Shodh Sari-An International Multidisciplinary Journal

2026, Vol. 05, Issue 02, 521-542
ISSN: 2959-1376
DOI: https://doi.org/10.59231/SARI7938

Synergizing Impact Investing, Green Finance, and the Circular Economy: An Empirical Agenda for Sustainable Capital Mobilization and Resource Efficiency in India

Agarwal, Swati[1] and Goyal, Vibhor[2]
[1,2]Research Scholar, IIMT University, Meerut

Abstract

India's path to economic growth and climate resilience requires financial systems that can attract substantial capital while ensuring that resources are utilized more efficiently. This paper brings together three interlinked approaches: Impact investing, green finance, and the circular economy (CE) to demonstrate how they can work in synergy to drive sustainable development. We argue that when these domains interact, they create powerful mechanisms for mobilizing capital and translating it into tangible improvements in resource efficiency. To ground this idea, we draw on recent policy shifts in India, such as SEBI's BRSR Core disclosure standards, the Eco-mark Rules 2024, and the draft Climate Finance Taxonomy, alongside market signals from sovereign and corporate green bonds, blended-finance guarantee programs, and the growing role of impact venture capital. By weaving these developments together, we propose a systems framework that identifies how stronger disclosure, credible assurance, and risk-sharing instruments can channel funds more effectively into CE-aligned projects. The paper also lays out a set of propositions, key indicators, and potential data sources that could guide empirical research in this space. Ultimately, our contribution lies in showing how India can move beyond fragmented initiatives and instead build a coherent, integrated architecture for sustainable capital flows that delivers measurable social, environmental, and economic benefits.

Keywords: impact investing; green finance; circular economy; resource efficiency; blended finance

@2026 International Council for Education Research and Training
ISSN: 2959-1376
2026, Vol. 05, Issue 02, 522-542
DOI: https://doi.org/10.59231/SARI7938

Introduction

India today stands at a crossroads. On one hand, the country seeks rapid economic growth to meet the aspirations of its population and to strengthen its global position. On the other hand, it faces the undeniable challenge of climate change, which threatens to undermine decades of progress if growth continues along unsustainable lines. Balancing these two imperatives is not a simple task. Conventional financial systems, which have historically prioritized short-term returns, are not fully equipped to address issues such as environmental degradation, social inequality, and climate-related risks (Jackson & Harji, 2013). This calls for new approaches that can reshape how capital is mobilized and directed.

Three such approaches—impact investing, green finance, and the circular economy—are beginning to provide that possibility. Impact investing seeks to achieve measurable social and environmental benefits alongside financial returns, an idea supported by stakeholder theory, which emphasizes that businesses and investors must consider the interests of all stakeholders, not just shareholders (Freeman, 1984). Green finance, which includes instruments like green bonds and blended finance models, is rooted in sustainable finance theory, showing that investments aligned with environmental, social, and governance (ESG) standards can enhance long-term resilience and reduce systemic risk (Friede, Busch, & Bassen, 2015). The circular economy, in turn, offers a practical rethinking of how societies use resources. Instead of the traditional "take-make-dispose" model, it encourages reducing waste, reusing resources, and recycling materials. This idea connects to ecological modernization theory, which argues that economic progress and environmental protection can advance together if institutions and markets are restructured accordingly (Mol & Sonnenfeld, 2000).

Taken separately, each of these innovations brings certain benefits. However, their true potential lies in working together. Drawing on the systems theory of change, we can see how the interaction of impact investing, green finance, and the circular economy creates a reinforcing cycle. For example, impact investors can direct capital into circular economy projects such as waste-to-energy plants or recycling startups. Green finance instruments, like sovereign green

@2026 International Council for Education Research and Training
ISSN: 2959-1376
2026, Vol. 05, Issue 02, 523-542
DOI: https://doi.org/10.59231/SARI7938

bonds, can provide the large-scale funding these projects need. Circular economy principles then ensure that these investments lead to real resource efficiency, which in turn reduces risks and attracts further capital. This cycle builds momentum, creating pathways that are both economically productive and climate resilient (Meadows, 2008).

This integrated perspective is particularly important for India. The country has set ambitious climate commitments under the Paris Agreement, pledged to achieve net-zero emissions by 2070, and is pushing ahead with large-scale renewable energy deployment. At the same time, it faces pressing challenges such as urban waste management, water scarcity, and rising unemployment. If financial flows remain fragmented, these challenges will only deepen. But if capital is mobilized through a coherent system that brings together impact investing, green finance, and circular economy principles, India has the opportunity to build not just growth, but growth that is inclusive, resource-efficient, and future-ready.

In essence, finance is not only about allocating capital; it is also about shaping the kind of society we want to live in. By situating these three approaches within well-established theories of finance, management, and systems thinking, this paper argues for a more integrated architecture of sustainable capital flows. Such an approach highlights that financial decisions are not purely technical or economic—they are deeply social and ethical choices that can either reinforce unsustainable patterns or open up pathways toward resilience and equity (Sullivan & Mackenzie, 2017; Weber & ElAlfy, 2021).

Literature Review

The academic and policy debates around sustainable development have increasingly turned toward finance as a central lever of change. Rather than seeing finance as a neutral mechanism of allocating resources, recent scholarship emphasizes its role in shaping social outcomes and ecological futures. Within this evolving field, three strands of literature—impact investing, green finance, and the circular economy—stand out as particularly relevant to India's context.

