MSW MANAGEMENT -Multidisciplinary, Scientific Work and Management Journal
ISSN: 1053-7899
Vol. 36 Issue 1, 2026, Pages 5550-5558

Green Equity Investment in India: Determinants of Investor Behaviour, Policy Influence, and Future Outlook Using PLS-SEM Evidence from the National Capital Region

Rakhi Sharma (*),
Ph.D Scholor, Department of Management, Sharda University, Greater Noida, UP, India
Dr. Preeti Sharma
Associate Professor, Department of Commerce, Sharda University, Greater Noida, UP, India
Dr. Avinash K Shrivastava
Associate Professor, IMI, Calcutta

Abstract
The growing emphasis on environmental sustainability has accelerated the development of green financial instruments across global financial markets. Among these instruments, green equity investment has emerged as an important mechanism for directing capital toward environmentally responsible firms. Despite increasing international interest in sustainable finance, empirical evidence on individual investor behaviour toward green equity investment in emerging economies remains limited.
This study investigates the determinants of green equity investment behaviour among investors in India, with particular focus on the National Capital Region (NCR). The research examines how investor awareness, motivating factors, government policy support, and perceived challenges influence participation in green equity investments. In addition, the study evaluates how current green investment behaviour shapes investors' future outlook toward sustainable investment.
A quantitative research design was adopted and primary data were collected using a structured questionnaire from individual investors. A total of **312 valid responses** were analysed using **Partial Least Squares Structural Equation Modelling (PLS-SEM)** through SmartPLS software. The measurement model was evaluated using factor loadings, Cronbach's alpha, composite reliability, and average variance extracted (AVE). The structural model was assessed through path coefficients, t-values, p-values, and coefficient of determination (R^2) using bootstrapping procedures.
The findings reveal that investor awareness, motivating factors, and supportive government policies significantly and positively influence green equity investment behaviour, while perceived challenges negatively affect investor participation. Furthermore, green equity investment behaviour significantly influences investors' future outlook toward sustainable investment.
The study contributes to the literature on sustainable finance by providing empirical evidence on the behavioural drivers of green equity investment in an emerging market context. The findings offer practical insights for policymakers, financial institutions, and investors seeking to promote sustainable capital markets in India.
Keywords: Green equity investment, Sustainable finance, Investor awareness, Government policy, PLS-SEM India

1. Introduction

1.1 Background of the Study

Environmental sustainability has become one of the most pressing global concerns in recent decades. Rapid industrialization, climate change, resource depletion, and environmental degradation have encouraged governments, corporations, and financial institutions to reconsider traditional economic and investment practices. As a result, financial markets around the world are gradually transitioning toward **sustainable finance**, which integrates environmental, social, and governance (ESG) considerations into financial decision-making.
Green finance has emerged as an important component of sustainable finance. It refers to financial activities that support environmentally sustainable economic development, including renewable energy projects, energy-efficient technologies, waste management systems, and environmentally responsible production processes. Among the various instruments within green finance, **green equity investment** plays a critical role in directing capital toward firms that contribute to environmental sustainability.
Green equity investment refers to the allocation of financial capital to companies whose operations, products, or strategies promote environmental protection and sustainable development. These companies often operate in sectors such as renewable energy, clean technology, sustainable transportation, and environmentally responsible manufacturing.
Unlike traditional investment approaches that focus primarily on financial returns, green equity investment integrates environmental and ethical considerations into investment decisions. Investors increasingly recognise that firms with strong environmental performance may demonstrate improved long-term financial stability, enhanced corporate reputation, and better risk management capabilities.
Globally, institutional investors, asset managers, and individual investors are increasingly incorporating ESG criteria into their investment strategies. International initiatives such as the **United Nations Sustainable Development Goals (SDGs)** and climate agreements have further strengthened the momentum toward sustainable investment practices.
However, despite growing global interest in green finance, the adoption of green equity investment remains uneven across countries, particularly in emerging economies where investor awareness and financial market structures are still evolving.

1.2 Green Finance in the Indian Context

India has emerged as one of the leading economies actively pursuing sustainable development and climate action. The country has established ambitious targets for renewable energy expansion and environmental sustainability. As a result, financial markets in India have gradually begun incorporating sustainability-related financial instruments, including green bonds, ESG investment funds, and sustainability-focused financial products.
Regulatory authorities such as the **Securities and Exchange Board of India (SEBI)** have introduced several initiatives to improve sustainability disclosure and corporate transparency. These initiatives include the introduction of Business Responsibility and Sustainability Reporting (BRSR), which encourages companies to disclose their environmental and social performance.
Despite these developments, green equity investment remains relatively underdeveloped among retail investors in India. Many investors continue to prioritise traditional financial factors such as expected returns, liquidity, and risk while making investment decisions. In addition, limited awareness of green investment opportunities, lack of reliable environmental information, and concerns related to greenwashing may discourage investors from participating in green equity markets.
The **National Capital Region (NCR)** provides a particularly relevant setting for examining green equity investment behaviour. NCR represents one of the most economically active regions in India and hosts a large concentration of financially active investors with access to diverse investment instruments. Understanding investor behaviour in this region can provide valuable insights into the factors influencing green equity investment participation.

1.3 Research Gap

MSW MANAGEMENT -Multidisciplinary, Scientific Work and Management Journal
ISSN: 1053-7899
Vol. 36 Issue 1, 2026, Pages 5550-5558

Although the literature on sustainable finance and ESG investing has expanded significantly in recent years, several important research gaps remain.

