
FROM CSR TO BRSR CORE: A DOCTRINAL ANALYSIS OF INDIA'S ESG REGULATORY FRAMEWORK

Pyla Dhanunjay, Research Scholar, School of Law, Pondicherry University, Puducherry

Dr. Shyamtanu Pal, Assistant Professor, School of Law, Pondicherry University, Puducherry

ABSTRACT

Over the past decade, the Environmental, Social, and Governance (ESG) regulations in India have undergone a significant transformation, shifting from being merely voluntary corporate social responsibility guidelines to becoming a complex disclosure practice. This article undertakes a comprehensive doctrinal examination of India's ESG framework, looking at the way in which company law, securities regulation, environmental laws, and the guidelines for the financial sector interact. India holds a special place in the global regulatory landscape since it was one of the first nations to introduce by statute a requirement for corporate social responsibility (CSR) spending through Section 135 of the Companies Act, 2013. Subsequently, the Securities and Exchange Board of India (SEBI) has gradually introduced a comprehensive disclosure system, particularly the Business Responsibility and Sustainability Report (BRSR) and the BRSR Core, both of which require independent third-party verification for the top one thousand listed companies in phased manner. Moreover, the Indian legal system is supported by strong command and control environmental legislation as well as by progressive judicial decisions from the Supreme Court, which established key principles such as absolute liability and the polluter-pays principle. Nevertheless, there are serious structural difficulties in the practical application of these regulations, such as the lack of supply-chain data among Micro, Small, and Medium Enterprises, the early stages of an independent assurance market, regulatory fragmentation due to the presence of several overlapping bodies, and the continuing risk of greenwashing. In order to overcome these challenges, the study suggests the unification of reporting taxonomies, the creation of professional ESG assurance, the introduction of comprehensive cross-sectoral anti-greenwashing rules, and the strengthening of institutional enforcement mechanisms.

Keywords: ESG Regulation, Corporate Social Responsibility (CSR), SEBI, BRSR Core, India

I. Introduction

Over the past decade, the acronym (ESG) Environmental, Social and Governance has moved from being on the mere voluntary disclosure to becoming a central component in both regulatory and investment decisions. At first, in most countries it was a voluntary activity, motivated by considerations of reputation, and was carried out only by a small number of large companies. However, in India it has now developed into a more formally defined legal framework which includes the company law, the securities regulations, the environmental laws and the guidelines for the financial sector. This change shows that there is a wider significance that the long-term value and resilience of a business cannot be judged solely on the basis of financial performance of a company. There is a growing recognition that non-financial factors such as the way a company manages its environmental impact, the way it treats its workforce and the communities in which it operates, and the way it structures its internal governance have material legal, reputational and economic implications.

India was among the first jurisdictions in the world to statutorily mandate a form of CSR spending, through Section 135 of the Act, 2013¹, years before “ESG” became a term of common regulatory usage. Since then, the SEBI has progressively layered a detailed disclosure the BRSR and its more demanding subset, the BRSR Core into the country's largest listed companies². Parallel developments in environmental law, banking regulation, and constitutional adjudication have together created a multi-institutional, still fragmented the ESG legal ecosystem.

This article undertakes a doctrinal analysis of the legal architecture governing ESG in India. Part II clarifies the conceptual content of ESG and distinguishes it from the older, narrower idea of CSR. Part III traces the historical evolution of ESG-adjacent regulation in four phases. Parts IV through VII examine, in turn, the principal statutory and regulatory instruments “the Companies Act, 2013; the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015”; India's environmental protection statutes; and the guidelines issued by financial-sector regulators such as the “Reserve Bank of India (RBI)”. Part VIII considers the substantial contribution of Indian constitutional and environmental jurisprudence to the content

¹ Companies Act, No. 18 of 2013, § 135, India Code (2013).

² “Securities & Exchange Bd. of India, BRSR Core: Framework for Assurance and ESG Disclosures for Value Chain, Circular No. SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 (July 12, 2023), https://www.sebi.gov.in/legal/circulars/jul-2023/brsr-core-framework-for-assurance-and-esg-disclosures-for-value-chain_73854.html”.

of ESG obligations, well before the word ESG entered regulatory. Part IX briefly notes market-based mechanisms operating through stock exchanges and institutional investors. Part X evaluates the structural challenges the ESG implementation in India, Part XI situates the Indian framework within a brief comparative perspective, and Part XII offers recommendations.