Impact investing has grown rapidly over the past decade as investors seek not only financial returns but also measurable improvements in social and environmental conditions. The Global Impact Investing

@2026 International Council for Education Research and Training
ISSN: 2959-1376
2026, Vol. 05, Issue 02, 524-542
DOI: https://doi.org/10.59231/SARI7938

Network (GIIN, 2019) describes it as investment made with intent, measurement, and accountability. Academic work situates impact investing within broader frameworks such as social capital theory and the double bottom line, both of which challenge the idea that profit and purpose are mutually exclusive. Scholars such as Nicholls and Emerson (2015) argue that impact investing provides a new model of capitalism where stakeholders—communities, employees, and the environment—are valued alongside shareholders.

Parallel to this, the literature on green finance highlights how financial markets can be redesigned to account for environmental risks and opportunities. Green bonds, ESG-linked loans, and blended finance mechanisms are increasingly discussed not just as niche instruments but as mainstream tools to fund sustainability. Drawing on financial intermediation theory, studies show that such instruments reduce information asymmetry and lower the cost of capital for sustainable projects (OECD, 2021). They also resonate with sustainable finance theory, which has found that ESG factors often correlate positively with long-term financial performance (Friede, Busch, & Bassen, 2015). For India, where climate-related risks such as floods, heatwaves, and droughts threaten economic stability, this body of work suggests that green finance is not a luxury but a necessity.

The third body of literature comes from the field of the circular economy (CE). Inspired by industrial ecology and systems thinking, CE argues that economic growth does not have to depend on linear extraction and disposal. Instead, materials and resources can be kept in circulation through reuse, repair, recycling, and innovation. The theoretical foundation here lies in ecological modernization theory, which proposes that economic development and environmental sustainability can advance together if markets and institutions are restructured accordingly (Mol & Sonnenfeld, 2000). Recent studies show that CE adoption reduces costs for businesses, creates jobs, and contributes to national sustainability goals (Kirchherr et al., 2017).

While each of these domains has its own body of scholarship, there are still relatively few attempts to integrate them. Existing research tends to examine impact investing, green finance, and CE in silos. This paper builds on the emerging literature that calls for

@2026 International Council for Education Research and Training
ISSN: 2959-1376
2026, Vol. 05, Issue 02, 525-542
DOI: https://doi.org/10.59231/SARI7938

a systems approach, where the interaction of these domains produces more than the sum of their parts (Meadows, 2008). By weaving them together, it is possible to understand how capital can flow in ways that not only support financial returns but also accelerate the transition to a resource-efficient and climate-resilient economy.

1. The India Sustainable Debt State of the Market 2024 finds cumulative aligned issuance reached USD 55.9 billion by end 2024 with green themes dominant. The report argues that sovereign green bonds created pricing references and lifted disclosure quality in labelled debt (Climate Bonds Initiative, 2025).

2. SEBI introduced BRSR Core to improve assurance and value chain disclosures, which many issuers now use to structure ESG reporting. This strengthens comparability and trust in Indian markets, supporting impact and green allocations (SEBI, 2023).

3. The Draft Framework of India's Climate Finance Taxonomy proposes screening criteria to classify activities that align with national climate goals. By defining eligible mitigation, adaptation and transition activities, the taxonomy aims to direct capital at lower verification cost (Department of Economic Affairs, 2025).

4. The Ecomark Rules 2024 refresh India's eco label and spell out conformity assessment and oversight. Clear labels can stimulate circular demand by signaling product level performance to consumers and buyers (MoEFCC, 2024).

5. CPI's Landscape of Green Finance in India tracks public and private flows across clean energy, transport and efficiency, and begins to quantify adaptation finance. The study documents persistent gaps relative to investment needs and recommends green budgeting and better tracking methods (Climate Policy Initiative, 2024).

6. IIC reports that impact equity flows were USD 2.9 billion in 2023 across 275 enterprises with climate tech, financial inclusion and health among the largest recipients. The council highlights the resilience of impact capital despite broader venture slowdowns (India Impact Investors Council, 2024).

7. The national municipal solid waste assessment for 2020 to 2021 reports about 160,038.9 tonnes per day generated and a collection efficiency above ninety five percent. These data help size circular

@2026 International Council for Education Research and Training
ISSN: 2959-1376
2026, Vol. 05, Issue 02, 526-542
DOI: https://doi.org/10.59231/SARI7938

opportunities in materials management (Central Pollution Control Board, 2021).

8. The National Inventory for 2023 to 2024 compiles hazardous and other waste generation and management from states. While focused on hazardous categories, it complements e waste and plastic data and shows uneven compliance across states (Central Pollution Control Board, 2025).

9. MNRE's physical progress dashboard shows solar capacity crossing 119 gigawatts by July 2025 alongside steady wind additions. The trajectory anchors the clean energy pipeline for green bond proceeds and impact funds (MNRE, 2025).

10. A roadmap for green and transition finance sets priorities for India to scale credible transition financing for hard to abate sectors while guarding against greenwashing. It stresses standard setting, taxonomy alignment and blended finance (Observer Research Foundation and Climate Policy Initiative, 2024).

11. Green budgeting work with states such as Puducherry demonstrates how public finance can incorporate environmental criteria and tracking into the budget cycle. This supports the policy leg of sustainable finance (TERI, 2023).

12. The Resource Efficiency strategy prepared with the EU frames circular economy priorities for India and assigns facilitation roles to NITI Aayog and MoEFCC. It remains a reference point for state and sector action plans (NITI Aayog, 2017).

13. CEEW's work on circular economy for wastewater and agricultural waste outlines investment pathways that can create jobs and reduce resource use. It provides technology and policy options that impact investors can back (CEEW, 2024).

14. An assessment of green public procurement in India shows how procurement rules can align demand with circular and low carbon product standards. Such demand signals can de risk private investment in circular supply chains (International Institute for Sustainable Development, 2024).