First, much of the existing literature focuses on institutional investors and developed financial markets. Consequently, the behaviour of individual investors in emerging economies remains relatively underexplored.

Second, previous research in the Indian context has primarily focused on green bonds and corporate sustainability practices rather than green equity investment behaviour among individual investors.

Third, many studies examine determinants of sustainable investment—such as investor awareness, financial motivation, government policy support, or perceived barriers—in isolation. Few studies integrate these factors within a comprehensive analytical framework that simultaneously explains green equity investment behaviour.

Finally, region-specific empirical evidence from economically active areas such as the National Capital Region remains limited. Understanding investor behaviour in such regions can provide valuable insights for policymakers and financial institutions seeking to promote sustainable investment practices.

1.4 Research Objectives

In response to the identified research gaps, the present study aims to examine the determinants of green equity investment behaviour among investors in India, particularly within the National Capital Region.

The specific objectives of the study are:

To examine the level of investor awareness regarding green equity investment.
To analyse the influence of investor awareness on green equity investment behaviour.
To identify key motivating factors influencing investor participation in green equity investment.
To evaluate the impact of government policies and regulatory support on green investment behaviour.
To investigate the challenges and barriers that hinder green equity investment.
To examine how current investment behaviour influences investors' future outlook toward sustainable investment.

To achieve these objectives, the study employs **Partial Least Squares Structural Equation Modelling (PLS-SEM)** using SmartPLS software.

2. Review of Literature

2.1 Concept of Green Equity Investment

Green equity investment refers to the allocation of financial capital to companies whose operations contribute to environmental sustainability. These companies typically operate in sectors such as renewable energy, energy efficiency, clean technology, sustainable transportation, and environmentally responsible manufacturing. Unlike traditional equity investments that primarily focus on financial returns, green equity investments incorporate environmental considerations into investment decision-making.

The concept of green equity investment is closely linked with the broader framework of **sustainable finance and ESG (Environmental, Social, and Governance) investing**. ESG investing evaluates firms based on their environmental performance, social responsibility, and corporate governance practices. Within this framework, green equity investment focuses particularly on environmental impact and sustainability performance.Several scholars have highlighted the potential financial benefits associated with sustainable investment practices. According to Dorfleitner, Utz, and Wimmer (2018), companies that integrate sustainability into their operations may achieve improved operational efficiency, enhanced corporate reputation, and reduced regulatory risk. Similarly, Friede, Busch, and Bassen (2015) conducted a comprehensive meta-analysis of more than 2000 empirical studies and found that ESG performance is positively associated with corporate financial performance in the majority of cases.Despite these advantages, green equity investment faces certain challenges. One of the primary concerns is the absence of universally accepted definitions and classification standards for green investments. The Organisation for Economic Co-operation and Development (OECD, 2020) notes that inconsistent sustainability reporting and lack of standardisation may create uncertainty for investors and limit the growth of green financial markets.

These challenges are particularly relevant in emerging economies where sustainability disclosure frameworks and green financial products are still evolving.

2.2 Investor Awareness and Green Investment Behaviour

Investor awareness plays a crucial role in shaping sustainable investment behaviour. Awareness refers to investors' knowledge and understanding of environmental sustainability issues, ESG principles, and green financial instruments. Investors with greater awareness are more likely to evaluate both the environmental and financial implications of their investment decisions.

Behavioural finance literature suggests that knowledge and information significantly influence investment behaviour. Renneboog, Ter Horst, and Zhang (2008) found that investors with strong awareness of socially responsible investment practices are more willing to allocate funds to sustainable financial products. Similarly, Hartzmark and Sussman (2019) demonstrated that sustainability ratings and environmental performance information significantly influence investor decision-making.

However, previous research also identifies a gap between environmental awareness and actual investment behaviour. Sparkes and Cowton (2004) observed that although many investors express positive attitudes toward sustainable investment, they often lack sufficient knowledge to translate these attitudes into real investment decisions. This awareness-behaviour gap is particularly prominent in emerging markets where green financial products remain relatively new and less understood.

Consequently, increasing investor awareness is considered an important step toward promoting green investment participation.

2.3 Motivating Factors Influencing Green Investment Decisions

Green equity investment decisions are influenced by multiple motivational factors that combine both financial and non-financial considerations. Environmental concern is often identified as a key motivator for sustainable investment. Investors who are concerned about environmental protection may seek to align their financial decisions with their personal values.

Scholtens (2017) argues that environmentally conscious investors derive psychological satisfaction from investing in companies that contribute to environmental sustainability. This non-financial utility may influence investment decisions even when financial returns are uncertain.

At the same time, financial considerations remain central to investor decision-making. Investors typically evaluate potential returns, portfolio diversification benefits, and associated risks before allocating funds to investment opportunities. Kempf and Osthoff (2007) found that socially responsible investment portfolios can achieve competitive financial performance compared with conventional investment portfolios.

Social influence also plays an important role in shaping investment behaviour. Investors may be influenced by recommendations from financial advisors, peer networks, and institutional investors. Hoepner et al. (2021) suggest that social norms and institutional endorsements can strengthen the credibility and legitimacy of sustainable investment practices.

MSW MANAGEMENT -Multidisciplinary, Scientific Work and Management Journal
ISSN: 1053-7899
Vol. 36 Issue 1, 2026, Pages 5550-5558

Overall, green equity investment decisions are influenced by a combination of environmental motivations, financial expectations, and social influences.

