PANJAB UNIVERSITY LAW REVIEW
ISSN: 0971-5541, Volume 64, Part 1, pp. 157-170

UNDERSTANDING THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REGULATORY FRAMEWORK IN INDIA

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ABSTRACT

Environmental, Social and Governance considerations have moved, within roughly a decade, from a voluntary corporate reporting practice to an increasingly codified regulatory expectation in India, driven by heightened global concern over climate change, growing institutional investor demand for sustainability-linked disclosure, and a judiciary willing to treat environmental harm as a matter of constitutional concern under Article 21. This paper examines the legal architecture underpinning ESG regulation in India, tracing its foundation in pre-existing environmental, labour and corporate law through to the specific ESG provisions embedded in the Companies Act, 2013, and the more recent, rapidly evolving regulatory framework the Securities and Exchange Board of India and the Reserve Bank of India have constructed around Business Responsibility and Sustainability Reporting, ESG Rating Provider registration, and climate-related financial risk disclosure. It evaluates the Companies Act's ESG-relevant provisions, including Sections 134, 135 and 166, against their practical enforceability, and analyses SEBI's phased BRSR Core assurance timeline and its recurring deferral of mandatory value chain disclosure, developments that continue through 2026. The paper argues that India's ESG framework, while doctrinally coherent in its individual components, remains fragmented across at least three regulators and lacks the unified enforcement architecture, standardised metrics and stakeholder representation necessary to convert disclosure into accountability, and it proposes consolidation, standardisation and phased enforcement reform capable of closing that gap without imposing disproportionate compliance burden on smaller enterprises.

KEYWORDS: *ESG Regulation; BRSR; Companies Act 2013; SEBI; Corporate Governance.*

1. INTRODUCTION

India's Environmental, Social and Governance standards have advanced considerably over the past decade, driven by heightened global concern over climate change and increasing scrutiny of corporate conduct. Businesses now face growing pressure to align with expectations that prioritise sustainability, ethical governance and long-term societal impact, and ESG principles increasingly function as an integrated framework for assessing investment behaviour, business conduct and regulatory design through a sustainability lens.

Both institutional and retail investors in India increasingly apply ESG-based criteria in investment decision-making, and ESG-focused private equity and mutual fund allocation has grown to constitute a meaningful share of total investment activity. Foreign institutional investors, including pension funds and development finance institutions, have exerted comparable pressure on Indian companies to strengthen ESG practice and reduce environmental harm, reinforcing the domestic regulatory push this paper examines.

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This paper examines India's ESG regulatory framework and its practical effect, tracing the emergence and development of the country's sustainability governance landscape and evaluating how that framework is likely to shape stakeholder expectation going forward. It situates the framework's development within pre-existing environmental, labour and corporate law, before turning to the specific statutory and regulatory instruments, principally the Companies Act, 2013 and the SEBI and RBI regulatory apparatus, that together constitute contemporary Indian ESG regulation.

1.1 Objectives of the Study

- To assess how effectively India's current ESG regulatory framework supports sustainable corporate conduct.
- To analyse the ESG-relevant provisions of the Companies Act, 2013 and their practical enforceability.
- To examine the respective roles of SEBI, the RBI and the Ministry of Corporate Affairs in regulating ESG standards.
- To identify obstacles and shortcomings in the application of India's ESG rules and to propose reform capable of addressing them.

1.2 Research Methodology

This study relies exclusively on secondary source material: applicable statute, regulation, policy statement, judicial decision, academic literature and official reports issued by SEBI, the RBI and the Ministry of Corporate Affairs. The analysis focuses specifically on the Companies Act, SEBI's BRSR framework, and recent regulatory action in the ESG domain; no primary field research or stakeholder interview was undertaken.

1.3 Scope

This paper confines its analysis to India's ESG regulatory framework as it applies to companies and financial institutions, and does not address sovereign-level climate policy or India's international climate commitments except where directly relevant to domestic regulatory design. The analysis covers developments through August 2026, a period during which SEBI's BRSR Core assurance and value chain disclosure requirements have undergone repeated phased revision.