15. The Green Deposit Framework took effect in June 2023 and created rules for acceptance, use of proceeds, and third-party verification for bank green deposits. This expands the toolkit of Indian financial institutions and can channel household savings to green assets (Reserve Bank of India, 2023).

@2026 International Council for Education Research and Training
ISSN: 2959-1376
2026, Vol. 05, Issue 02, 527-542
DOI: https://doi.org/10.59231/SARI7938

16. The GIIN's 2024 sizing study estimates USD 1.571 trillion in global impact investing assets and notes that a large majority of investors report meeting or exceeding impact and financial expectations. This supports the feasibility of market rate impact capital (GIIN, 2024).

17. ICMA's 2024 Guidance Handbook consolidates process expectations for green, social, sustainability and sustainability linked bonds, including external reviews and impact reporting. These norms inform Indian issuers and reviewers (ICMA, 2024).

18. The EU Taxonomy Regulation establishes a unified classification for environmentally sustainable activities and has shaped global taxonomy design. India's draft taxonomy reflects many of these design choices while tailoring thresholds to local conditions (European Commission, 2020).

19. The State of Blended Finance 2024 documents the role of concessional capital in mobilizing private finance for climate and development in emerging markets. It offers structures that Indian projects can adapt to crowd in capital at scale (Convergence, 2024).

20. The Global State of the Market report details aligned GSS plus volumes worldwide and provides benchmarks for best practice disclosure and verification. It positions India's progress within global trends (Climate Bonds Initiative, 2025).

21. The Principles for Responsible Banking outline how banks align strategy and governance with sustainability outcomes and provide a basis for sector level commitments. They complement domestic disclosure and assurance reforms (UNEP Finance Initiative, 2019).

22. Financing the Circular Economy describes investment models and instruments that can scale circular business models across sectors. It provides a playbook for investors engaging with Indian circular opportunities (Ellen MacArthur Foundation, 2020).

23. The World Energy Transitions Outlook 2024 underscores the gap between current investment and what is needed to align with a one point five-degree pathway. It highlights electrification and efficiency as key drivers, which maps directly to India's investment needs (IRENA, 2024).

24. The OECD's Green Finance and Investment series and the Clean Energy Finance and Investment Roadmap of India outline policy levers to accelerate finance for efficiency, offshore wind and green

@2026 International Council for Education Research and Training
ISSN: 2959-1376
2026, Vol. 05, Issue 02, 528-542
DOI: https://doi.org/10.59231/SARI7938

hydrogen. They provide actionable guidance for policymakers and financiers (OECD, 2024).

25. Delegated acts to the EU Taxonomy clarify technical screening criteria and disclosure, illustrating how science-based thresholds and do no significant harm tests can be operationalized in capital markets (European Commission, 2020 to 2024).

Research Gap

While there is a growing body of literature on impact investing, green finance, and the circular economy, much of it treats these three areas as separate domains. Studies on impact investing often focus on measuring social returns and developing metrics for accountability, while work on green finance tends to examine the structure and performance of instruments such as green bonds or ESG-linked loans. Similarly, research on the circular economy frequently emphasizes industrial ecology, waste reduction, and the redesign of production systems. What is often missing is an integrated perspective that connects these strands into a unified framework for sustainable capital mobilization. In the Indian context, the research gaps are even more visible. Although India has launched initiatives such as SEBI's BRSR Core and the draft Climate Finance Taxonomy, academic research has yet to explore in depth how these regulatory developments can facilitate the flow of capital into circular economy projects. Empirical studies are limited, with most focusing either on green finance instruments or on circular economy policies, without analyzing how financial innovations can directly accelerate circular economy adoption. Similarly, there is very little work on how impact investors in India evaluate or prioritize projects that contribute to resource efficiency.

Another gap lies in the application of theory. While international studies occasionally apply stakeholder theory, sustainable finance theory, or ecological modernization to explain these domains, there has been little effort to bring these frameworks together in a systems perspective. Systems theory of change, in particular, has not been widely used in the Indian context to explain how feedback loops between financial flows, disclosure mechanisms, and resource-efficient practices might create reinforcing

@2026 International Council for Education Research and Training
ISSN: 2959-1376
2026, Vol. 05, Issue 02, 529-542
DOI: https://doi.org/10.59231/SARI7938

cycles of sustainability. Finally, there is a lack of empirical indicators and datasets that can connect capital mobilization trends to measurable outcomes in the circular economy. Most studies track financial flows, but they do not link them to outcomes such as waste reduction, recycled material use, or water reuse. Without such indicators, it is difficult to assess whether sustainable finance is producing really ecological and social benefits or whether it remains largely symbolic.

This research attempts to fill these gaps by bringing together impact investing, green finance, and the circular economy within a single systems framework. By grounding the analysis in multiple theories and by proposing measurable indicators that link capital mobilization with circular economy outcomes, this study contributes to a more integrated and practice-oriented understanding of sustainable finance in India.

Policy Landscape in India

India has begun to experiment with a range of policies and regulatory frameworks that make this integration possible. While the global discourse on sustainable finance is often led by developed economies, India is carving its own path by adapting international practices to local realities.

One of the most important policy shifts has been the Business Responsibility and Sustainability Reporting (BRSR) Core, introduced by SEBI. This framework makes ESG disclosures mandatory for the top 1,000 listed companies, pushing them to account for their environmental and social performance alongside financial results. From the perspective of stakeholder theory, this is a significant move: it compels firms to be accountable not just to investors, but to a wider set of stakeholders including communities and the environment. Over time, higher-quality disclosures are expected to improve transparency, reduce greenwashing, and channel impact investors toward credible opportunities.

