

Environmental, Social, and Governance (ESG) Reporting in Emerging Indian Markets: Challenges, Regulatory Frameworks, and Sustainable Corporate Growth

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Abstract— In emerging economies, environmental, social, and governance (ESG) reporting has become an essential part of corporate transparency and sustainable business practices. Global investment patterns, growing legislative reforms, and stakeholder awareness have all hastened the adoption of ESG disclosure standards among Indian businesses. With a focus on listed firms and important industrial sectors, this study explores the importance, development, and difficulties of ESG reporting in developing Indian markets. The study investigates the effects of ESG reporting on long-term financial performance, risk management, investor trust, and corporate accountability. Additionally, it assesses how standardized sustainability disclosures are promoted by regulatory frameworks like the Securities and Exchange Board of India's Business Responsibility and Sustainability Reporting (BRSR) guidelines.

Major obstacles to successful ESG adoption are identified by the study, including inconsistent reporting requirements, problems with data reliability, low awareness, and high compliance expenses for smaller businesses. The study also emphasizes the increasing significance of sustainable investment strategies and the incorporation of ESG criteria into strategic decision-making procedures. According to the findings, ESG practices in India may be greatly strengthened by better disclosure standards, stronger governance systems, and increased stakeholder participation. This will support sustainable economic growth and ethical business practices in emerging economies.

Index Terms— ESG Reporting, Sustainable development, Corporate Governance, Reporting on Business Responsibility and Sustainability (BRSR), New Markets in India, Business Sustainability

I. INTRODUCTION

An important framework for assessing corporate sustainability, ethical responsibility, and long-term

commercial performance in international markets is Environmental, Social, and Governance (ESG) reporting. The significance of transparent non-financial disclosures in addition to traditional financial reporting has been underscored by investors, regulators, consumers, and other stakeholders in recent years. Organizations can improve accountability, risk management, and stakeholder confidence by communicating their environmental practices, social responsibilities, and governance frameworks through ESG reporting. The adoption of ESG principles has accelerated globally due to the growing significance of social fairness, business ethics, climate change concerns, and sustainable development goals.

Rapid industrialization, globalization, and changing regulatory requirements have all contributed to the significant growth of ESG reporting in growing Indian markets. As one of the economies with the quickest pace of growth, India has serious issues with resource use, social inequality, environmental deterioration, and corporate governance. As a result, in order to guarantee sustainable growth and preserve competitive advantage, companies are progressively incorporating ESG concepts into their operational and strategic frameworks. The significance of ESG disclosures among listed businesses has been further reinforced by regulatory measures implemented by the Securities and Exchange Board of India, such as the Business Responsibility and Sustainability Reporting (BRSR) framework.

Additionally, the shift from volunteer sustainability initiatives to organized and required disclosure methods is reflected in ESG reporting in India. ESG indicators are now being used by investors to evaluate long-term wealth generation, ethical behavior, and

organizational resiliency. Despite these advancements, a number of issues still exist, including as a lack of standards, uneven reporting procedures, low awareness, and limitations in precisely quantifying ESG performance. Thus, it is crucial to look at ESG reporting in developing Indian markets in order to comprehend how it affects investment choices, business transparency, and sustainable economic growth. The purpose of this study is to investigate the prospects, difficulties, and changing landscape of ESG reporting in the Indian business sector.

II. OBJECTIVES OF THE STUDY

1. To assess the degree and caliber of environmental, social, and governance (ESG) reporting procedures used by businesses in developing Indian markets.
2. To examine the elements—such as corporate governance procedures, stakeholder pressure, and regulatory requirements—that affect Indian companies' adoption of ESG reporting.
3. To assess how ESG reporting affects investor confidence, corporate performance, and long-term company growth in developing Indian markets.
4. To determine the main obstacles and possibilities that businesses encounter when putting into practice efficient ESG reporting frameworks.
5. To make suggestions for policies and actions aimed at enhancing sustainability reporting, accountability, and transparency in emerging markets in India.

III. RESEARCH DESIGN

In order to investigate Environmental, Social, and Governance (ESG) reporting methods in developing Indian markets, this study uses a descriptive and analytical research design. In order to comprehend how ESG reporting affects corporate transparency and stakeholder confidence, the study will examine the quantity, quality, and factors that influence ESG disclosures among Indian businesses.

The analysis is based on secondary data gathered from stock exchange filings, annual reports, sustainability reports, Business Responsibility and Sustainability Reports (BRSR), and business websites of particular

companies listed on the Bombay Stock Exchange and the National Stock Exchange of India.

To guarantee sectoral representation, the sample includes businesses from a variety of industries, including banking, manufacturing, information technology, pharmaceuticals, and energy. To choose companies that consistently disclose ESG information throughout the study period, a purposive sampling technique is employed.