2. THE RATIONALE FOR ESG REGULATION IN INDIA

Several converging trends explain the emergence of ESG-specific regulation in India. Business activity and its environmental and social consequence are now widely understood as interconnected rather than separable concerns: climate change, resource depletion and social inequality present challenges that increasingly demand a corporate, not merely a governmental, response if a firm is to sustain its long-term legitimacy and market position. Stakeholders, investors, customers, employees and regulators alike, increasingly expect corporate conduct to reflect ethical commitment alongside profitability, and regulatory authorities worldwide have responded by requiring ESG performance disclosure and the integration of sustainability considerations into corporate governance.

2.1 Enforcement Experience and Litigation Risk

India's ESG-related enforcement experience, though still developing, illustrates the practical stakes involved. The Satyam Computer Services fraud, in which the company's chairman admitted to falsifying accounts over several years, prompted criminal prosecution and became a defining case study in Indian corporate governance failure, prompting several of the disclosure and audit reforms later embedded in the Companies Act, 2013.[1] Vedanta Limited, formerly Sterlite Industries, has faced repeated regulatory sanction for environmental non-compliance, including closure orders and penalty imposed by State Pollution Control Boards over emissions and effluent violation at its Tuticorin facility, illustrating the environmental dimension of ESG-related litigation risk specifically.[2]

Indian courts, empowered by the expansive reading of the right to life under Article 21, have been notably active in environmental protection, and the establishment of the National Green Tribunal in 2010 has further facilitated the expedited resolution of environmental dispute outside the ordinary civil court hierarchy.[3] ESG-related litigation risk in India accordingly centres substantially on environmental non-compliance, improper regulatory clearance and encroachment into ecologically sensitive area, though board diversity, disclosure adequacy and the risk of greenwashing have emerged as increasingly significant secondary concerns, particularly as institutional investors and proxy advisory firms have grown more attentive to governance-related ESG metrics specifically.

Shareholder activism specifically directed at ESG concern remains a developing phenomenon in India relative to comparable activity in the United States and Europe, but its trajectory is instructive. Institutional investors, both domestic mutual funds and foreign portfolio investors, have increasingly used voting rights on resolutions addressing board composition, executive compensation and, to a growing extent, environmental target-setting, a pattern

1 Serious Fraud Investigation Office, Investigation Report, Satyam Computer Services Ltd. (2009).
2 Sterlite Industries (India) Ltd. v. Union of India, (2013) 4 S.C.C. 575 (India).
3 National Green Tribunal Act, 2010, No. 19, Acts of Parliament, 2010 (India).

regulatory nudges toward transparent proxy voting disclosure have reinforced.[4] Globally, shareholder activism has focused substantially on climate action planning and environmental governance specifically, whereas Indian activism has, to date, concentrated more heavily on governance issues, board independence and executive remusneration among them, a divergence that reflects both the comparative maturity of environmental disclosure infrastructure in Western markets and the continuing development of comparable Indian infrastructure this paper's Section 5 examines.

2.2 The Growth of ESG-Linked Financial Instruments

ESG ratings, and the growth of green, social and sustainability-linked bonds, are driving measurable change in Indian financial markets, as investor preference shifts toward sustainability-linked instruments and government policy actively encourages green financing. Because ESG ratings are typically produced by a small number of ESG Rating Providers, SEBI has introduced dedicated regulation requiring such providers to register and comply with defined disclosure and methodology standard, addressing early concern regarding inconsistent rating methodology and limited underlying data infrastructure across the rating industry.[5] Green bond issuance, while growing, remains a comparatively small proportion of India's overall debt market, constrained by the absence of standardised green taxonomy, limited performance metrics and continuing investor uncertainty regarding comparative return; social bonds directed at poverty alleviation, healthcare and education have attracted more recent attention, and SEBI has correspondingly developed reporting guidance specific to sustainability-linked bonds to support investor decision-making in this developing segment of the market.

The Indian government's own sovereign green bond programme, launched in 2022, supplies an important demand-side signal alongside these private market developments, since sovereign issuance both diversifies the domestic green debt market and establishes a pricing benchmark against which corporate green bond issuance can be evaluated.[6] The proceeds are earmarked for public sector projects reducing the economy's carbon intensity, including renewable energy, clean transportation and sustainable water management, and the framework requires independent second-party verification of proceeds allocation, a verification structure private corporate green bond issuers have increasingly adopted in parallel, reflecting the broader trend toward independent assurance this paper's Section 5 discussion of SEBI's greenwashing controls documents in the disclosure context specifically.