II. Conceptualising ESG: From CSR to Integrated Sustainability Governance

The term ESG is often used interchangeably with CSR, but it denotes three analytically distinct though interlocking dimensions of corporate conduct. The Environmental factors concern on company impacts on, a usage of energy, Green House gas emissions, management of wastage in the company, impact on biodiversity. The Social factors address a company's relationships with its employees, supply chain, customers, and the communities in which it operates, encompassing labour standards, human rights, diversity and inclusion, and community welfare. The Governance factors such as composition of board, anti-corruption policies, and internal structures which controlled directly and indirectly the affairs of company³.

A concept central to the analytical way of ESG, and increasingly to its regulatory treatment, is materiality. Traditional financial materiality asks how a given environmental or social issue affects a company's performance. "Double materiality" a concept that has gained particular regulatory framework in the European Union. Additionally requires an assessment of impact materiality and how the company's operations affect community and the environment, independent of any resulting financial effect on the company itself. India's disclosure framework, as discussed in Part V, has thus far been built predominantly around impact-oriented, principle-based disclosure rather than an explicit double-materiality methodology, though the reform suggests gradual convergence toward more standardised, internationally comparable materiality assessments.

It is important, particularly in the Indian context, to distinguish CSR from the ESG, CSR as codified in Section 135 of the Act, 2013, is essentially philanthropic in character: it mandates a quantified spending obligation directed at community-welfare activities enshrined in the Schedule VII of the Act⁴. ESG, by contrast, is not a spending obligation but a framework for integrating environmental and social risk into core governance, strategy, financial reporting,

³ "Sustainability Accounting Standards Bd., SASB Conceptual Framework 2–3 (2017), <https://sasb.ifrs.org/wp-content/uploads/2019/05/SASB-Conceptual-Framework.pdf>."

⁴ Companies Act § 135, *supra* note 1, sch. VII.

and investment decision-making. CSR compliance can, at best, be described as one instrument through which a company may advance certain ESG principally “Social” objectives, but it does not exhaust, and should not be mixed with, the considerably broader field of ESG governance and disclosure.

III. The Evolution of ESG-Related Regulation in India

A. Voluntary Guidelines (2009–2011)

The Ministry of Corporate Affairs first stated in the CSR Voluntary Guidelines in 2009, followed by the more elaborate “National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs)” in 2011⁵. The NVGs, structured around nine principles of responsible business conduct, were non-binding, but they laid the normative foundation for what would later become the “National Guidelines on Responsible Business Conduct (NGRBC)”, issued and updated form in 2019, and, subsequently, the BRSR framework itself⁶.

B. Statutory Codification of CSR (2013–2014)

The Act, 2013 marked a watershed by converting the voluntary CSR into a binding legal obligation. Section 135 requires mandates every company meeting specified thresholds a net worth of five hundred crore or more, and a turnover of thousand crore or more, or a net profit of five crore or more in the immediately preceding financial year⁷ to constitute a CSR Committee of the Board and to spend, in every financial year, at least two per cent of the company's average net profits over the preceding three financial years on CSR activities specified in Schedule VII. India is widely regarded as the first country in the world to mandate CSR spending together with a statutory framework identifying the permissible categories of qualifying activity.

The provision operates on a “comply-or-explain” a company that fails to spend the mandated amount must disclose the reasons for the unspent amount in its Board's Report, and unspent

⁵ “Ministry of Corp. Affairs, Gov't of India, National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (2011)”.

⁶ “Securities & Exchange Bd. of India, Business Responsibility and Sustainability Reporting by Listed Entities, Circular No. SEBI/HO/CFD/CMD-2/P/CIR/2021/562 (May 10, 2021), at 1–2, https://www.sebi.gov.in/sebi_data/attachdocs/may-2021/1620655793598.pdf”.