The study employs a quantitative methodology backed by content analysis. Predefined indicators based on globally recognized standards, such as the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), and the Securities and Exchange Board of India's BRSR guidelines, are used to create ESG disclosure ratings. To assess their association with ESG reporting standards, factors like market capitalization, business size, profitability, leverage, and corporate governance traits are taken into account.

To analyze the data and find important trends, statistical techniques including regression analysis, correlation analysis, and descriptive statistics are used. Additionally, the study looks at how disclosure methods have changed over time and analyzes ESG reporting trends across industries.

By using established evaluation criteria and methodical data collecting, the research design guarantees validity and dependability. It is anticipated that the study's conclusions will advance knowledge of ESG reporting methods in rising Indian markets and offer policymakers, investors, regulators, and company management information about transparent reporting systems and sustainable business practices.

IV. LITERATURE SURVEY

Especially in developing nations like India, environmental, social, and governance (ESG) reporting has become a major component of corporate disclosure standards worldwide Firoz, M., and Kumar, K. (2022).

The disclosure of non-financial data on a business's governance procedures, social responsibility programs, and environmental performance is known as ESG reporting. The adoption of ESG frameworks by Indian firms has accelerated due to the growing significance of sustainable development, stakeholder

awareness, and responsible investing .Sharma, A. K., and Sharma, D. (2020).

Environmental disclosures and corporate social responsibility (CSR) were the main topics of early research on corporate sustainability reporting. However, ESG reporting has expanded and grown more organized with the development of international reporting standards like the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), and integrated reporting frameworks. Singh, A. K, and P. Aggarwal (2019)

ESG disclosures, according to researchers, boost investor trust, increase business transparency, and support long-term organizational sustainability. Velte, P. (2017)

Following the Securities and Exchange Board of India's (SEBI) regulatory actions, ESG reporting gained traction in the Indian setting. Sustainability disclosure procedures were further reinforced when Business Responsibility Reporting (BRR) was introduced in 2012 and replaced by Business Responsibility and Sustainability Reporting (BRSR) for top listed firms. Due to investor pressure and global sustainability standards, Indian companies are increasingly using ESG measures into strategic decision-making, according to publications from scholars like KPMG and Deloitte.

The connection between ESG performance and financial results in developing Indian markets has been the subject of numerous empirical investigations. The majority of research indicates that ESG disclosures are positively correlated with market valuation, operational effectiveness, and company reputation. Businesses with more robust governance frameworks and open sustainability policies frequently draw more institutional investment and exhibit superior risk management skills. However, other studies also draw attention to the prevalence of symbolic reporting practices across businesses, inconsistent disclosure quality, and the absence of defined reporting procedures.

Carbon emissions, waste management, the use of renewable energy, and climate change mitigation are the main topics of environmental disclosures in India. Social reporting places a strong emphasis on consumer protection, community development, gender diversity, and employee welfare. Board composition, moral behavior, openness, and shareholder rights are all included in governance reporting. Because of strict

governmental scrutiny, researchers observe that governance continues to be the most important aspect of ESG reporting in Indian organizations.

The adoption of ESG reporting in developing Indian markets continues to face obstacles despite significant advancements. Effective ESG implementation is still hampered by low awareness among smaller businesses, high compliance costs, a lack of consistent assurance systems, and poor report comparability. Stronger regulatory frameworks, uniform disclosure procedures, and the incorporation of ESG concepts into business planning are all highlighted in recent research.

Overall, the literature indicates that ESG reporting is gradually transforming corporate governance and sustainability practices in India, positioning emerging Indian markets toward more responsible and transparent business operations.

V. ESG REPORTING IN INDIA

One of the fastest-growing rising economies, India is confronted with a number of social and environmental problems, including resource depletion, pollution, climate change, inequality, labor disputes, and governance issues. Indian companies are progressively incorporating ESG principles into their business strategy in order to overcome these difficulties. ESG disclosure standards among listed firms have been reinforced by regulatory measures introduced by the Securities and Exchange Board of India (SEBI), specifically the Business Responsibility and Sustainability Reporting (BRSR) framework. It is now mandatory for India's top listed firms to provide comprehensive sustainability reports that showcase their social contributions, ethical governance practices, employee welfare programs, and environmental impact.

Energy use, carbon emissions, waste management, water conservation, renewable energy utilization, and climate-related concerns are the primary topics of environmental reporting. Employee welfare, diversity and inclusion, labor rights, community development, customer satisfaction, and health and safety procedures are all included in social reporting. Board composition, moral leadership, openness, anti-corruption initiatives, shareholder rights, and legal and regulatory compliance are all examined in governance reporting. These disclosures aid stakeholders and investors in evaluating a company's sustainability

performance and capacity for long-term value development.