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4 SEBI, Circular on Stewardship Code for Institutional Investors (2019).

5 SEBI (Credit Rating Agencies) Regulations, 1999, as amended (India).

6 Ministry of Finance, Gov't of India, Sovereign Green Bonds Framework (2022).

3. THE PRE-ESG REGULATORY FOUNDATION: ENVIRONMENTAL, LABOUR AND CORPORATE LAW

Indian law addressed environmental, social and governance concern well before the specific vocabulary of ESG entered regulatory discourse. Environmental regulation rests on the Environment (Protection) Act, 1986, together with the Air (Prevention and Control of Pollution) Act, 1981, the Water (Prevention and Control of Pollution) Act, 1974, and the Hazardous and Other Wastes Rules issued under the parent Environment Protection Act.[7] Social regulation is anchored substantially in the Code on Social Security, 2020 and the Factories Act, 1948, the latter addressing occupational health and safety specifically.[8]

Governance-specific obligation entered Indian corporate law through the Companies Act and subsequent SEBI regulation, requiring corporate social responsibility expenditure, board diversity policy and structured ESG disclosure through the Business Responsibility and Sustainability Report, the specific content of which this paper examines in Sections 4 and 5. Together, these pre-existing and ESG-specific instruments direct companies toward ethical operation by minimising environmental impact, supporting social welfare and maintaining robust governance standard, a framework intended to build stakeholder trust, mitigate regulatory and reputational risk, and foster long-term value creation, notwithstanding that direct corporate engagement with customers and employees on ESG matters specifically remains comparatively limited across Indian industry.

Regulatory oversight of this framework is presently distributed across the Ministry of Corporate Affairs, SEBI and the RBI, a distribution this paper's Section 7 identifies as a significant source of the coordination difficulty India's ESG framework continues to face. SEBI's BRSR framework advances listed-company disclosure standard specifically, while the RBI's climate risk framework, examined in Section 6, addresses systemic financial risk arising from climate exposure across the regulated banking and financial sector; the government's parallel promotion of sovereign and corporate green bond issuance supplies a third, financing-oriented dimension operating alongside these two disclosure-oriented regulatory tracks.

This layered regulatory history matters for understanding contemporary ESG obligation, because it means Indian companies engaging with ESG-specific regulation for the first time are not, in fact, encountering an entirely novel compliance regime; rather, they are encountering a formalisation,

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7 Environment (Protection) Act, No. 29, Acts of Parliament, 1986 (India); Air (Prevention and Control of Pollution) Act, No. 14, Acts of Parliament, 1981 (India); Water (Prevention and Control of Pollution) Act, No. 6, Acts of Parliament, 1974 (India).

8 Code on Social Security, No. 36, Acts of Parliament, 2020 (India); Factories Act, No. 63, Acts of Parliament, 1948 (India).

consolidation and disclosure-oriented extension of environmental and social obligations many had already been subject to in substance, if not in the specifically labelled ESG form, for decades. The genuinely new dimension SEBI and the RBI's recent regulatory activity has introduced is not the underlying substantive obligation, which environmental and labour statute had already established, but the structured, comparable, investor-facing disclosure format the BRSR and its associated framework now require, a format designed to make existing compliance, and existing non-compliance, considerably more visible to capital markets than the older sectoral statutes alone had made it.