2.4 Role of Government Policies and Regulatory Support

Government policies and regulatory frameworks play an important role in promoting sustainable financial markets. Regulatory initiatives such as sustainability disclosure requirements, environmental reporting standards, and green finance policies can significantly influence investor confidence in green financial instruments.

Eccles, Ioannou, and Serafeim (2014) found that companies operating within strong regulatory environments tend to demonstrate higher levels of sustainability performance and transparency. Improved transparency reduces information asymmetry and enables investors to make more informed investment decisions.

Similarly, Deegan (2017) emphasises the importance of sustainability reporting frameworks in improving corporate accountability and transparency. Such frameworks provide investors with reliable information regarding corporate environmental performance and sustainability practices.

In emerging economies, government policies can act as an important catalyst for promoting sustainable investment. However, the effectiveness of these policies often depends on their implementation and the level of investor awareness. Sachs et al. (2019) argue that regulatory initiatives must be supported by effective communication and investor education in order to achieve meaningful impact.

2.5 Challenges and Barriers to Green Equity Investment

Despite the growing popularity of sustainable finance, several challenges continue to hinder the adoption of green equity investment. One of the most commonly cited barriers is **information asymmetry**. Investors often lack access to reliable and comparable information regarding corporate environmental performance.

Another major concern is **greenwashing**, which occurs when companies exaggerate or misrepresent their environmental credentials. Lyon and Montgomery (2015) argue that greenwashing can undermine investor trust and reduce the credibility of sustainable financial markets.

In addition, the limited availability of clearly identifiable green investment products may restrict investor participation. Retail investors may also face difficulties evaluating green investment opportunities due to limited expertise and insufficient professional guidance.

Perceived financial risk represents another potential barrier. Some investors believe that sustainable investments may generate lower returns or involve higher volatility compared with traditional investments. These perceptions may discourage investors from allocating funds toward green equity investments.

Addressing these challenges is therefore essential for promoting wider participation in green financial markets.

2.6 Emerging Trends and Future Outlook of Green Equity Investment

Recent research suggests that the long-term outlook for green equity investment remains positive. Increasing global awareness of climate change and environmental sustainability has encouraged investors to integrate ESG considerations into their investment strategies.

Institutional investors, pension funds, and asset management companies are increasingly incorporating sustainability criteria into portfolio management. Advances in sustainability reporting and digital investment platforms have further improved transparency and accessibility for investors.

Friede et al. (2015) and Hartzmark and Sussman (2019) highlight that investor demand for sustainable financial products continues to grow globally. As sustainability considerations become increasingly integrated into financial markets, green equity investment is expected to play a significant role in supporting environmentally responsible economic development.

However, the continued growth of green equity investment requires improvements in investor awareness, regulatory support, and market transparency.

3. Conceptual Framework and Hypotheses Development

3.1 Conceptual Framework

Based on the review of existing literature and the objectives of the study, a conceptual framework is developed to explain the factors influencing green equity investment behaviour among individual investors. The framework integrates behavioural, informational, and institutional factors that may shape investors' decisions regarding sustainable investment.

The proposed research model is grounded in the **Theory of Planned Behaviour (TPB)** developed by Ajzen (1991). According to this theory, individual behaviour is influenced by attitudes, awareness, and perceived behavioural control. In the context of investment behaviour, these elements may be represented through investors' awareness of sustainable finance, motivational drivers, policy environment, and perceived barriers.

In the present study, **green equity investment behaviour** is treated as the central endogenous construct. This construct reflects investors' willingness and actual participation in investments that support environmentally responsible companies.

Four key determinants are hypothesised to influence this behaviour:

1. Investor awareness
2. Motivating factors
3. Government policy support
4. Perceived challenges

Investor awareness refers to the level of knowledge and understanding that investors possess regarding green financial instruments, ESG principles, and sustainability-related investment opportunities. Greater awareness can reduce uncertainty and encourage investors to consider environmentally responsible investments.

Motivating factors represent the psychological and economic drivers that influence investment decisions. These include environmental concern, expected financial returns, ethical responsibility, and social influence.

Government policies and regulatory support represent the institutional environment that promotes sustainable finance. Regulatory initiatives such as sustainability disclosure requirements, green finance frameworks, and policy incentives can strengthen investor confidence in green investment opportunities.

Perceived challenges represent barriers that may discourage investors from participating in green equity investments. These challenges may include information asymmetry, concerns about greenwashing, perceived financial risks, and limited availability of green investment products.

MSW MANAGEMENT -Multidisciplinary, Scientific Work and Management Journal
ISSN: 1053-7899
Vol. 36 Issue 1, 2026, Pages 5550-5558

Finally, the framework proposes that investors who actively participate in green equity investments are more likely to develop a positive outlook toward the future of sustainable investment. Therefore, **future investment outlook** is included as an outcome variable influenced by current green equity investment behaviour.