⁷ Companies Act § 135(1), *supra* note 1

amounts (other than those earmarked for ongoing projects) must be transferred to a fund specified under Schedule VII, such as the Prime Minister's National Relief Fund, within a prescribed period ⁸. Non-compliance was substantially decriminalised by subsequent amendment, which recast most CSR defaults as civil wrongs attracting monetary penalties for an officer in default, a penalty of one-tenth of the unspent amount or two lakh rupees, whichever is less rather than criminal prosecution, reflecting a broader legislative trend toward easing the compliance burden on corporate boards while preserving a credible deterrent.

C. Business Responsibility Reporting (2012–2021)

In 2012, SEBI required the 100 listed companies by market capitalisation to include an annual Business Responsibility Report ("BRR") in their annual reports, a provision which was subsequently expanded to cover the top 500 and then the top 1,000 listed companies ⁹. Although the BRR called for qualitative disclosures in accordance with the nine NVG principles, it did not include standardised quantitative metrics and as a result the comparability of the disclosures among different companies and sectors was greatly reduced; in practice this enabled a certain amount of self-serving narrative disclosure, a flaw that the later BRSR framework was specifically intended to address ¹⁰.

D. From BRSR-to-BRSR Core (2021–Present)

In May 2021, SEBI replaced the BRR with the Business Responsibility and Sustainability Report, introduced through an amendment to Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations"), and made mandatory for the top 1,000 listed entities by market capitalisation from the financial year 2022-23 onward ¹¹. The BRSR requires both qualitative and quantitative disclosures structured around the nine principles of the NGRBC, covering matters such as greenhouse-gas emissions, energy and water consumption, gender diversity, wage parity, and grievance-redressal mechanisms.

⁸ *Id.* §§ 135(5)–(7).

⁹ "Securities & Exchange Bd. of India, Business Responsibility Reports, Circular No. CIR/CFD/DIL/8/2012 (Aug. 13, 2012), https://www.sebi.gov.in/legal/circulars/aug-2012/business-responsibility-reports_23245.html".

¹⁰ "Securities & Exchange Bd. of India, Business Responsibility and Sustainability Reporting by Listed Entities (Apr. 2021), at 4.1–4.3, 5, https://www.sebi.gov.in/sebi_data/meetingfiles/apr-2021/1619067265752_1.pdf".

¹¹ "Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021, Gazette Notification No. SEBI/LAD-NRO/GN/2021/22 (May 5, 2021), reg. 4, <https://www.sebi.gov.in>."

In July 2023, SEBI introduced the BRSR Core, a focused subset of key performance indicators subject to mandatory independent third-party verification, to be phased in progressively across the top 1,000 listed companies by net worth through the financial year 2026-27, and extended in modified form to significant value-chain partners of the largest listed entities¹². Recognising capacity constraints particularly the audit firms possessing sustainability expertise capable of examining a thousand companies by FY 2026-27 SEBI, through a Master Circular amendment dated 28 March 2025, relaxed the verification requirement from mandatory “assurance” to “assessment or assurance,” thereby widening the pool of eligible verifiers beyond chartered accountants to include qualified sustainability assessors. The same set of reforms converted value-chain ESG disclosure from a “comply-or-explain” obligation into a fully voluntary one and deferred the mandatory assurance of value-chain data that had originally been s for FY 2026-27. This phased and standardized approach illustrates SEBI's attempt to balance the ambition of comprehensive ESG disclosure against the practical readiness of India's corporate and audit, including the accurate data-capacity constraints faced by micro, small, and medium enterprises embedded in large corporate supply chains.

IV. The Companies Act, 2013 and ESG Governance

Beyond Section 135, the Companies Act, 2013 embeds several further provisions that, read together, constitute an implicit governance for ESG.

A. Directors' Duties

Section 166(2) of the Act codifies the fiduciary duty of a director to act in good faith “in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment”¹³. This provision is significant because it statutorily extends the traditional shareholder-primacy conception of directorial duty to encompass a broader constituency of stakeholders and, explicitly, the protection of the environment arguably providing an Indian referend to the “enlightened shareholder value” model embedded in

¹² Securities & Exchange Bd. of India, BRSR Core: Framework for Assurance and ESG Disclosures for Value Chain, Circular No. SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 (July 12, 2023), https://www.sebi.gov.in/legal/circulars/jul-2023/brsr-core-framework-for-assurance-and-esg-disclosures-for-value-chain_73854.html.