4. ASSESSMENT OF THE ESG FRAMEWORK UNDER THE COMPANIES ACT, 2013

The Companies Act, 1956 first established the framework of modern Indian corporate governance, directing that corporate governance serve not merely shareholders but employees, creditors and the wider community, a framework the Companies Act, 2013 substantially retained and extended in light of subsequent industrialisation, globalisation and evolving international governance expectation.[9]

4.1 Disclosure and Accountability Provisions

Section 134(3)(m) requires companies to report on energy conservation measures and sustainability initiative in their annual reports, including efforts to adopt energy-efficient technology and renewable energy, a disclosure requirement intended to improve environmental accountability through public visibility.[10] Section 134(6) requires directors to verify the accuracy of financial statements and consolidated reports before key managerial personnel do so, embedding director-level accountability into the reporting chain, and Section 166(2) requires that directors act with integrity and have regard to the interests of the company's employees, shareholders, the community and the environment, a provision reflecting India's alignment with international governance norm.[11]

Section 135 requires eligible companies to allocate a defined proportion of profit to corporate social responsibility expenditure, and the Act's governance provisions more broadly require independent directors and, for specified categories of company, at least one woman director, alongside audit committee, nomination and remuneration committee and disclosure requirement intended to strengthen board accountability and transparency.[12]

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9 Companies Act, No. 18, Acts of Parliament, 2013 (India).
10 Companies Act, § 134(3)(m), No. 18, Acts of Parliament, 2013 (India).
11 Companies Act, §§ 134(6), 166(2), No. 18, Acts of Parliament, 2013 (India).
12 Companies Act, § 135, No. 18, Acts of Parliament, 2013 (India).

4.2 Enforceability Gaps

Notwithstanding this statutory foundation, the Companies Act's ESG-relevant provisions face genuine enforceability difficulty. Section 166(2)'s direction that directors have regard to environmental and community interest does not specify how far that obligation extends in practice, leaving directors, and courts subsequently asked to assess director conduct, without a clear standard against which compliance can be measured. Smaller enterprises governed by the Micro, Small and Medium Enterprises Development Act, 2006 face particular difficulty integrating ESG practice given constrained resource and specialised capacity, a gap that risks concentrating meaningful ESG compliance among India's largest listed companies while leaving the considerably larger population of smaller enterprises substantially outside the framework's practical reach.[13]

Enforcement mechanism, including shareholder litigation and class action, exist on the statute book but have proven difficult to deploy effectively in practice, constrained by procedural formality and litigation cost that discourage individual shareholders from pursuing ESG-related claim even where a colourable breach exists. This enforcement gap, together with the absence of ESG-specific penalty distinct from the Act's general enforcement machinery, means that the Companies Act's ESG provisions function substantially as disclosure and aspiration mechanisms rather than directly enforceable standard, a limitation this paper's Section 7 treats as the single most significant structural weakness in India's statutory ESG architecture.

A further difficulty concerns the interaction between the Companies Act's stakeholder-oriented language and the practical composition of corporate decision-making bodies. Section 166(2) directs a director's regard toward employees, shareholders, the community and the environment collectively, but the board itself remains structurally accountable primarily to shareholders through the ordinary mechanisms of appointment, removal and remuneration; employees, affected communities and environmental interests possess no comparable structural mechanism for holding directors to the broader regard Section 166(2) requires. This asymmetry between the Act's stated stakeholder scope and its actual accountability structure means that, absent external pressure from regulators, investors or litigation, the practical weight a board gives to non-shareholder interest in ESG-relevant decision-making depends substantially on voluntary director disposition rather than enforceable legal obligation, a gap the disclosure-based SEBI framework examined in Section 5 partially, but only partially, addresses by making non-compliance more visible without directly strengthening non-shareholder stakeholders' own enforcement standing.

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[13] Micro, Small and Medium Enterprises Development Act, No. 27, Acts of Parliament, 2006 (India).

4.3 Comparative Perspective: Board-Level ESG Accountability Elsewhere

Comparative practice offers a useful benchmark for assessing the adequacy of Section 166(2)'s stakeholder regard requirement. The United Kingdom's Companies Act, 2006 imposes a comparable duty on directors to have regard to a defined list of stakeholder interest, including employees, the community and the environment, under its statutory statement of directors' general duties, but supplements that duty with a mandatory Section 172 statement requiring companies to explain, in their annual report, how directors have discharged that regard in practice.[14] This explanatory reporting requirement, requiring directors to demonstrate rather than merely assert compliance with their stakeholder duty, supplies precisely the kind of practical accountability mechanism Section 166(2) of the Indian Companies Act currently lacks; India's BRSR framework, examined in Section 5 below, moves some distance in this direction for listed companies specifically, but the underlying statutory duty under Section 166(2) itself remains, for companies outside the BRSR's scope, unaccompanied by any comparable explanatory reporting obligation.