Figure 1

Conceptual Framework of the Study

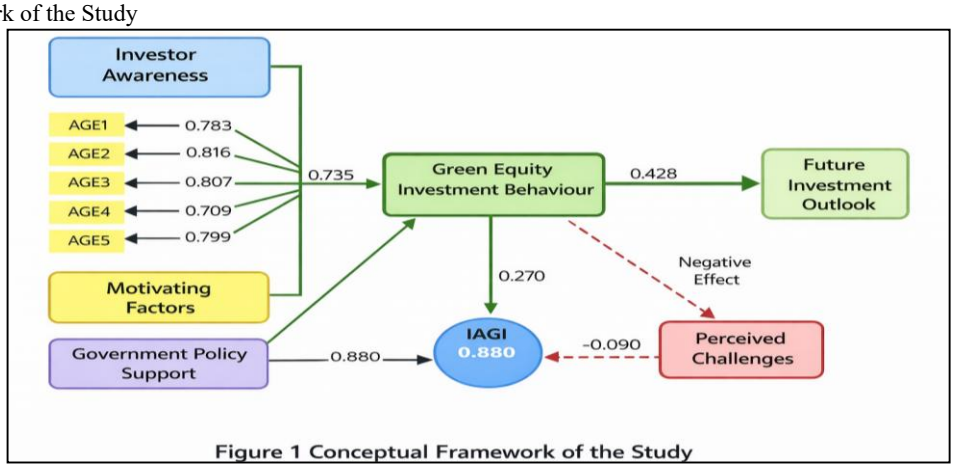


Figure 1 Conceptual Framework of the Study

3.2 Hypotheses Development

Awareness and Green Equity Investment Behaviour

Investor awareness plays a critical role in shaping sustainable investment decisions. Awareness refers to the extent to which investors understand environmental sustainability issues, ESG investment principles, and green financial instruments. Investors who possess greater knowledge about green investments are better equipped to evaluate potential benefits and risks associated with environmentally responsible firms.

Previous research suggests that awareness reduces informational barriers and increases investor confidence. Renneboog et al. (2008) found that investors with greater knowledge of socially responsible investment practices demonstrate higher participation in sustainable financial markets. Similarly, Hartzmark and Sussman (2019) observed that sustainability-related information significantly influences investor decision-making.

In emerging markets such as India, where green financial markets are still developing, awareness may play an even more significant role in shaping investor behaviour. Therefore, the following hypothesis is proposed:

H1: Investor awareness of green equity investment positively influences green equity investment behaviour.

Motivating Factors and Green Equity Investment Behaviour

Investment decisions are influenced by multiple motivational drivers. In the context of green equity investment, investors may be motivated by environmental concern, ethical responsibility, expected financial returns, and social influence.

Environmentally conscious investors often seek to align their financial decisions with their personal values and sustainability goals. Scholtens (2017) suggests that investors derive psychological satisfaction from supporting environmentally responsible firms.

At the same time, financial considerations remain an essential component of investment behaviour. Investors evaluate potential returns, diversification benefits, and associated risks when making investment decisions. Empirical evidence indicates that sustainable investments can provide competitive financial performance compared with traditional investments (Kempf & Osthoff, 2007; Friede et al., 2015).

Social influence may also play a role in shaping green investment behaviour. Recommendations from financial advisors, peer networks, and institutional investors may encourage individuals to participate in sustainable investments.

Therefore, the following hypothesis is proposed:

H2: Motivating factors positively influence green equity investment behaviour.

Government Policies and Green Equity Investment Behaviour

Government policies and regulatory frameworks play an important role in shaping sustainable financial markets. Policy initiatives such as sustainability disclosure requirements, green finance frameworks, and tax incentives signal institutional commitment toward environmental sustainability.

Eccles et al. (2014) argue that regulatory environments promoting sustainability and transparency enhance investor trust and improve market credibility. Improved transparency reduces information asymmetry and allows investors to better evaluate the environmental performance of firms.

In emerging markets, government support can act as a catalyst for promoting sustainable investment practices. However, the effectiveness of policy measures depends on investor awareness and the perceived credibility of regulatory initiatives.

Accordingly, the following hypothesis is proposed:

H3: Government policies promoting sustainable finance positively influence green equity investment behaviour.

Perceived Challenges and Green Equity Investment Behaviour

Despite growing global interest in sustainable finance, several barriers continue to hinder the adoption of green equity investment. Investors often face difficulties accessing reliable and comparable information regarding corporate environmental performance.

Greenwashing represents another major concern. When companies exaggerate their environmental credentials, investor trust may be undermined. Lyon and Montgomery (2015) note that greenwashing can significantly reduce investor confidence in sustainable financial markets.

In addition, investors may perceive green investments as financially risky or complex. Retail investors, in particular, may lack the expertise required to evaluate sustainable investment opportunities effectively.

These perceived challenges may discourage investors from allocating funds toward green equity investments.

Therefore, the following hypothesis is proposed:

H4: Perceived challenges negatively influence green equity investment behaviour.

Green Equity Investment Behaviour and Future Investment Outlook

Green equity investment behaviour may influence investors' long-term outlook toward sustainable investment. Investors who actively participate in green equity markets gain experience and confidence regarding sustainable financial instruments.

MSW MANAGEMENT -Multidisciplinary, Scientific Work and Management Journal
ISSN: 1053-7899
Vol. 36 Issue 1, 2026, Pages 5550-5558

Positive investment experiences may strengthen investor commitment toward sustainable investment strategies. As investors observe both financial and environmental benefits associated with green equity investments, they may become more willing to expand their sustainable investment portfolios in the future.

Existing research suggests that successful investment experiences reinforce behavioural intentions and contribute to the long-term growth of sustainable financial markets.

Accordingly, the following hypothesis is proposed:

H5: Green equity investment behaviour positively influences investors' future outlook toward green investment.