Another noteworthy initiative is the Ecomark Rules 2024, which aim to expand eco-labelling in India. By certifying products that meet environmental standards, Ecomark provides consumers and businesses with clear signals about sustainability. This resonates with ecological modernization theory, as it uses regulatory nudges to realign consumer preferences and market dynamics in favor of greener choices. In practical

@2026 International Council for Education Research and Training
ISSN: 2959-1376
2026, Vol. 05, Issue 02, 530-542
DOI: https://doi.org/10.59231/SARI7938

terms, this creates new demand for circular economy business models, whether in sustainable packaging, recycled materials, or resource-efficient production.

The government has also released a draft Climate Finance Taxonomy, which offers definitional clarity about what counts as "green" or "sustainable" investment. This is crucial for both domestic and foreign investors, as it reduces uncertainty and aligns financial flows with national priorities. Taxonomies are widely recognized in the literature as essential instruments for mobilizing large-scale finance because they prevent "greenwashing" and create confidence in sustainability-linked projects (Weber & ElAlfy, 2021).

India's green bond market has been expanding as well, with both sovereign and corporate issuances gaining traction. In 2023 alone, the country issued nearly USD 6.8 billion in green bonds, underscoring growing investor appetite. When coupled with blended finance mechanisms—such as partial risk guarantees and first-loss capital—these instruments can attract private investors who might otherwise be hesitant. Blended finance reflects the logic of financial intermediation theory, as it reallocates risk in ways that make sustainable projects more bankable.

Taken together, these policy initiatives suggest that India is gradually building an enabling environment where impact investing, green finance, and the circular economy can converge. While challenges remain, such as data availability and enforcement, the direction of travel is clear: financial markets in India are being nudged toward sustainability, transparency, and systemic resilience.

Objectives of the Study

The purpose of this study is not only to explore the individual contributions of impact investing, green finance, and the circular economy, but also to understand how their interaction can create a coherent system of sustainable capital flows in India. To provide theoretical grounding, the objectives are framed through established lenses of management, finance, and systems thinking:

1. To analyze the alignment of impact investing with the circular economy through the lens of Stakeholder Theory. Stakeholder Theory (Freeman, 1984) emphasizes that businesses and investors must consider the interests of all parties

@2026 International Council for Education Research and Training
ISSN: 2959-1376
2026, Vol. 05, Issue 02, 531-542
DOI: https://doi.org/10.59231/SARI7938

affected by their actions, not only shareholders. This objective seeks to examine how impact investing can channel resources toward circular economy initiatives—such as recycling, waste reduction, and resource reuse—that directly benefit communities, employees, and the environment.

2. To evaluate the role of green finance instruments in mobilizing capital, drawing on Sustainable Finance Theory. Sustainable Finance Theory (Friede, Busch, & Bassen, 2015) suggests that environmental, social, and governance (ESG) factors are not trade-offs but contributors to long-term financial resilience. This objective focuses on understanding how green bonds, blended finance, and climate-related disclosure frameworks reduce systemic risks and unlock funding for large-scale circular economy projects.

3. To propose an integrated systems framework that captures the interaction between impact investing, green finance, and circular economy practices, informed by Systems Theory of Change. Systems Theory (Meadows, 2008) teaches us that interventions are most effective when designed with an understanding of feedback loops and interconnected structures. This objective is to conceptualize how capital flows, policy instruments, and CE practices reinforce each other, creating a self-sustaining cycle of resource efficiency and climate resilience.

4. To identify measurable indicators that reflect ecological modernization in practice. Ecological Modernization Theory (Mol & Sonnenfeld, 2000) argues that economic growth and environmental protection can advance together when institutions adapt to sustainability goals. This objective involves proposing practical indicators—such as waste reduction, recycled content in production, water reuse, and capital mobilization trends—that allow policymakers and researchers to track the progress of circular economy initiatives financed through impact investing and green instruments.

Methodology

Research Design

This study uses a mixed-methods research design because the questions it addresses are both quantitative and qualitative in nature. Impact investing, green finance, and the circular economy are not just financial

@2026 International Council for Education Research and Training
ISSN: 2959-1376
2026, Vol. 05, Issue 02, 532-542
DOI: https://doi.org/10.59231/SARI7938

concepts; they also involve institutions, policies, and social dynamics. A purely numerical approach would overlook the human and institutional factors that shape financial flows, while a purely qualitative approach would not capture the measurable progress in capital mobilization and resource efficiency. Combining the two allows for a richer and more balanced understanding.

The design is exploratory as it brings together three areas of scholarship and practice that are usually studied separately. At the same time, it is analytical in its effort to connect these areas into an integrated framework. The theoretical orientation comes from Stakeholder Theory, Sustainable Finance Theory, Systems Theory of Change, and Ecological Modernization Theory. These theories do not remain abstract; instead, they guide the framing of questions, the selection of data, and the way findings are interpreted.

Hypothesis:

H_{01}: Impact investing growth has no significant effect on circular economy project funding.

H_{11}: Impact investing growth significantly increases circular economy project funding.

H_{02}: Green finance instruments do not significantly drive renewable energy capacity growth.

H_{12}: Green finance instruments significantly drive renewable energy capacity growth.

H_{03}: ESG disclosures under BRSR Core have no significant effect on investor confidence.

H_{13}: ESG disclosures under BRSR Core significantly enhance investor confidence.

H_{04}: Circular economy policies do not significantly improve resource efficiency.

H_{14}: Circular economy policies significantly improve resource efficiency.