5. SEBI'S ROLE AS ESG REGULATOR: BRSR, RATING PROVIDERS AND GREENWASHING CONTROL

SEBI has driven the mainstreaming of ESG within India's listed corporate sector more than any other regulator. It first required the top one hundred listed companies by market capitalisation to file Business Responsibility Reports in 2012, and in 2021 introduced the considerably more comprehensive Business Responsibility and Sustainability Report framework, extending the disclosure obligation to the top one thousand listed companies and introducing the BRSR Core, a defined subset of key performance indicators subject to a phased assurance requirement.[15]

5.1 The BRSR Core Assurance Timeline

SEBI's assurance timeline has proceeded in defined phases: voluntary BRSR Core disclosure began with the top one hundred and fifty listed companies for FY 2023-24, and mandatory assessment or assurance of BRSR Core key performance indicators extends to the top five hundred listed companies for FY 2025-26, with the requirement reaching the full population of the top one thousand listed companies by FY 2026-27.[16] SEBI has since replaced the term assurance with the more flexible assessment or assurance, permitting companies to choose between internal assessment and third-party assurance according to standards the Industry Standards Forum has developed in consultation with

14 Companies Act 2006, c. 46, § 172 (UK).

15 SEBI, Circular on Business Responsibility and Sustainability Reporting (May 10, 2021).

16 SEBI, Master Circular on Compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations (Nov. 11, 2024).

SEBI, a change intended to reduce compliance cost without abandoning verification altogether.

Value chain disclosure, requiring reporting on ESG performance across a company's material upstream and downstream partners, has followed a more hesitant regulatory path. SEBI's board approved easing measures in December 2024, shifting value chain ESG disclosure from a comply-or-explain to a fully voluntary basis through FY 2025-26, limiting the disclosure scope to partners accounting for at least two per cent of total procurement or sales value, capped at seventy-five per cent of aggregate value, and deferring mandatory assessment or assurance of value chain data, originally targeted for FY 2026-27, without fixing a confirmed new date.[17] A new leadership indicator, requiring disclosure of green credits generated or procured by the listed entity and its principal value chain partners, was added under Principle 6 of the BRSR framework from FY 2024-25 onward, reflecting the government's parallel promotion of the Green Credit Programme.

Requirement	Applicable Companies	Timeline
BRSR Core voluntary disclosure	Top 150 listed companies	FY 2023-24 (commenced)
BRSR Core mandatory assessment/assurance	Top 500 listed companies	FY 2025-26
BRSR Core mandatory assessment/assurance	Top 1,000 listed companies	FY 2026-27
Value chain ESG disclosure	Material partners (≥2% of procurement/sales)	Voluntary through FY 2025-26; mandatory assurance date not yet fixed
Green credit disclosure (Principle 6)	Listed entity and top value chain partners	Mandatory from FY 2024-25

Table 1: SEBI's Phased BRSR Core and Value Chain Disclosure Timeline. Source: Authors' compilation from SEBI circulars cited in this Section.

5.2 ESG Rating Providers and Greenwashing Control

SEBI has regulated ESG Rating Providers through amendment to the SEBI (Credit Rating Agencies) Regulations, 1999, requiring registration and enhanced methodological transparency, and has introduced disclosure norms

[17] SEBI, Circular on Revised Framework for Value Chain ESG Disclosures (Mar. 28, 2025).

specific to ESG-themed mutual fund schemes, aligning Indian practice with international frameworks including the Task Force on Climate-related Financial Disclosures and the Green Bond Principles.[18] Measures directed at curbing greenwashing include stricter disclosure norms for green debt security issuance and heightened external audit scrutiny of environmental claims, responding to a documented pattern of overstated or unsubstantiated sustainability claim across both Indian and international markets.