¹³ Companies Act § 166(2), *supra* note 1

comparable provisions of company law in other common-law jurisdictions.

B. Board Composition, Independence, and Diversity

Section 149 mandates that every listed public company, and certain classes of unlisted public companies, appoint independent directors, while a proviso to that section requires prescribed classes of companies to have at least one-woman director on the Board ¹⁴. These board-composition mandates operationalise the “Governance” pillar of ESG by seeking to board decision-making from managerial capture and to widen the range of perspectives brought on corporate strategy, including sustainability strategy, while the diversity mandate also directly into the gender-diversity metrics that companies are separately required to disclose under the BRSR.

C. Vigil Mechanism and Related-Party Transactions

Section 177(9) requires specified classes of companies to establish a vigil mechanism (whistle-blower policy) for directors and employees to report genuine concerns, while Section 188 subjects related-party transactions to board and, in specified circumstances, shareholder approval. Both provisions form part of the governance infrastructure through which ESG-relevant risks including fraud, corruption, and self-dealing are intended to be surfaced and controlled at the board level before they crystallise into legal or reputational liability.

D. Corporate Social Responsibility Committee and Reporting

As noted above, Section 135 requires a dedicated CSR Committee, and the Companies (Corporate Social Responsibility Policy) Rules, 2014 require the Board's Report to contain an annual report on CSR, detailing the CSR policy, the projects undertaken, and the amounts spent. Schedule VII enumerates the permissible categories of CSR activity, which include eradicating extreme hunger and poverty, promoting education and gender equality, combating disease, ensuring environmental sustainability, and protecting national heritage and culture ¹⁵.

Taken together, these provisions demonstrate that, while the Companies Act, 2013 does not use the term “ESG,” it lays a statutory foundation for fiduciary duty, board composition, whistle-blower protection, related-party oversight, and social spending upon which SEBI's

¹⁴ *Id.* § 149.

¹⁵ Companies Act, *supra* note 4, sch. VII.

disclosure architecture and sector-specific regulatory guidance have subsequently been constructed.

V. The SEBI (LODR) Framework and ESG Disclosure

The Companies Act, 2013 deals the governance, it is SEBI's Listing Obligations and Disclosure Requirements Regulations, 2015 that provides the disclosure central to contemporary ESG regulation in India.

A. Regulatory Basis and Structure of the BRSR

Regulation 34(2)(f) of the LODR Regulations, as amended, requires the top 1,000 listed entities by market capitalisation to include a BRSR as part of their annual report. The BRSR is structured in three sections: general disclosures, covering the entity's operations, products, and value chain; management and process disclosures, covering the policy and governance structures adopted for each of the nine NGRBC principles; and principle-wise performance disclosures, containing both “essential” indicators applicable to all covered entities and “leadership” indicators applicable, on a voluntary basis, to entities seeking to demonstrate more advanced sustainability performance.

B. BRSR Core and Independent Assurance

The BRSR Core identifies a focused set of key performance indicators such as greenhouse-gas emissions (Scope 1 and Scope 2), water and energy consumption intensity, employee well-being and workplace safety, gender diversity in the workforce and at the leadership level, and the concentration of purchases and sales (“openness of business”) that are subject to independent verification. The applicability schedule extends the verification requirement progressively, by net worth, across the universe of the top 1,000 listed entities through FY 2026-27, with the March 2025 relaxation described in Part III(D) above widening the eligible of verifiers to address the shortage of specialised assurance capacity.

C. The Stewardship Code for Institutional Investors

The Stewardship Code issued by SEBI for institutional investors this applying to mutual funds and certain categories of alternative investment funds also requires these investors to make public their voting policies and to explain the way in which environmental, social, and

governance factors are taken into account when making investment decisions and when engaging with the companies in which they invest. By doing so, the Stewardship Code extends ESG accountability from the issuer side of the capital market to the buy side, positioning institutional investors as active participants in ESG governance.

D. Enforcement and Consequences of Non-Compliance

Failure to meet the disclosure requirements under the BRSR will subject a listed company to the standard range of enforcement measures that SEBI can apply pursuant to the LODR Regulations, such as financial penalties and, in certain cases, adjudication proceedings. Moreover, directors could be drawn into governance reviews under the Companies Act, 2013 if the regulatory examination reveals inaccurate statements regarding board independence, gender diversity, or the implementation of policies. The system, nevertheless, does not currently have a specific penalty framework towards ESG issues, similar to the penalty structure provided for under the European Union's Corporate Sustainability Reporting Directive, a point that is examined in more detail in Part XI.

