternative Investment Funds (AIFs) with ESG Mandate:* These bonds available for clean tech startups, sustainable agriculture and affordable housing construction with the aim of environmental sustainability, this type of bonds can invest in private equity, venture capital and infrastructure projects aligned with ESG themes.

6. *Sovereign Green Bonds (SGBs):* These bonds are issued by the GOI (Government of India), this is a safe way to contribute to national green infrastructure projects.

7. *GDs (Green Deposits):* These are a unique kind of investment option with a simple and low-level risk option for both individuals and corporations. These bonds are issuing by Reserve Bank of India (RBI), Non-Banking Financial Companies (NBFCs) and Housing Finance Companies (HFCs).

CONCLUSION

The path of Hyderabad city's development statuses it as a critical case study for the potential of GF (Green Finance) not only in urban India but also in Telangana state. This systematic research study confirms that Hyderabad is not only a passive onlooker of the World sustainability trend but is pro-actively constructing a GF ecosystem through material initiatives in GBs (Green Buildings) and the adoption of ESG-aligned financial instruments. The study highlights that the collaboration between these two elements is fundamental to this city's sustainable renovation and transformation.

The analysis of Green Building Certification (GBC) reveals it to be a prevailing, demand based driven catalyst for sustainable development. It is no longer just an environmental badge but a strategic business overbearing, driven by the demands of global corporations, investors and conscious consumers for resource efficient and healthier areas and spaces. The robust framework provided by the Indian Green Building Council (IGBC) and the subsidiary

incentives from local bodies, municipalities and corporation like the GHMC have successfully mainstreamed sustainable construction practices, leading to significant operational savings in energy, pollution and water. The process of certification itself ensures that sustainability is embedded from the design phase through to construction and operation, turning buildings from static structures into dynamic contributors to the city's environmental aims.

Alongside, the study of ESG-aligned financial instruments demonstrates a cultured and maturing financial landscape in Hyderabad city. The availability of diverse instruments from retail focused ESG MFs and ETFs to institutional-grade Green Bonds, Sovereign Green Bonds, and specialized Green Deposits represents that capital is available for every stage of the sustainability journey. These instruments are effectively bridging the gap between environmental determination and financial reality. They enable institutional investors to fund largescale renewable energy and infrastructure projects, allow corporations to secure ESG linked loans for sustainable construction, and even provide retail investors with a direct pathway to contribute to the country's green transition. This financial ecosystem is essential for scaling up the initiatives certified by bodies like the IGBC, creating a worthy process of investment, certification and perceivable environmental impact.

In supposition, Hyderabad's experience demonstrates that a successful Green Finance (GF) model relies on a two-way strategy. First and foremost, robust certification and standards like as from IGBC to create a clear, credible definition of what a "green" project entail. The final one, a diverse and accessible range of financial instruments provides the necessary capital to bring these defined projects to life. This integrated approach is proving effective in turning Hyderabad city's sustainability aspirations into measurable outcomes, from waste-to-energy plants to certified green buildings that save billions of litres of water. For Hyderabad to solidify its position as a leader in sustainable urban development, continuous efforts are needed to further deepen this financial market, enhance transparency in ESG reporting, and ensure that the benefits of green finance reach all segments of society, paving the way for a truly resilient and sustainable future.

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