The registration requirement for ESG Rating Providers addresses a specific market failure that had previously undermined confidence in ESG scoring generally: without a defined regulatory floor, rating providers competed substantially on methodology opacity, since a provider whose scoring criteria were not independently verifiable faced little constraint on inflating the ratings it assigned to paying corporate subscribers, a conflict of interest structurally analogous to the issuer-pays model long criticised in traditional credit rating. SEBI's registration regime addresses this specific concern by requiring rating providers to disclose their methodology and to register with SEBI, subjecting them to a supervisory relationship comparable to that already applied to conventional credit rating agencies, though the framework does not yet mandate the specific analyst independence and rotation requirements that traditional credit rating regulation has developed over a considerably longer regulatory history.[19]

6. THE RESERVE BANK OF INDIA'S CLIMATE RISK FRAMEWORK

The Reserve Bank of India has progressively integrated climate and environmental risk into its financial stability mandate. India joined the Network for Greening the Financial System in 2021, signalling the RBI's formal engagement with climate risk management and green finance promotion at the systemic level.[20] The RBI's subsequent discussion paper on climate risk addressed green deposit product, climate risk disclosure and scenario analysis methodology, laying regulatory groundwork for more formal disclosure requirement.

Under RBI guidance, regulated banks must disclose the deployment of funds raised through green deposit products and subject such deployment to external verification within their annual reporting.[21] In February 2024, the RBI released draft guidelines on climate-related financial disclosure, directing regulated entities to report on governance, strategy, risk management and target-setting in a manner aligned with international disclosure standard,

[18] SEBI (Credit Rating Agencies) Regulations, 1999, as amended (India).

[19] SEBI, Consultation Paper on Regulatory Framework for ESG Rating Providers (2022).

[20] Reserve Bank of India, Statement on Joining the Network for Greening the Financial System (Apr. 2021).

[21] Reserve Bank of India, Framework for Acceptance of Green Deposits (Apr. 11, 2023).

extending the systemic climate risk oversight function the RBI's 2021 NGFS membership initiated toward a more concrete disclosure obligation directly comparable in structure, though narrower in scope, to SEBI's BRSR Core requirement for listed companies.

The RBI's approach differs from SEBI's in one respect worth noting explicitly: where SEBI's BRSR Core addresses ESG performance disclosure directly, the RBI's climate risk framework is oriented primarily toward financial stability, treating climate exposure as a source of credit, market and operational risk to the banking system rather than as a standalone sustainability metric. This distinction matters practically because it means a regulated bank's climate disclosure obligation under the RBI framework and a listed company's ESG disclosure obligation under SEBI's BRSR framework, even where the two entities are affiliated or engaged in comparable underlying activity, are not presently harmonised into a single reporting requirement, requiring financial institutions that are also listed companies to satisfy both regulatory tracks separately, a duplication this paper's Section 8 recommendation for inter-regulatory coordination is specifically designed to address.

7. GAPS AND CHALLENGES IN INDIA'S ESG FRAMEWORK

The regulatory developments this paper has traced demonstrate genuine institutional momentum, but they also expose persistent structural weakness this section identifies directly.

- Regulatory fragmentation: ESG oversight is presently distributed across the Ministry of Corporate Affairs, SEBI and the RBI, with no single coordinating authority, producing inconsistent terminology, timeline and enforcement standard across the three regulatory tracks this paper has examined.
- Uneven reporting quality and rating variability: the absence of a single standardised metric set, notwithstanding the BRSR Core's partial standardisation effort, continues to permit meaningful variation in how comparable companies report comparable ESG performance, complicating cross-company comparison for investors and regulators alike.
- Limited stakeholder representation: the interests the Companies Act formally recognises, employees, creditors and the wider community, are not consistently translated into practical mechanisms for stakeholder input into ESG-related corporate decision-making, weakening the accountability the Act's language contemplates.
- Constrained enforcement capacity: regulatory authorities, particularly State Pollution Control Boards and enforcement bodies

operating below the SEBI and RBI level, frequently lack the resource, specialised expertise and institutional authority necessary to ensure consistent ESG compliance, a constraint this paper's Section 4 discussion of MSME compliance difficulty illustrates concretely.

- Small and medium enterprise exclusion: the practical burden of ESG compliance falls disproportionately on companies with the resource to absorb it, risking a two-tier system in which India's largest listed companies substantially comply while the considerably larger population of smaller enterprises remains largely outside the framework's effective reach.