VI. Environmental Statutes and the “E” in ESG

The architectural framework for environmental regulation in India existed decades before the ESG debate and still functions as a separate, command-and-control system alongside the more recent disclosure-oriented ESG regime.

The Water (Prevention and Control of Pollution) Act, 1974 (and the Air (Prevention and Control of Pollution) Act, 1981 created Central and State Pollution Control Boards, giving them the power to grant "consent to establish" and "consent to operate" to industrial enterprises, provided that the prescribed effluent and emission standards are met. The Environment (Protection) Act, 1986, which was passed immediately after the Bhopal gas tragedy, is the main piece of legislation enabling the Central Government to take action for the protection and improvement of environmental quality, among other things conferring the power to fix standards, to restrict the siting of industries, and to require environmental impact assessments for certain categories of projects. The National Green Tribunal Act, 2010, set up a special tribunal with original and appellate jurisdiction in respect of important environmental issues, including those arising out of the implementation of the above-mentioned enactments, and thus provided an independent body for the settlement of such disputes outside the normal civil court

system.

Even though the statutes were not drawn up with the concept of "ESG", they now function as the substantive legal foundation underlying the disclosure-based BRSR framework: the disclosures that companies make under the BRSR regarding their Scope 1 emissions and effluent discharges are in effect just a reporting layer over obligations which already exist and that are independently enforceable under the older command-and-control system. Failure to comply with consent conditions or emission standards may lead to closure orders, the cancellation of consent, and criminal liability for company officers, regardless of and generally much more serious than any deficiency in BRSR disclosures.

VII. Financial-Sector Regulation: RBI Regulators

In recent years the Reserve Bank of India has established a particular form of regulation related to environmental, social and governance issues in the banking and financial sectors. In April 2023 the RBI published a Framework for the Acceptance of Green Deposits which allowed regulated organisations to obtain deposits to be used for financing green projects, on the condition that they disclosed how the funds would be allocated and had them independently verified by a third party in order to prevent "greenwashing" in the deposit and fixed-income markets ¹⁶. The RBI has also indicated its intention to require large regulated entities to provide standardised disclosures on climate-related financial risks, referencing international examples such as the Task Force on Climate-related Financial Disclosures ¹⁷.

Similar developments can be seen in the insurance and pension industries. The Insurance Regulatory and Development Authority of India has urged insurers to take ESG factors into account when underwriting and in relation to their investment portfolios, and the Pension Fund Regulatory and Development Authority has produced guidance advising pension fund managers to incorporate ESG considerations into their investment strategy, in keeping with the long-term nature of pension liabilities and the fact that pension assets are sensitive to long-term environmental and social risks. Although these sector-specific measures are not as thoroughly codified as the SEBI and RBI frameworks mentioned above, they show that India's financial sector regulators as a whole are becoming an increasingly important, though still evolving, part

¹⁶“Reserve Bank of India, Framework for Acceptance of Green Deposits, Circular (Apr. 2023), <https://rbi.org.in>”.

¹⁷ “Reserve Bank of India, Disclosure Framework on Climate-Related Financial Risks, Draft Circular, <https://rbi.org.in>”.

of the nation's multi-institutional ESG governance structure¹⁸.

VIII. Judicial Contributions to ESG Jurisprudence

The Indian courts, and especially the Supreme Court, have been instrumental in determining the substantive content of what is now known as the "Environmental" aspect of ESG, long before the statutory and regulatory framework mentioned above assumed its present form.

In the case of *“Rural Litigation and Entitlement Kendra v. State of Uttar Pradesh”*, which is generally considered to be India's first important environmental public-interest litigation, the Supreme Court directed the closure of the limestone quarries in the Doon Valley on environmental grounds and thus showed an early willingness on the part of the judiciary to give priority to ecological protection over private commercial interests even though there was no fully developed statutory framework¹⁹. In *Subhash Kumar v. State of Bihar*, the Court stated that the right to a healthy environment forms an integral component of the right to life assured by Article 21 of the Constitution, thereby giving constitutional status to environmental protection and providing the doctrinal basis for future environmental public-interest litigation²⁰.