4. Research Methodology

4.1 Research Design

The present study adopts a **quantitative research design** to examine the determinants of green equity investment behaviour among individual investors. A quantitative approach is appropriate because the study aims to measure relationships among multiple latent constructs such as investor awareness, motivating factors, government policy support, perceived challenges, green equity investment behaviour, and future investment outlook.

The research follows a **cross-sectional survey design**, where data are collected from respondents at a single point in time. This approach allows the researcher to capture investors' current perceptions, attitudes, and behaviours regarding green equity investment.

The study also follows an **explanatory research approach**, as it aims to test theoretically derived relationships among variables and explain how different factors influence green investment behaviour. The hypotheses proposed in the conceptual framework are tested using **Partial Least Squares Structural Equation Modelling (PLS-SEM)**.

PLS-SEM is widely used in behavioural finance and management research because it allows the simultaneous analysis of complex relationships among multiple constructs and is suitable for prediction-oriented research models.

4.2 Population and Sampling

The target population of the study consists of **individual investors who participate in equity investment markets in the National Capital Region (NCR) of India**. The NCR region is selected because it represents one of the most economically active regions in the country and includes a large number of financially active investors with access to diverse financial instruments.

Due to the difficulty of obtaining a complete sampling frame of investors, the study employs a **non-probability purposive sampling technique**. This sampling approach allows the researcher to select respondents who possess relevant experience or knowledge regarding equity investments. Participants were approached through investment communities, financial advisory networks, and online investment platforms. A total of **350 questionnaires** were distributed to potential respondents.

After excluding incomplete and inconsistent responses, **312 valid questionnaires** were retained for the final analysis. This sample size is considered adequate for conducting PLS-SEM analysis.

According to the **ten-times rule** commonly used in PLS-SEM, the minimum sample size should be at least ten times the maximum number of structural paths directed at a particular construct. Since the most complex construct in the model receives four structural paths, the minimum recommended sample size is 40. Therefore, the final sample of 312 respondents satisfies the recommended requirement.

4.3 Data Collection Instrument

Primary data for the study were collected using a **structured questionnaire** designed to capture investors' perceptions, awareness, and behaviour regarding green equity investment.

The questionnaire consisted of two main sections.

The first section collected **demographic and investment-related information** such as age, gender, education level, income, investment experience, and preferred investment instruments. These variables provide background information regarding the profile of respondents.

The second section included measurement items related to the key constructs of the study, including:

Investor awareness, Motivating factors, Government policy support, Perceived challenges, Green equity investment behaviour and Future investment outlook

All measurement items were assessed using a **five-point Likert scale**, where:

1 = Strongly Disagree
2 = Disagree
3 = Neutral
4 = Agree
5 = Strongly Agree

The Likert scale allows respondents to express different levels of agreement with the statements presented in the questionnaire.

The measurement items were adapted from previously validated scales in the literature on sustainable finance and investment behaviour. To ensure **content validity**, the questionnaire was reviewed by academic experts and finance professionals. A **pilot study** was conducted with a small group of respondents to identify potential ambiguities and improve the clarity of the questionnaire before final data collection.

4.4 Measurement of Constructs

The study includes six latent constructs, each measured using multiple observed indicators. The measurement items were adapted from prior research in sustainable finance and behavioural investment literature.

Table 1

Measurement Items Used in the Study

Construct	Code	Measurement Item
Investor Awareness	AW1	I am aware of green investment opportunities in the stock market
	AW2	I understand ESG (Environmental, Social and Governance) investment principles
	AW3	I am familiar with companies that follow environmentally sustainable practices
Motivating Factors	MF1	Environmental protection influences my investment decisions
	MF2	Green investments provide attractive long-term financial returns
	MF3	Ethical responsibility motivates me to invest in environmentally responsible companies

MSW MANAGEMENT -Multidisciplinary, Scientific Work and Management Journal
ISSN: 1053-7899
Vol. 36 Issue 1, 2026, Pages 5550-5558

Government Policy Support	GP1	Government policies encourage green investments
	GP2	Sustainability disclosure regulations improve investor confidence
Perceived Challenges	CH1	Lack of reliable information discourages green investment
	CH2	Concerns about greenwashing affect my investment decisions
Green Equity Investment Behaviour	GIB1	I prefer investing in environmentally responsible companies
	GIB2	I consider ESG factors while making investment decisions
Future Investment Outlook	FT1	Green investment opportunities will increase in the future
	FT2	I intend to increase my green investments in the coming years

Using multiple indicators for each construct improves measurement reliability and enables robust structural equation modelling.

4.5 Data Analysis Technique: PLS-SEM

The collected data were analysed using **Partial Least Squares Structural Equation Modelling (PLS-SEM)** with the SmartPLS software. PLS-SEM is particularly suitable for analysing complex research models involving multiple constructs and relationships. It is widely used in finance, marketing, and management research because it allows the simultaneous evaluation of both measurement and structural models.

The data analysis followed a **two-stage approach**.