7.1 The Cost of Fragmentation in Concrete Terms

The regulatory fragmentation this section identifies as the framework's principal structural weakness is not merely an abstract institutional design concern; it produces measurable compliance cost for the companies subject to overlapping regulatory tracks. A listed bank, for instance, must satisfy the RBI's climate risk disclosure requirement examined in Section 6, SEBI's BRSR Core requirement as a listed entity, and, where it extends credit secured by environmentally sensitive collateral, the environmental clearance and reporting requirement examined in Section 3, each administered by a different regulator with its own reporting format, verification standard and enforcement timeline. Smaller financial institutions and companies operating across multiple regulated sectors bear this compliance multiplication most acutely, since they lack the dedicated compliance infrastructure larger, more diversified companies can deploy to manage overlapping regulatory demand efficiently.[22]

This concrete cost dimension strengthens, rather than merely supplements, the case for the consolidation this paper's Section 8 recommendations propose: regulatory coordination is not simply an administrative tidiness objective but a measure with direct, quantifiable consequence for the compliance burden Indian companies, and smaller companies specifically, actually bear in practice.

8. CONCLUSION AND RECOMMENDATIONS

India's ESG regulatory framework has developed considerably over the past decade, anchored in pre-existing environmental, labour and corporate law and extended through the Companies Act's disclosure and governance provisions and SEBI's increasingly detailed BRSR architecture. The framework's individual components are, on the whole, doctrinally coherent, but their fragmentation across the Ministry of Corporate Affairs, SEBI and the RBI, and

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[22] Confederation of Indian Industry, ESG Compliance Cost Survey: Indian Listed Companies (2025).

the persistent gap between disclosure obligation and genuine enforceability this paper's Section 4 and Section 7 have documented, continue to limit the framework's practical effect.

The following reforms would strengthen India's ESG framework without imposing disproportionate burden on smaller enterprises.

- Standardise ESG reporting metrics and methodology across sectors to ensure genuine cross-company comparability, building on the BRSR Core's existing standardisation while extending consistent treatment to value chain and sector-specific disclosure.
- Consolidate ESG-relevant regulation currently distributed across the Ministry of Corporate Affairs, SEBI and the RBI into a coordinated framework, whether through a dedicated inter-regulatory coordination body or a single consolidated statute, to reduce the fragmentation Section 7 identifies.
- Strengthen enforcement capacity, including increased penalty for material non-compliance and enhanced monitoring of environmental clearance, particularly at the State Pollution Control Board level where enforcement resource constraint is most acute.
- Extend BRSR-equivalent disclosure to smaller listed and eligible unlisted companies through a phased, resource-calibrated approach, avoiding the two-tier compliance outcome Section 7 identifies while allowing smaller enterprises adequate transition time.
- Continue alignment with international disclosure frameworks, including the Task Force on Climate-related Financial Disclosures and comparable European sustainable finance standard, to support cross-border investment confidence while retaining calibration to Indian market and enforcement capacity specifically.

These five reforms are calibrated to reinforce one another rather than to operate independently. Standardised metrics make cross-regulator consolidation administratively feasible, since a coordinating body cannot meaningfully harmonise disclosure obligations that remain measured in fundamentally different ways across SEBI's, the RBI's and the Ministry of Corporate Affairs' respective frameworks; strengthened enforcement capacity gives the consolidated framework practical teeth beyond the disclosure-only model Section 4 identifies as the Companies Act's principal current limitation; and phased extension to smaller enterprises, paired with continued international alignment, ensures that the resulting framework grows in both depth and reach without abandoning either the compliance-cost sensitivity smaller companies require or the credibility larger, internationally exposed companies need to satisfy foreign institutional investors.

As India moves toward its stated commitment to net-zero emissions by 2070, its ESG regulatory framework will continue to evolve, and the specific choices SEBI and the RBI make regarding the pace and rigour of BRSR Core and climate risk disclosure enforcement will substantially determine whether that framework delivers genuine accountability or remains, as it has to a significant degree to date, a disclosure regime whose practical enforceability lags meaningfully behind its doctrinal ambition.