In the case of *“M.C. Mehta v. Union of India”*, the Supreme Court, when considering the release of hazardous oleum gas from a factory in Delhi, established the principle of "absolute liability" for companies involved in hazardous or inherently dangerous activities by stating that such enterprises have an absolute and non-delegable obligation to the public to ensure that no harm occurs and that they cannot avoid liability merely by proving they had taken all reasonable care. This principle extends well beyond the negligence-based liability rule of traditional common law and is now a fundamental aspect of Indian environmental case law, having a direct effect on the way risk is distributed in current corporate environmental compliance²¹.

In the case of *“Indian Council for Enviro-Legal Action v. Union of India”*, the Court reasserted and put into practice the polluter-pays principle by requiring the chemical industries operating

¹⁸ Life Ins. Corp. of India, ESG Framework 5–6 (Feb. 2026), https://licindia.in/documents/d/guest/lic_esg-framework-1-0-05-02-2026-formatted-final.

¹⁹ *Rural Litig. & Entitlement Kendra v. State of Uttar Pradesh*, (1985) 2 S.C.C. 431, 433–34; 1987 A.I.R. S.C. 359, 360–61 (India).

²⁰ *Subhash Kumar v. State of Bihar*, (1991) 1 S.C.C. 598, 604; A.I.R. 1991 S.C. 420, 422 (India).

²¹ *M.C. Mehta v. Union of India*, (1987) 1 S.C.C. 395, 421–24; A.I.R. 1987 S.C. 1086, 1099–1100 (India).

in Rajasthan to pay for all the remedial measures, even though there was at that time no specific statutory system in place for recovering such costs, thus showing the willingness of constitutional courts to create effective remedies in the face of gaps in legislation or regulation²². In a similar way, in "T.N. Godavarman Thirumulpad v. Union of India", a case that has been ongoing over a long period of time and relates to forest conservation, the Supreme Court gradually increased the judicial oversight of forest and biodiversity governance nationwide, demonstrating the Court's ongoing role as a supervisory body with regard to the executive's fulfilment of its environmental obligations²³.

This body of case law continues to have two important implications for current ESG regulation. On the one hand, it establishes key legal principles namely, absolute liability, the precautionary principle, and the polluter-pays principle that define the standard of environmental diligence which is expected of companies in India, regardless of and in addition to their compliance with the ESG disclosures required under the BRSR. On the other hand, it shows that public-interest litigation is an available means of enforcement by which civil-society groups can force both corporations and government bodies to take environmental responsibility, a feature of the Indian legal system that is generally missing from similar ESG enforcement systems in a number of other jurisdictions.

IX. Stock Exchanges and Market-Based ESG Mechanisms

Together with the statutory and regulatory framework mentioned above, India's main stock exchanges have established market-driven measures which support ESG disclosure and performance. The two leading exchanges have created indices focused on ESG issues that monitor the performance of companies based on their scores in relation to sustainability criteria, thus indicating a market signal that reinforces regulatory disclosures and allows ESG-linked index funds and exchange-traded products to develop. Moreover, SEBI has taken independent action to register and regulate providers of ESG ratings, in order to ensure that the transparency, methodological rigor, and comparability of third-party ESG ratings which are now used by both retail and institutional investors in making their investment decisions remain at a high level. Although these market mechanisms are not in themselves sources of legally binding obligations like statutory disclosure requirements, they do have a real restraining effect

²² Indian Council for Enviro-Legal Action v. Union of India, (1996) 3 S.C.C. 212 (India).

²³ T.N. Godavarman Thirumulpad v. Union of India, (1997) 2 S.C.C. 267 (India).

on listed companies by influencing their capital costs, affecting their inclusion in indices, and shaping investor perception.

X. Challenges in the Implementation of ESG Regulation in India

Despite this expanding regulatory and legal developments, the practical implementation of ESG regulation in India has several structural challenges.