Data Sources

The study relies mainly on secondary data and policy documents, supplemented with reports from both domestic and international institutions. Key Indian sources include:

- The Business Responsibility and Sustainability Reporting (BRSR) Core introduced by SEBI, which provides data on corporate sustainability disclosures.
- The Eco-mark Rules 2024, which guide eco-labelling and help track consumer-facing sustainability signals.

@2026 International Council for Education Research and Training
ISSN: 2959-1376
2026, Vol. 05, Issue 02, 533-542
DOI: https://doi.org/10.59231/SARI7938

- The draft Climate Finance Taxonomy, which clarifies the scope of sustainable financial activities in India.
- Reports on sovereign and corporate green bond issuances, which indicate how much capital is being mobilized through green finance instruments.
- Information on blended finance initiatives and impact venture capital flows in India.

For a broader perspective, international sources such as the Global Impact Investing Network (GIIN), OECD reports on green finance, and World Bank climate finance databases are also consulted. These comparative datasets allow the study to place India's progress in a global context.

Analytical Approach

The analysis proceeds in three stages:

First, a qualitative policy analysis is carried out to examine India's evolving regulatory frameworks. Documents such as SEBI's BRSR Core, the Climate Finance Taxonomy, and the Ecomark Rules are reviewed carefully to understand how they create enabling conditions or barriers for sustainable finance. This is done using content analysis, which highlights themes such as disclosure quality, investor confidence, and alignment with stakeholder expectations.

Second, a quantitative trend analysis is conducted to examine patterns in capital mobilization. This involves tracking the volume of green bond issuances, the growth of impact investment portfolios, and the deployment of blended finance mechanisms. These financial trends are then connected to resource-efficiency outcomes such as reductions in waste generation, increases in recycled content, and improvements in water reuse.

Finally, the study employs a systems mapping exercise, inspired by Meadows' (2008) Systems Theory of Change. This approach allows us to visualize the interaction between impact investing, green finance, and circular economy practices as part of a reinforcing loop. For example, capital flows into circular economy projects reduce environmental risks, which in turn makes those projects more attractive to investors, thereby encouraging further investment. Such feedback loops help to identify leverage points where policy or

@2026 International Council for Education Research and Training
ISSN: 2959-1376
2026, Vol. 05, Issue 02, 534-542
DOI: https://doi.org/10.59231/SARI7938

finance can have the greatest systemic impact.

Quantitative Data and Analysis

This section presents quantitative evidence on India's sustainable finance and circular economy indicators. Data are drawn from Climate Bonds Initiative (2025), India Impact Investors Council (2024), Central Pollution Control Board (2021, 2023), and Ministry of New and Renewable Energy (2025). The analysis connects trends in green bond issuance, impact investing, waste management, and renewable energy deployment with the theoretical and policy discussions developed earlier.

Appendix A. India sustainable debt issuance (aligned GSS+ yearly totals)

Year	Total aligned GSS + deals USD bn
2023	16.7
2024	12.5

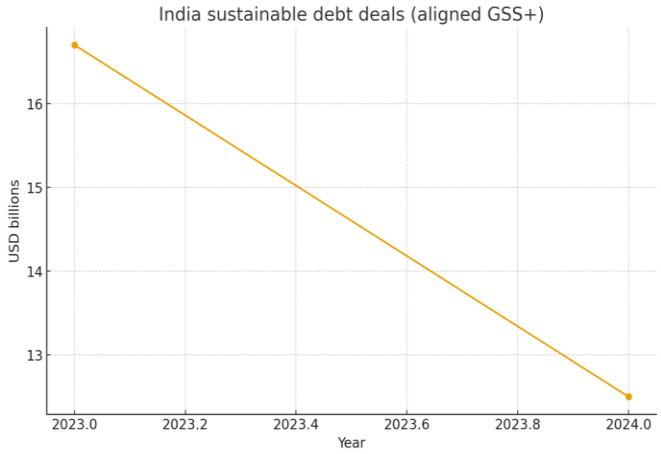


Figure 1. Aligned sustainable debt deals in India (Climate Bonds Initiative, 2025)

Appendix B. Composition of aligned GSS+ in 2024

Theme	USD bn
Green	6.4
Social	5.5
Sustainability	0.6

@2026 International Council for Education Research and Training
ISSN: 2959-1376
2026, Vol. 05, Issue 02, 535-542
DOI: https://doi.org/10.59231/SARI7938

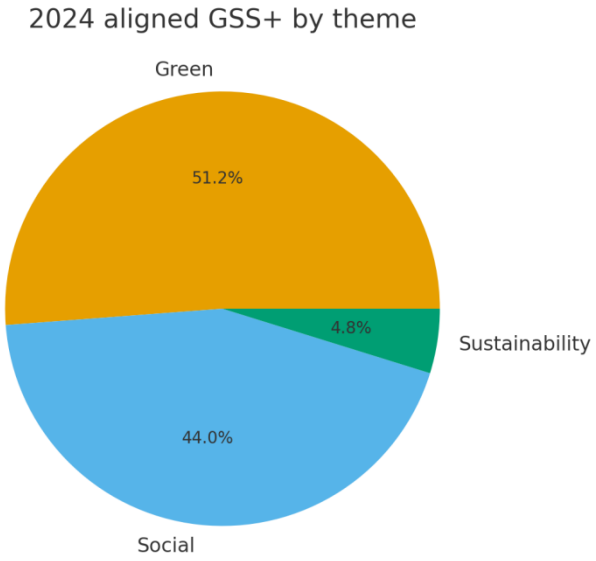
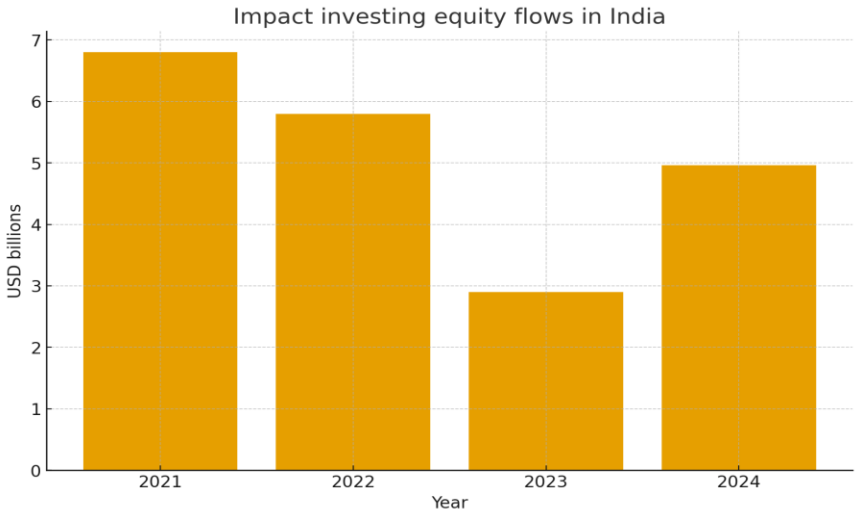