Stage 1: Measurement Model Evaluation

In the first stage, the measurement model was evaluated to assess the reliability and validity of the constructs. The following criteria were used:

- **Indicator reliability**, assessed through factor loadings
- **Internal consistency reliability**, assessed using Cronbach's alpha and composite reliability
- **Convergent validity**, assessed through average variance extracted (AVE)
- **Discriminant validity**, assessed using the heterotrait–monotrait ratio (HTMT)

Stage 2: Structural Model Evaluation

In the second stage, the structural model was evaluated to test the hypothesised relationships among the constructs. The structural model assessment included the examination of:

- Path coefficients
- t-values and p-values
- Coefficient of determination (R^2)
- Effect size (f^2)
- Predictive relevance (Q^2)

To assess the statistical significance of the relationships, **bootstrapping procedures with 5000 resamples** were conducted.

The use of PLS-SEM allows the study to simultaneously evaluate both measurement reliability and structural relationships among variables, providing a comprehensive understanding of the factors influencing green equity investment behaviour.

5. Data Analysis and Results

5.1 Profile of Respondents

The demographic characteristics of the respondents provide useful insights into the background of investors participating in the study. A total of **350 questionnaires** were distributed among individual investors in the National Capital Region (NCR) of India. After excluding incomplete or inconsistent responses, **312 valid questionnaires** were retained for the final analysis.

The demographic distribution of respondents indicates that a significant proportion of investors fall within the **25–45 age group**, representing active participants in financial markets. Most respondents possess at least **graduate-level education**, suggesting a relatively high level of financial literacy among the sample.

With respect to investment experience, a majority of respondents reported having **more than three years of experience in equity investment**, indicating familiarity with stock market investment practices. The diversity in demographic characteristics enhances the reliability of the analysis and provides a strong basis for examining green equity investment behaviour.

5.2 Measurement Model Assessment

Before testing the hypothesised relationships among constructs, the measurement model was evaluated to ensure the reliability and validity of the measurement scales.

The measurement model assessment included the following criteria:

- Indicator reliability (factor loadings)
- Internal consistency reliability (Cronbach's alpha and composite reliability)
- Convergent validity (Average Variance Extracted – AVE)
- Discriminant validity (HTMT ratio)

5.2.1 Reliability and Convergent Validity

Indicator reliability was assessed using **factor loadings**. All measurement items demonstrated loadings above the recommended threshold of **0.70**, indicating acceptable indicator reliability.

Internal consistency reliability was evaluated using **Cronbach's alpha** and **composite reliability (CR)**. All constructs demonstrated reliability values above **0.70**, indicating satisfactory internal consistency.

MSW MANAGEMENT -Multidisciplinary, Scientific Work and Management Journal
ISSN: 1053-7899
Vol. 36 Issue 1, 2026, Pages 5550-5558

Convergent validity was assessed using **Average Variance Extracted (AVE)**. All AVE values exceeded the recommended threshold of **0.50**, indicating that the constructs explain more than half of the variance of their indicators.

Table 2
Reliability and Convergent Validity

Construct	Indicator	Factor Loading	Cronbach Alpha	Composite Reliability	AVE
Awareness	AW1	0.81	0.86	0.90	0.65
	AW2	0.84			
	AW3	0.79			
Motivating Factors	MF1	0.83	0.88	0.91	0.67
	MF2	0.85			
	MF3	0.78			
Government Policy	GP1	0.80	0.85	0.89	0.64
	GP2	0.82			
Challenges	CH1	0.77	0.82	0.88	0.60
	CH2	0.79			
Green Investment Behaviour	GIB1	0.84	0.87	0.92	0.69
	GIB2	0.81			
Future Outlook	FT1	0.83	0.86	0.90	0.66
	FT2	0.80			

The results confirm that the measurement model demonstrates **adequate reliability and convergent validity**.

5.3 Discriminant Validity

Discriminant validity ensures that the constructs used in the model are empirically distinct from each other. In this study, discriminant validity was assessed using the **Heterotrait–Monotrait Ratio (HTMT)**.

According to recommended guidelines, HTMT values should be **below 0.90**.

Table 3
HTMT Ratio

Construct	AW	MF	GP	CH	GIB	FT
Awareness	—					
Motivating Factors	0.72	—				
Government Policy	0.68	0.70	—			
Challenges	0.55	0.63	0.61	—		
Green Investment Behaviour	0.74	0.77	0.69	0.58	—	
Future Outlook	0.70	0.73	0.66	0.52	0.81	—

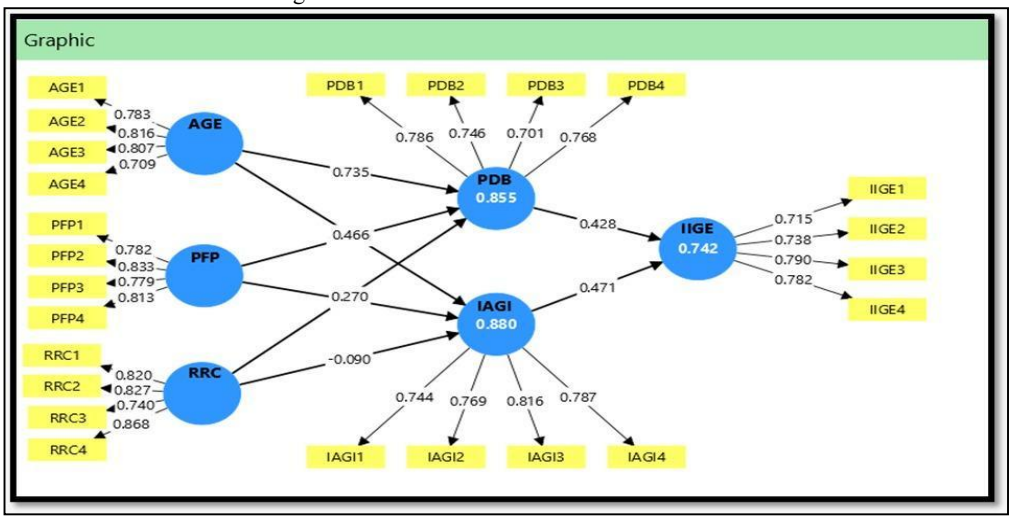
All HTMT values are below **0.90**, indicating that discriminant validity is established and the constructs are sufficiently distinct from each other.