Firstly, the data infrastructure is still uneven, especially along the value chain. While large listed companies have the means to set up systems for collecting ESG data, their suppliers often micro, small, and medium enterprises usually do not have the necessary technical capabilities to monitor greenhouse-gas emissions, water usage, or detailed information on their workforce, thus leading to a continuing data gap which SEBI's step-by-step and at present voluntary method of requiring value-chain disclosures has been intended to allow for rather than to eliminate ²⁴.

Secondly, the market for independent ESG assurance is under-developed. The requirement of third-party verification under the BRSR Core presupposes the availability of a sufficiently large pool of qualified assurance providers; SEBI's 2025 decision to widen eligibility beyond chartered accountants to sustainability assessors was itself a direct regulatory response to this capacity constraint, but questions remain regarding the consistency and rigour of assurance standards across a more heterogeneous provider base ²⁵.

Thirdly, the risk of greenwashing the practice of overstating or misrepresenting the environmental or social credentials of a company, product, or financial instrument is heightened by the absence of a dedicated, cross-sectoral anti-greenwashing statute or regulation in India, in contrast to jurisdictions that have begun to develop specific greenwashing liability regimes. The RBI's green-deposit framework represents an early, sector-specific response to this concern, but a comprehensive framework addressing greenwashing across equity, debt, and product-labelling contexts remains absent.

²⁴ “Securities & Exchange Bd. of India, BRSR Core: Framework for Assurance and ESG Disclosures for Value Chain, Circular No. SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122, at § 3.4.1 (July 12, 2023); Securities & Exchange Bd. of India, Measures to Facilitate Ease of Doing Business with Respect to Framework for Assurance or Assessment, ESG Disclosures for Value Chain, and Introduction of Voluntary Disclosure on Green Credits, Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2025/42 (Mar. 28, 2025), <https://www.sebi.gov.in>”.

²⁵ “ESG Compliance in India – BRSR, SEBI Regulations, Reporting & All Founders Need to Know, Treelife (May 15, 2026), <https://treelife.in>”.

Fourthly, the enforcement of the disclosure requirements related to ESG under the LODR Regulations is still relatively untested, since there currently exists no significant body of actions taken by the SEBI on issues of BRSR non-compliance, unlike the more assertive enforcement positions taken by securities regulators in other major jurisdictions with regard to sustainability disclosures.

Fifthly, the fact that a number of regulatory systems coexist the CSR requirement under the Companies Act, SEBI's BRSR framework, the sector-specific environmental laws, and the guidelines of the regulators in the financial sector leads to a certain level of regulatory fragmentation. Companies are required to meet overlapping compliance obligations set by various regulators, each with its own reporting formats, timelines, and approach to enforcement, thus increasing the total compliance burden without necessarily resulting in a similarly coherent or comparable set of ESG information for investors and other stakeholders.

XI. A Comparative Perspective

Comparative analysis of the ESG framework shows both the uniqueness and the course of India's ESG framework. While the European Union's Corporate Sustainability Reporting Directive requires much more extensive and standardised disclosures than the BRSR, it incorporates the idea of double materiality mentioned in Part II and supports these requirements with significant financial fines, in the case of non-compliance²⁶. On the other hand, the United States has adopted a more controversial and less centralised method of making climate-related financial disclosures²⁷, with initiatives from the federal securities regulator running in parallel with subnational measures such as California's climate-disclosure laws²⁸.

When compared with that spectrum, India's BRSR framework lies in an intermediate position since it is more standardised and compulsory than the historically disclosure-light approach adopted at the federal level in the United States, but at the same time much less rigorous both

²⁶ “Directive 2022/2464, of the European Parliament and of the Council of 14 December 2022 Amending Regulation (EU) No. 537/2014, Directive 2004/109/EC, Directive 2006/43/EC, and Directive 2013/34/EU, as Regards Corporate Sustainability Reporting, 2022 O.J. (L 322) 15, 22–23; Commission Delegated Regulation 2023/2772 of 31 July 2023 Supplementing Directive 2013/34/EU of the European Parliament and of the Council as Regards Sustainability Reporting Standards, 2023 O.J. (L 2023/2772)”.

²⁷ “Rescission of Climate-Related Disclosure Rules, Securities Act Release No. 33-11421 (proposed May 29, 2026); Press Release, U.S. Sec. & Exch. Comm’n, SEC Votes to End Defence of Climate Disclosure Rules (Mar. 27, 2025), <https://www.sec.gov/newsroom/press-releases/2025-58>”.

