

Fostering Sustainable Investment Behaviour: A Paradigm Shift towards Green Economic Growth

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Role of Sustainable Investment in Economic Growth

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Abstract

For the growing business, industry and service sector in any country, investment plays an important role. In developing economies, the challenge is to integrate social, economic and environment investment strategies with sustainable development goals for long term benefits. Sustainable investment works on decreasing the precarious investment which harms the society and nature and reinforces the rational use of resources without hampering the growth. The quality of investment can be improved through different ways, which further give rise to new economic opportunities and strengthen sustainable investment. But still there is ignorance about sustainable issues among the masses, and lack of suitable indicators to effectively measure the progress of investment sustainability. To promote sustainable investments for the growth of the economy, there is urgency for effective public, private-public and civil society partnerships.

Key Words: Social, Economic, Sustainable, Investment, Environment

1. Introduction

Most of the economies in the world are growing at a faster rate. In such economies, industrialization holds the key to providing solutions to the problems of low economic growth. For accelerating the rate of growth in these economies, continuous investment is required for meeting the demand of a challenging economy. The investment mechanism proposes how an investor makes a choice and decision of where, and when to invest. Investment is risky and it involves the reward for foregoing the present income to obtain future rewards. It is about the appreciation of the assets and creating productive activities in the economy. Basically there are two types of investment: real and financial. Real investment refers to some kind of tangible asset, such as land, vehicles, products, machinery or furniture. On the other hand, financial investment calls for contracts such as bonds, mutual funds and

stocks. Both investments reflect and influence the health of the economy. An investor can be a single individual or an institution or set of institutions but without clear motive, vision and targets, unsatisfactory results prevail. In order to weigh up the benefits of various productive activities, the term sustainability was introduced in the reformed era. Therefore, a sustainable investment goal is to bring maximum output from minimum investment by optimum utilization of resources, so that it improves social, economic and environmental health of a nation. It is so important for organization to set specific goals and form the policy to achieve these goals. It focuses on logical and disciplined investments for better results.

In modern times, excessive energy use and industrial growth exacerbated the economic issues like unemployment, poverty, inequality and shortages of resources. Also the rising populations lead to hunger, social imbalance and inequalities in the economy. The boisterous lifestyles and extravagant consumption threaten the ecological balance on the earth. There are shortfalls of resources, many people in underdeveloped countries are unable to receive basic human necessities like adequate food, clothing, shelter and health and many of them lack basic education.

Exploitation of natural resources by overgrowing and cutting of forests for cultivation lead to severe environmental damages. Rapid population growth lead to poverty and low status of family members especially women and children. Moreover the pollution created by increasing scale of economic activity in terms of rapid industrialisation, commercialization, urbanisation and over consumption lead to rapid depletion of natural resources and spoiling the environment ultimately resulting in spreading of diseases. Threat to ecological balance of the eco-system is increasing that negatively impacts social and economical systems in the country. So, there is a need to take initiatives together in the field of sustainable development that is everlasting and contribute to the quality of life of everyone in the biosphere.

Social, natural and economic environments are interlinked. Any shift in one sector brings change in another. Natural environments supply utility to individuals and act as inputs for economic processes that support life. On the other hand, sustainability contributes to the quality of life of all people through increase in real per capita income, improvement in education, health and general quality of life and improvement in quality of natural environmental resources, for the present generation without compromising the needs of future generations. A shift in behaviour and working activity towards sustainability will put the resources in the right framework of utility and optimally benefit the society as a whole. It will increase economic benefits through expanding businesses and providing employment opportunities to all the sections of society without discrimination, provide training to the youth for improving service quality for new technical and self-employment ventures. These strategies will enhance the livelihood, improve the standard of living and increase the growth of the economy with equality.

For growing businesses, industry and services in any country, Investment plays an important role. In developing economies, the challenge is to integrate social, economic and environment investment strategies with sustainable development goals for long term benefits. The present study discusses the ways of sustainable investment in economic growth. It will also reveal the threats and challenges.

2. Ways to Sustainable Investment

Sustainable Investment helps investors to look beyond the profits and target societal and the environmental ethics for the long term growth of their businesses and economy. It works on decreasing the precarious investment which harms the society and nature and reinforces the rational use of resources without hampering the growth. It involves investors' mental nimbleness and insightfulness for applying sustainability in the projects as well as in behavior. Successful investors sought ingenious strategies to support green growth. There are different ways that can improve the quality of investment, which further give rise to new economic opportunities and strengthen sustainable investment. Investors have to take into account the environmental and social factors into consideration for sustainable growth. Although his past background, family requirements and other external factors influence the investment decisions, Investment must be made in environmentally friendly technologies and projects which promote economic growth and continue to give benefits to future generations. The different ways of investment in different fields to promote economic growth can be:

2.1 Investment in Green Marketing

Green marketing investment is made to produce business products which are environment friendly and also labeling, distributing, and promotion to purchase these products are generated in an environmentally sound manner. The goal of such investment is to minimize the environmental impact of a product without compromising its performance.

2.2 Investment in Sustainable Waste Management Project

Investment is termed sustainable where highest priority is placed on waste prevention minimization, reuse and recycling. Sometimes with minimum resources, the firm starts working efficiently because of sustainable behavior and choices. Environmental concern and economic issues necessitate better use of raw material and minimize processing waste; otherwise it will result in losses to the firm.