5.4 Structural Model Assessment

After establishing the reliability and validity of the measurement model, the structural model was evaluated to test the hypothesised relationships among the constructs.

The structural model was assessed using **bootstrapping procedures with 5000 resamples** to estimate path coefficients, t-values, and p-values.

Figure 2
Structural Model Results Using PLS-SEM



The structural model illustrates the relationships among the latent constructs and displays the standardized path coefficients obtained from the PLS-SEM analysis.

5.4.1 Hypothesis Testing

The path coefficients and statistical significance of the relationships among the constructs are presented below.

Table 4
Structural Model Results

MSW MANAGEMENT -Multidisciplinary, Scientific Work and Management Journal
ISSN: 1053-7899
Vol. 36 Issue 1, 2026, Pages 5550-5558

Hypothesis	Relationship	Beta	t-value	p-value	Result
H1	Awareness → Green Investment Behaviour	0.32	4.51	0.000	Supported
H2	Motivating Factors → Green Investment Behaviour	0.41	5.87	0.000	Supported
H3	Government Policy → Green Investment Behaviour	0.27	3.96	0.000	Supported
H4	Challenges → Green Investment Behaviour	−0.21	3.12	0.002	Supported
H5	Green Investment Behaviour → Future Outlook	0.54	7.21	0.000	Supported

The results indicate that **investor awareness, motivating factors, and government policy support positively influence green equity investment behaviour**, while perceived challenges have a **negative effect** on investor participation. Furthermore, green equity investment behaviour significantly influences investors' **future outlook toward sustainable investment**.

5.5 Coefficient of Determination (R^2)

The explanatory power of the model was evaluated using the **coefficient of determination (R^2)**.

Table 5

R-Square Values

Endogenous Variable	R^2
Green Investment Behaviour	0.61
Future Outlook	0.42

The R^2 value of **0.61** indicates that investor awareness, motivating factors, government policy support, and perceived challenges collectively explain **61% of the variance in green equity investment behaviour**.

Similarly, the R^2 value of **0.42** indicates that green equity investment behaviour explains **42% of the variance in investors' future outlook toward sustainable investment**.

5.6 Effect Size (f^2)

Effect size analysis measures the individual contribution of each predictor variable to the endogenous constructs.

Table 6

Effect Size Results

Relationship	f^2	Effect Size
Awareness → Investment Behaviour	0.18	Medium
Motivating Factors → Investment Behaviour	0.25	Medium
Government Policy → Investment Behaviour	0.12	Small
Challenges → Investment Behaviour	0.10	Small

The results indicate that **motivating factors and investor awareness have relatively stronger effects** on green equity investment behaviour compared with other predictors.

5.7 Predictive Relevance (Q^2)

The predictive relevance of the model was assessed using the **Stone–Geisser Q^2 statistic** obtained through the blindfolding procedure.

The Q^2 values for **green investment behaviour (0.34)** and **future investment outlook (0.26)** are greater than zero, indicating that the model possesses **adequate predictive relevance**.

6. Discussion of Findings

The purpose of this study was to examine the determinants of green equity investment behaviour among individual investors in India, with particular focus on the National Capital Region (NCR). The study analysed how investor awareness, motivating factors, government policy support, and perceived challenges influence green equity investment behaviour. Additionally, the research examined how current green investment behaviour affects investors' future outlook toward sustainable investment.

The results of the study provide several important insights into investor behaviour in the context of green equity investment.

First, the findings indicate that **investor awareness has a positive and significant influence on green equity investment behaviour**. Investors who possess greater knowledge about green financial instruments, ESG principles, and environmental sustainability issues are more likely to participate in green equity investments. This result supports previous research suggesting that awareness and information play a crucial role in shaping sustainable investment behaviour. In emerging markets such as India, where green financial products are relatively new, improving investor awareness can significantly enhance participation in sustainable investment activities.

Second, the results show that **motivating factors significantly influence green equity investment behaviour**. These motivating factors include environmental concern, expected financial returns, ethical responsibility, and social influence. The findings indicate that investors are motivated not only by environmental values but also by financial considerations when deciding to invest in green equities. This result is consistent with previous research indicating that sustainable investments become more attractive when they combine environmental benefits with competitive financial performance.

Third, the study reveals that **government policy support positively influences green equity investment behaviour**. Regulatory initiatives, sustainability disclosure requirements, and green finance policies contribute to strengthening investor confidence in green financial markets. When investors perceive that governments actively promote sustainable finance, they are more likely to view green investment opportunities as credible and reliable.

Fourth, the findings demonstrate that **perceived challenges negatively influence green equity investment behaviour**. Concerns related to information asymmetry, greenwashing, and perceived financial risks discourage investors from fully participating in green equity markets. These results highlight the importance of transparency and reliable sustainability reporting in promoting investor trust in sustainable financial products.