²⁸ S.B. 253, 2023–2024 Leg., Reg. Sess. (Cal. 2023), as amended by S.B. 219, 2023–2024 Leg., Reg. Sess. (Cal. 2024); S.B. 261, 2023–2024 Leg., Reg. Sess. (Cal. 2023) (climate-related financial-risk disclosures).

in the extent of the disclosures and in the structure of the penalties than the regulatory system in the European Union. The fact that India is continuously adjusting its assurance requirements and that its implementation is being carried out in phases in a way that takes account of capacity indicates a deliberate approach to sequencing its regulatory ambitions in line with the level of institutional readiness a strategy which has obvious advantages from the point of view of achievable compliance, but also entails clear costs in terms of the speed at which convergence with more rigorous international disclosure standards can take place.

XII. Recommendations

The preceding analysis identifies several areas in which India's ESG regulatory framework could be strengthened to improve regulatory coherence, reporting reliability and institutional effectiveness. First, India should develop an ESG reporting framework that harmonises relevant data definitions, disclosure metrics and reporting requirements across the Companies Act, SEBI's BRSR framework, and applicable sector-specific environmental and financial regulations. Such an approach would reduce duplication and inconsistencies while preserving the distinct regulatory purposes of CSR, sustainability reporting and sector-specific compliance obligations.

Second, India should strengthen the institutional capacity and independence of ESG assurance and assessment providers. The expansion of BRSR Core has increased the demand for professionals with expertise in sustainability reporting, environmental metrics, social indicators and governance-related disclosures. Clear requirements concerning professional competence, independence, conflict of interest and applicable assurance or assessment standards would contribute to the credibility and comparability of ESG information. This is particularly relevant following SEBI's subsequent development of an assurance-or-assessment framework for BRSR Core disclosures.

Third, India's existing sector-specific measures addressing greenwashing should be strengthened and better coordinated. The regulatory landscape already includes the Central Consumer Protection Authority's Guidelines for Prevention and Regulation of Greenwashing or Misleading Environmental Claims, 2024, SEBI's measures concerning green debt securities, and the RBI's framework for green deposits. The principal regulatory challenge, therefore, is not the complete absence of anti-greenwashing measures but their fragmentation across different regulatory domains. Greater consistency in the definition, substantiation, disclosure

and enforcement of environmental claims across securities, financial products and consumer-facing products could strengthen investor and consumer protection.

Fourth, regulatory support should be extended to micro, small and medium enterprises that form part of the value chains of large listed entities. Such support could include tax incentives, shared ESG reporting infrastructure, technical assistance and public-private capacity-building initiatives. A proportionate and scalable approach would help reduce the data and reporting-capacity constraints that may otherwise affect the reliability and comparability of value-chain ESG disclosures.

Fifth, greater inter-regulatory coordination should be encouraged among the principal institutions involved in India's ESG regulatory architecture, including the Ministry of Corporate Affairs, SEBI, the Reserve Bank of India, the Ministry of Environment, Forest and Climate Change, and the Central Consumer Protection Authority. Coordination concerning ESG terminology, disclosure metrics, assurance or assessment standards and anti-greenwashing requirements could reduce regulatory overlap and improve consistency without requiring the consolidation of all ESG regulation under a single institutional framework.

XIII. Conclusion

Over the past decade, India's ESG regulatory framework has developed through multiple, overlapping legal and regulatory mechanisms rather than through a single linear transition from voluntary standards to mandatory regulation. The present framework combines statutory corporate social responsibility obligations, sustainability disclosures under SEBI's BRSR regime, sector-specific environmental and financial regulations, and judicial principles relating to environmental protection. SEBI's introduction of BRSR Core and subsequent developments concerning assurance and assessment have further strengthened the institutionalisation of ESG disclosure for listed entities.

This multi-institutional structure reflects both the expanding scope of ESG regulation and the institutional complexity of regulating sustainability in a large and diverse economy. The principal challenge is therefore to improve coherence, comparability, credibility and enforcement across these regulatory domains while maintaining proportionality for entities with different reporting capacities. The reforms proposed above seek to address these structural challenges without treating ESG regulation as a single, uniform regulatory field.