DSEF09 – Sustainable Finance

Masters of Commerce
Semester IV
DSE – Elective Paper
Sustainable Finance

Course Type/ Course Code	Course Title	Lectures	Tutorials	Practical	Credit	Pre-requisites
DSEF09	Sustainable Finance	3	1	0	4	NIL

Objective: The objective of this course is to familiarize students with the concept and importance of sustainable finance, focusing on the integration of environmental, social, and governance (ESG) principles in financial decision-making. The course aims to develop an understanding of how finance can be leveraged to promote sustainable economic development, manage climate-related risks, and support India's transition toward a low-carbon and inclusive economy.

Learning Outcomes: After completion of the course, learners will be able to:

- Explain the conceptual foundations, evolution, and significance of sustainable finance and ESG principles in promoting responsible financial decision-making.
- Apply global and Indian sustainability reporting and disclosure frameworks such as GRI, TCFD, ISSB, and SEBI's BRSR to assess ESG performance of firms and financial institutions.
- Analyse sustainable financial products and instruments, including green bonds, sustainability-linked loans, and impact investments, and evaluate their relevance in India's low-carbon transition.
- Evaluate policy, regulatory, and institutional challenges in mainstreaming sustainable finance in India and propose measures to strengthen its implementation through innovation and governance reforms.

Contents:

Unit I **(10 Hours)**

The concept, nature, and scope of sustainable finance; evolution from ethical investment to ESG and impact finance; relevance of sustainability in financial decision-making; relationship between finance, climate change, and sustainable development; global initiatives such as the UN Sustainable Development Goals (SDGs), Paris/Glasgow Pact, GFANZ, and the role of international financial institutions. India's sustainable finance landscape - Green Credit Programme, Carbon Credit Scheme, Green Hydrogen Policy, ESG investing growth, and emerging trends.

Unit II **(11 Hours)**

ESG framework and dimensions—environmental, social, and governance factors; measurement and reporting of sustainability performance; sustainability disclosures and emerging global standards—GRI, SASB, TCFD & TNFD, and ISSB; Indian regulatory and policy initiatives such as SEBI's BRSR (Business Responsibility and Sustainability Reporting), RBI's framework for green deposits, and green taxonomy; sustainability data challenges, risk assessment, and integration of ESG factors in investment analysis.

Unit III **(12 Hours)**

Sustainable financial products and markets—green bonds, social bonds, sustainability-linked bonds and loans, impact investment, blended finance, and ESG funds; role of banks, mutual funds, insurance companies, and development finance institutions in promoting sustainable finance; Indian experience with green bond issuances, renewable energy finance, and public-private partnerships for sustainable infrastructure; case studies of Indian financial institutions adopting sustainable finance practices.

Unit IV **(12 Hours)**

Challenges and prospects of sustainable finance in India—greenwashing, data gaps, cost of capital, and limited investor awareness; policy and regulatory reforms needed for scaling sustainable finance; the role of fintech, digital innovation, and carbon markets in enabling green transition; central bank and regulatory perspectives—RBI, SEBI, and Ministry of Finance initiatives; future directions including transition finance, biodiversity finance, and climate adaptation funding.

Tutorial Exercise:

The students shall be required to review sustainability reports of Indian listed companies, analyse ESG ratings of selected firms, and discuss policy papers or case studies on green bonds and renewable energy finance in India. Short presentations and classroom discussions will help students relate theoretical concepts to real-world applications in the Indian financial system.

Suggested Readings:

- Schoenmaker, D., & Schramade, W. (2019). *Principles of Sustainable Finance.* Oxford University Press.
- Carney, M. (2021). *Value(s): Building a Better World for All.* William Collins.
- Ghosh, S. (2023). *Green Finance and Sustainable Investment in India.* Routledge.
- OECD (2020). *Developing Sustainable Finance Markets in Emerging Economies.* OECD Publishing.
- Reserve Bank of India. (2023). *Report on Currency and Finance: Towards a Sustainable Future.*
- SEBI. (2021). *Business Responsibility and Sustainability Reporting (BRSR) Framework.*
- UN Principles for Responsible Investment (PRI) and Task Force on Climate-related Financial Disclosures (TCFD) reports.