2.3 Investment in Energy Saving Units

The fear that the earth's known resources of fuels like coal, oil, natural gases are limited and are rapidly being used up. Soon these resources will be depleted, energy is the primary factor of production and industries are highly dependent on energy. Investment in energy efficiency units which reduces environmental and economic costs of expanding the energy services leads to sustainable development. Substantial energy saving units are economically attractive and will reduce the present shortages as well as future demand. Investment in environmental friendly technologies and greater reliance on advanced clean energy technologies are significant for sustainable development.

2.4 Investment in Clean Technology

The investment in clean technologies of production will increase productivity and improve the use of natural resources. Clean technology helps to analyze the pollution prevention opportunities, such as products and process changes and onsite recycling and recovery before the pollutants are generated. It also works on conserving raw materials and energy, eliminating toxic raw materials and reducing the quantity and toxicity of all emissions and wastes before they leave a process. These clean terminologies are economically viable, provide local employment and enhance quality of life.

2.5 Investment in E-business

E-Business is very popular and effective in today's world market. Consumers easily and willingly purchase commodities and services through online mode. With the digitalization of the world, consumers can buy from any corner of the world sitting at home. Investment made in new modes of communication, expand the market and provide maximum variety to the consumer in a convenient way. It promotes the local artisans and businesses, finally promoting them for their specialization. It also reduces the transport cost and swiftly meets the consumer demand. In today's time even the remote areas are getting recognition through e-market.

2.6 Investment in Employees Well-being

Investing the time and care for creating an internal culture that can grow business. It's important to boost the morale among personnel who need to have a sense of purpose and belongingness which will put the business unit forward. The intent is to push devoted employees towards new economic orientation, so that they clamor for more growth. Being gracious and giving good working conditions to employees, sustains a high level of trustworthiness and integrity.

2.7 Investment in Skill Development Programmes and Workshops

In the 21st century, businesses are facing an increasing number of global competitors. New technology harnesses innovative products customized for customer's exact specifications. Investment in training programmes can impact directly on overall company's performance and efficiency. Moreover these skill development programmes will also create self owned startups and other placements. It will improve the productivity of both employed and unemployed personnel in the economy, hence leading to economic growth.

2.8 Investment in Public Utility Services

Investing in, and improving public utility services like metro-railway facility, buses, infrastructure, hospitals and schools improve the sustainability of resources. The utility of these resources far reaches the poor and vulnerable section of society. Public utility services provide an equal platform to all the sections of society to grow.

2.9 Investment in Sustainable Agriculture Techniques

Agriculture is the main source of income in developing countries. As the population is growing in developing countries, it is very important to use the resources efficiently to meet the goal of increased production and productivity and reduce the resource degradation combined with social and economic viability. Investment in sustainable technology and methods of farming like agro- forestry, organic- farming, rain harvesting improves the overall efficiency of agriculture. Investment is required in renewable and non-chemical cultural practices to control ecological disruptions.

3.Threats and Limitations of Sustainable Investment

The major cause or limitation factor for less sustainable investment is not much awareness among people regarding the sustainable sectors, which otherwise can have twin benefits for the economy as well as people. There is ignorance about sustainable issues among the masses, and lack of suitable indicators to effectively measure the progress of investment sustainability. There is a need to propagate the indicators to the investors at core level. They must be aware of factors that pose a threat to the environment.

Entrepreneurs and Industrialists do not have much confidence in the government sustainable projects because of rampant corruption and low confidence of people and policy reforms which are not investor friendly

There is a lack of foreign investment in sustainable investment projects. There is no priority given for the use of green practices by foreign as well as domestic investors.

In underdeveloped countries there is a lack of financial resources. Many projects remain standstill because of shortages of resources. Delayed projects only focus on completion rather than sustainable use of resources. There is no tax or penalty imposed on the practices of degradation of resources.

Rampant inequalities impact the economy, society and countries, resulting in less sustainable investment.

More and more urbanization and cutting of trees and other resources is also posing a threat for sustainable investment.

Rapid population growth and urbanization is also a barrier in the implementation of sustainable investment as there is always a mismatch between demand and supply of funds. Negotiations and compromises on sustainable usage are the way of settlement.

There are poor practices of sector collaborations and public private partnership around sustainability implementations. Collective commitment towards a more prosperous and greener world is missing in society.

There is an absence of sustainable lifestyles and sustainable patterns of consumption and production.

4. Conclusion and Policy Implication

It is evident that achieving growth and sustainability is no longer a moral imperative rather it is an existential necessity. Economy needs integrated solutions which benefit all the people. In order to secure the resources for future generations, every single person needs to reconsider the use and optimality of the resources. Investors must be educated about the benefits of sustainability and encouraged to use the sustainable investment in different projects and activities to save the environment. There is a need to strengthen the means of implementation and revitalise the goals of sustainability. There is urgency for effective public, private-public and civil society partnerships to promote sustainable investments for the growth of the economy. There is also a requirement of Global partnerships to mobilise financial resources for developing countries from international sources. Moreover governments and organizations can provide financial and non-financial incentives to recognize sustainable investment areas. Governments can also provide rewards and concessions to companies that invest in Sustainable projects.

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