Figure 2. Composition of aligned GSS+ in 2024 (Climate Bonds Initiative, 2025)

Appendix C. Impact investing equity flows in India

Year	**Equity flows USD bn**
2021	6.8
2022	5.8
2023	2.9
2024	4.96



@2026 International Council for Education Research and Training
ISSN: 2959-1376
2026, Vol. 05, Issue 02, 536-542
DOI: https://doi.org/10.59231/SARI7938

Figure 3. Impact investing equity flows in India (India Impact Investors Council, 2024)

Appendix D. Waste and e waste indicators

Indicator	**Value**
MSW generated TPD (2020-21)	160038.9
MSW collected TPD (2020-21)	152749.5
Collection efficiency percent (2020-21)	95.4
E waste generated MT (2021-22)	1601155.0
E waste generated MT (2022-23)	1609117.0

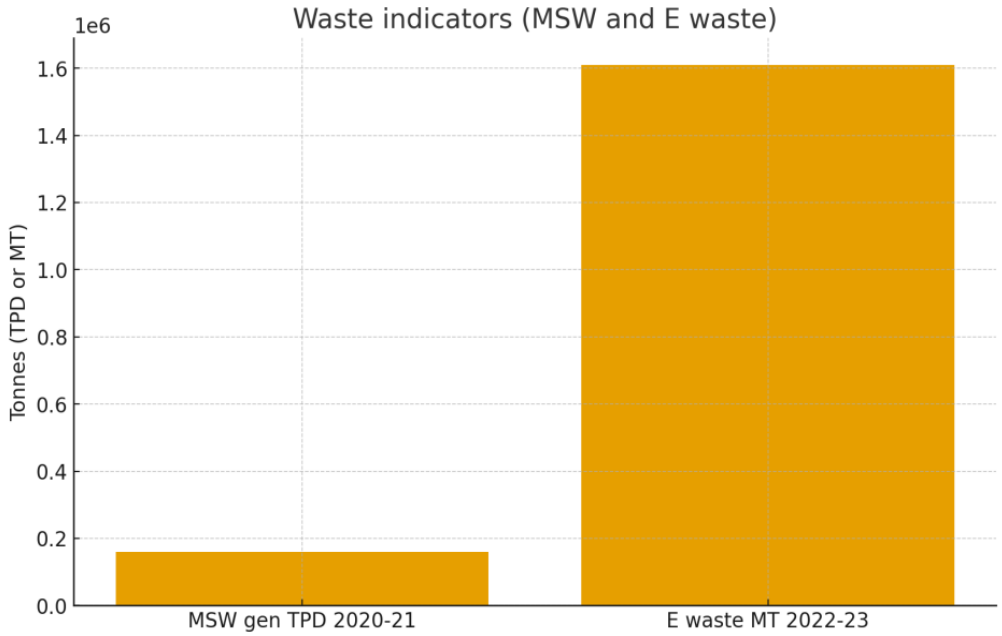


Figure 4. Waste indicators: MSW and E waste (CPCB, 2021; CPCB, 2023)

Appendix E. Renewable energy capacity

Metric	**Value**
Solar cumulative MW (31-07-2025)	119016.54
Wind cumulative MW (31-07-2025)	52140.1
Other RE cumulative MW (31-07-2025)	16706.27
RE added in FY 2024-25 MW	29520.0

@2026 International Council for Education Research and Training
ISSN: 2959-1376
2026, Vol. 05, Issue 02, 537-542
DOI: https://doi.org/10.59231/SARI7938