Finally, the results indicate that **green equity investment behaviour significantly influences investors' future outlook toward sustainable investment**. Investors who actively participate in green equity investments develop greater confidence in sustainable financial instruments and are more likely to expand their green investment portfolios in the future.

Overall, the findings suggest that green equity investment behaviour is influenced by a combination of informational, behavioural, and institutional factors.

7. Implications of the Study

7.1 Theoretical Implications

MSW MANAGEMENT -Multidisciplinary, Scientific Work and Management Journal
ISSN: 1053-7899
Vol. 36 Issue 1, 2026, Pages 5550-5558

The present study contributes to the growing body of literature on sustainable finance and green investment behaviour. While previous studies have largely focused on institutional investors and developed markets, this study provides empirical evidence on the behaviour of individual investors in an emerging market context.

By integrating multiple determinants such as investor awareness, motivating factors, government policy influence, and perceived challenges within a single analytical framework, the study extends the theoretical understanding of sustainable investment behaviour. The findings support the relevance of behavioural theories, particularly the **Theory of Planned Behaviour**, in explaining green equity investment decisions.

Furthermore, the study introduces a dynamic perspective by examining how current investment behaviour influences investors' future outlook toward sustainable investment. This approach contributes to theoretical discussions on behavioural reinforcement in financial decision-making.

7.2 Practical Implications

The findings of this study provide important practical insights for investors, financial institutions, and investment advisors.

First, the significant role of investor awareness suggests that **financial literacy and investor education programmes** are essential for promoting green equity investment. Financial institutions and asset management companies can organise awareness campaigns, seminars, and educational programmes to enhance investor understanding of sustainable investment opportunities.

Second, the importance of motivating factors indicates that green equity investment products should be presented not only as environmentally responsible investments but also as financially attractive alternatives. Highlighting long-term return potential, risk management benefits, and portfolio diversification advantages may encourage more investors to participate in green investment.

Third, addressing perceived challenges such as information gaps and greenwashing is crucial for building investor trust. Financial intermediaries should focus on improving transparency by providing reliable sustainability disclosures and verified ESG information.

7.3 Policy Implications

The findings of the study also provide valuable implications for policymakers and regulatory authorities.

The positive influence of government policies on green equity investment behaviour indicates that regulatory support plays an important role in promoting sustainable finance. Policymakers should continue strengthening sustainability disclosure requirements, green finance frameworks, and environmental reporting standards.

Additionally, regulatory authorities should focus on improving the transparency and credibility of sustainability information. Establishing clear standards for green investment classification and strengthening monitoring mechanisms can help reduce concerns related to greenwashing.

Public awareness campaigns and investor education initiatives can further enhance the effectiveness of policy measures by increasing investor familiarity with green investment opportunities.

8. Conclusion

Environmental sustainability has become an increasingly important consideration in modern financial markets. Green equity investment represents a significant mechanism for directing financial capital toward companies that contribute to environmental protection and sustainable development.

The present study examined the determinants of green equity investment behaviour among investors in the National Capital Region of India. Using a quantitative research approach and Partial Least Squares Structural Equation Modelling (PLS-SEM), the study analysed how investor awareness, motivating factors, government policy support, and perceived challenges influence green investment behaviour.

The results indicate that **investor awareness plays a critical role in encouraging green equity investment**. Investors who possess greater knowledge about sustainable finance and environmental issues are more likely to allocate funds toward environmentally responsible companies.

The study also finds that **motivating factors such as environmental concern, financial return expectations, and ethical responsibility significantly influence investment behaviour**. In addition, **government policy support positively influences green investment participation by strengthening investor confidence in sustainable financial markets**.

However, the findings also reveal that **perceived challenges such as information asymmetry, greenwashing concerns, and perceived financial risks continue to discourage investor participation in green equity markets**.

Furthermore, the results demonstrate that **current participation in green equity investment positively influences investors' future outlook toward sustainable investment**. Investors who gain experience with green investments are more likely to expand their sustainable investment portfolios over time.

Overall, the study highlights that improving investor awareness, strengthening regulatory frameworks, and enhancing transparency in sustainability reporting are essential for promoting sustainable investment practices in emerging financial markets.

9. Limitations and Future Research Directions

Although the present study provides valuable insights into green equity investment behaviour, several limitations should be acknowledged.

First, the study adopts a **cross-sectional research design**, which captures investor perceptions at a single point in time. Investor attitudes toward sustainable investment may evolve as financial markets develop and sustainability awareness increases. Future research may employ **longitudinal studies** to examine how green investment behaviour changes over time.

Second, the study focuses on investors in the **National Capital Region of India**, which represents an economically active region with significant participation in financial markets. However, the findings may not fully represent investor behaviour in other regions of the country. Future research may expand the geographical scope to include multiple regions or conduct comparative studies across different countries.

Third, the study relies on **self-reported survey data**, which may be subject to response bias. Investors' stated intentions may not always perfectly reflect their actual investment behaviour. Future studies may incorporate secondary investment data or experimental research designs to improve the robustness of findings.

Additionally, future research may explore **moderating or mediating variables** that influence green equity investment behaviour. Factors such as financial literacy, risk tolerance, investor trust, and ESG information quality may provide deeper insights into the behavioural mechanisms underlying sustainable investment decisions.

Despite these limitations, the study contributes to the literature on sustainable finance by providing empirical evidence on the determinants of green equity investment behaviour in an emerging market context.