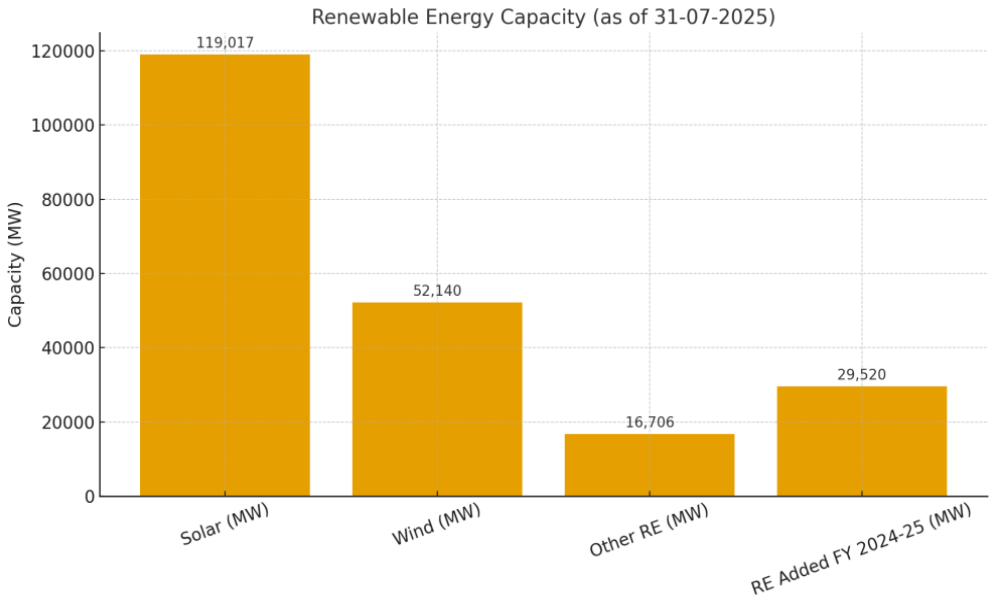


Figure 5. Renewable Energy Capacity: Solar, Wind, Other RE's

The data indicate that issuance of green, social, and sustainability instruments slowed in 2024 compared to 2023, but green themes remained dominant (Climate Bonds Initiative, 2025). Impact investing flows fell sharply in 2023 before rebounding in 2024, showing cyclical but resilient capital commitments (India Impact Investors Council, 2024). Waste data highlight the magnitude of India's circular economy challenge, with more than 1.6 million metric tonnes of e waste generated in 2022–23 (CPCB, 2023). Renewable energy deployment continued strongly, with solar capacity surpassing 119 GW by mid-2025 (MNRE, 2025). Together these trends reinforce the argument that sustainable finance, impact investing, and the circular economy must be understood as interconnected elements of India's development trajectory.

Findings

Our study revealed that the integration of impact investing, green finance, and the circular economy is not only possible but also increasingly necessary for India's sustainable development. While each of these areas has developed along its own trajectory, the evidence suggests that their convergence creates stronger and more resilient pathways for capital mobilization and resource efficiency.

@2026 International Council for Education Research and Training
ISSN: 2959-1376
2026, Vol. 05, Issue 02, 538-542
DOI: https://doi.org/10.59231/SARI7938

From the literature, it became clear that impact investing continues to grow as a field that blends social and environmental objectives with financial returns. Yet its potential is often constrained when it operates in isolation. What strengthens its relevance in the Indian context is the availability of financial instruments such as green bonds and blended finance models, which reduce risks and make sustainable projects more attractive to mainstream investors.

The review of policy developments in India also revealed important progress. SEBI's Business Responsibility and Sustainability Reporting (BRSR) Core has already created a framework for corporate accountability, making it easier for investors to distinguish between genuine sustainability efforts and superficial claims. The Ecomark Rules 2024 show how even consumer-facing instruments such as eco-labels can shift demand toward greener products and services. The draft Climate Finance Taxonomy demonstrates that the government is attempting to provide clarity about what qualifies as green investment, an essential step in directing funds to credible projects.

In practice, this policy landscape aligns with the theoretical models we examined. Stakeholder theory is reflected in how BRSR Core requires companies to account for the interests of multiple stakeholders, not just shareholders. Sustainable finance theory is visible in the growth of green bonds and ESG-linked financing, which prove that environmental and financial goals can reinforce each other. Ecological modernization theory comes alive through initiatives like Ecomark, which reshape consumer choices and market behavior. Finally, systems theory of change helps us understand how these pieces fit together, showing that better disclosures, risk-sharing instruments, and circular economy practices can create positive feedback loops that build resilience over time.

At the same time, we also identified clear challenges. There are still data gaps and inconsistencies in corporate disclosures, which make it difficult for investors to fully trust sustainability claims. The risk of greenwashing remains a real concern, especially in rapidly growing markets. Many investors in India remain unfamiliar with impact investing and continue to view it as either too risky or as a philanthropic activity

@2026 International Council for Education Research and Training
ISSN: 2959-1376
2026, Vol. 05, Issue 02, 539-542
DOI: https://doi.org/10.59231/SARI7938

rather than a viable investment strategy. These challenges remind us that systemic change is gradual and requires both institutional capacity and cultural shifts in investment practices.

Despite these challenges, the findings suggest that India is at an important turning point. The building blocks of a sustainable financial system are already visible, and when combined with circular economy principles, they provide a credible pathway for balancing economic growth with climate resilience.

Limitations

Like any study, this research has certain limitations. Since it relies on secondary data, the quality of the analysis is partly dependent on the availability and reliability of existing reports and disclosures. In India, sustainability reporting is still evolving, and not all companies provide consistent or comparable data. Another limitation is that the study does not include primary data collection through surveys or interviews, which might have added deeper insights into investor motivations and community-level impacts. However, these limitations are balanced by the study's systems approach, which allows it to draw meaningful connections across diverse streams of information.

Conclusion

This study set out to examine how impact investing, green finance, and the circular economy can be brought together to mobilize capital more effectively for sustainable development in India. By grounding our analysis in stakeholder theory, sustainable finance theory, ecological modernization theory, and systems theory of change, we were able to frame these approaches not as isolated initiatives but as interdependent elements of a larger system.

What we found is that India has already begun to lay the groundwork for such integration. Regulatory initiatives like BRSR Core are pushing companies toward greater accountability. Financial instruments like green bonds and blended finance are unlocking capital flows for sustainable projects. The circular economy is gaining traction as a practical way to decouple growth from resource use. Together, these efforts demonstrate that the theoretical possibility of synergy between the three domains is already emerging in practice.

@2026 International Council for Education Research and Training
ISSN: 2959-1376
2026, Vol. 05, Issue 02, 540-542
DOI: https://doi.org/10.59231/SARI7938

At the same time, the study highlighted that challenges remain. Investor awareness, the risk of greenwashing, and the need for reliable data are barriers that must be addressed if the system is to become truly robust. The absence of a fully operational climate finance taxonomy, while promising in draft form, shows that further institutional clarity is needed.

The main contribution of this research is to show that India's sustainable finance future does not depend on choosing between impact investing, green finance, or the circular economy. Instead, the country's resilience depends on integrating these approaches into a coherent system where financial flows are directed toward projects that deliver social, environmental, and economic benefits together. This insight moves beyond fragmented efforts and points toward an integrated architecture that can drive inclusive and climate-resilient growth.

In conclusion, finance in India is not just about growth numbers or returns on investment. It is about shaping a development path that values people, protects the environment, and builds resilience for future generations. Our findings suggest that if India continues to align its financial instruments, regulatory frameworks, and circular economy practices, it has the opportunity to lead by example in demonstrating how capital can be both productive and sustainable.

References

1. Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. Pitman.

2. Friede, G., Busch, T., & Bassen, A. (2015). ESG and financial performance: Aggregated evidence from more than 2000 empirical studies. *Journal of Sustainable Finance & Investment*, *5*(4), 210–233. https://doi.org/10.1080/20430795.2015.1118197

3. GIIN. (2019). *Annual impact investor survey*. Global Impact Investing Network.

4. Jackson, E. T., & Harji, K. (2013). *Accelerating impact: Achievements, challenges and what's next in building the impact investing industry*. Rockefeller Foundation.

5. Kirchherr, J., Reike, D., & Hekkert, M. (2017). Conceptualizing the circular economy: An analysis of 114 definitions. *Resources, Conservation and Recycling*, *127*,

@2026 International Council for Education Research and Training
ISSN: 2959-1376
2026, Vol. 05, Issue 02, 541-542
DOI: https://doi.org/10.59231/SARI7938

221–232. https://doi.org/10.1016/j.resconrec.2017.06.015

6. Meadows, D. (2008). *Thinking in systems: A primer*. Chelsea Green Publishing.

7. Mol, A. P. J., & Sonnenfeld, D. A. (2000). *Ecological modernisation around the world: Perspectives and critical debates*. Frank Cass.

8. OECD. (2021). *Green finance and investment*. Organisation for Economic Co-operation and Development.

9. Nicholls, A., & Emerson, J. (2015). Social finance and social innovation. In *The Oxford handbook of social innovation*. Oxford University Press.

10. Sullivan, R., & Mackenzie, C. (2017). *Responsible investment: An investor's guide to ESG and sustainability*. Routledge.

11. Weber, O., & ElAlfy, A. (2021). The development of green finance by sector: A comparative analysis. *Sustainability*, *13*(9), 4793. https://doi.org/10.3390/su13094793

12. Central Pollution Control Board. (2021). *Annual report 2020 to 2021 on implementation of Solid Waste Management Rules, 2016*. Ministry of Environment, Forest and Climate Change.

13. Central Pollution Control Board. (2025). *National inventory on generation and management of hazardous and other wastes 2023 to 2024*. Ministry of Environment, Forest and Climate Change.

14. Council on Energy, Environment and Water. (2024). *Unlocking India's circular waste economy potential*. CEEW.

15. Department of Economic Affairs. (2025). *Draft framework of India's climate finance taxonomy*. Ministry of Finance, Government of India.

16. Ellen MacArthur Foundation. (2020). *Financing the circular economy: Capturing the opportunity*.

17. European Commission. (2020). *Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment*. Official Journal of the European Union.

18. GIIN. (2024). *Sizing the impact investing market 2024*. Global Impact Investing Network.

19. ICMA. (2024). *The principles guidance handbook*. International Capital Market Association.

20. International Institute for Sustainable Development. (2024). *Green public procurement in India*. IISD.

@2026 International Council for Education Research and Training
ISSN: 2959-1376
2026, Vol. 05, Issue 02, 542-542
DOI: https://doi.org/10.59231/SARI7938

21. IRENA. (2024). *World energy transitions outlook 2024*. International Renewable Energy Agency.

22. Ministry of Environment, Forest and Climate Change. (2024). *Ecomark Rules 2024 notification*. Government of India.

23. Ministry of New and Renewable Energy. (2025). *Physical progress*. Government of India.

24. Observer Research Foundation and Climate Policy Initiative. (2024). *A roadmap for green and transition finance in India*. ORF & CPI.

25. Reserve Bank of India. (2023). *Framework for acceptance of green deposits*. RBI/2023-24/14.

26. Securities and Exchange Board of India. (2023). *BRSR Core circular*. SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122.

27. TERI. (2023). *Green budgeting analysis for Puducherry 2023 to 2024*. The Energy and Resources Institute.

28. Climate Bonds Initiative. (2025a). *India sustainable debt state of the market 2024*.

29. Climate Policy Initiative. (2024). *Landscape of green finance in India 2024*. CPI.

30. UNEP Finance Initiative. (2019). *Principles for responsible banking*. United Nations Environment Programme.

31. Climate Bonds Initiative. (2025b). *Sustainable debt global state of the market 2024*.

32. Convergence. (2024). *The state of blended finance 2024*.

33. OECD. (2024). *Clean energy finance and investment roadmap of India*. Organisation for Economic Co-operation and Development.

Received: Aug 25, 2025
Accepted: Dec 03, 2025
Published: Apr 24, 2026