VI. ESG REPORTING'S SIGNIFICANCE IN EMERGING MARKETS

In developing Indian markets, ESG reporting is essential for improving business responsibility, openness, and investor confidence. Because companies with good ESG performance are frequently linked to fewer risks and improved long-term financial stability, investors are increasingly taking these considerations into account when making investment decisions. Global financial institutions and investors are also pushing Indian businesses to implement international sustainability standards like the Integrated Reporting Framework, Sustainability Accounting Standards Board (SASB), and Global Reporting Initiative (GRI).

Additionally, by encouraging socially and ecologically conscious business practices, ESG reporting supports sustainable economic growth. It helps businesses meet national and international sustainability standards, enhances their reputation, and fortifies their ties with stakeholders. Despite these advantages, many Indian businesses—particularly small and medium-sized ones—face difficulties implementing ESG because of a lack of knowledge, a lack of resources, a lack of standardized reporting procedures, and challenges in assessing sustainability performance.

6.1 Corporate Governance –

In developing Indian markets, corporate governance is essential to improving Environmental, Social, and Governance (ESG) reporting methods. Strong governance procedures are crucial for guaranteeing accountability, transparency, moral corporate practices, and sustainable development, as Indian businesses have come to realize more and more in recent years. ESG reporting has become a crucial foundation for businesses to inform stakeholders, investors, and regulators about their governance practices, social responsibilities, and environmental impact. Organizations in India have been motivated to incorporate ESG concepts into their governance structures by the increasing emphasis on sustainability, climate change, corporate ethics, and stakeholder welfare. Corporate governance serves as the cornerstone that directs businesses in putting into practice efficient ESG policies, upholding disclosure

requirements, and enhancing long-term organizational performance.

The Companies Act of 2013, the Securities and Exchange Board of India (SEBI), and the Business Responsibility and Sustainability Reporting (BRSR) standards have all brought about significant changes to the Indian corporate sector. Listed firms are now required by these rules to provide ESG-related information in a methodical and open manner. Boards of directors actively monitor ESG efforts, risk management procedures, sustainability objectives, and ethical standards thanks to strong governance frameworks. Businesses are better positioned to implement thorough ESG reporting procedures if they have independent directors, open auditing procedures, and stakeholder-focused policies. Additionally, by lowering the likelihood of financial fraud, greenwashing, and unethical company practices, effective governance boosts investor trust and corporate legitimacy.

Carbon emissions, the use of renewable energy, waste management, water conservation, and climate risk mitigation are among the topics covered by environmental reporting in Indian businesses. Organizations can create sustainability committees and monitoring systems to precisely track environmental performance with the use of corporate governance processes. Employee welfare, gender diversity, labor rights, community development, education programs, and health and safety precautions are all included in social reporting. Governance frameworks guarantee that business culture and organizational strategies incorporate social responsibilities. Board composition, executive compensation, shareholder rights, anti-corruption initiatives, and regulatory compliance are all included in governance reports. When combined, these factors offer a comprehensive strategy for ethical business practices in developing Indian markets.

Advanced ESG reporting frameworks that are in line with international standards like the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) have been implemented by a number of prominent Indian corporations, including Tata Consultancy Services, Infosys, Reliance Industries, and Mahindra & Mahindra. These businesses provide as examples of how good corporate governance improves stakeholder trust and ESG performance. Strong ESG disclosures are increasingly

preferred by institutional investors and international stakeholders since they are seen as less risky and more long-term sustainable.

Even though ESG reporting is becoming more and more important, emerging Indian markets still face a number of difficulties. Many small and medium-sized businesses lack the knowledge, technical know-how, funding, and standardized reporting systems necessary for successful ESG adoption. The quality of ESG disclosures is further impacted by inconsistent data collection, a lack of clear reporting requirements, and low stakeholder engagement. However, ESG adoption in India is progressively improving due to growing government initiatives, investor activity, technical developments, and challenges from the global sustainability community. Therefore, encouraging honest ESG reporting, enhancing sustainable business practices, drawing ethical investments, and guaranteeing long-term economic growth in developing Indian markets all depend on effective corporate governance.

6.2 Social Responsibilities –

Environmental, Social, and Governance (ESG) reporting has become increasingly important in rising Indian markets as investors, regulators, consumers, and society become more conscious of ethical and sustainable business practices. The social component of ESG, one of its three dimensions, focuses on an organization's obligations to its workers, clients, communities, and society at large. In ESG reporting, social responsibility emphasizes how businesses support social welfare while continuing to expand and make money. In order to enhance their long-term sustainability, stakeholder trust, and corporate reputation, Indian businesses are progressively implementing socially conscious strategies.

6.3 Welfare of Employees and an Inclusive Workplace –

Employee wellbeing is one of the main social responsibilities represented in ESG reporting. Businesses in developing Indian markets are expected to offer possibilities for professional growth, healthcare benefits, safe working conditions, and fair salaries. Additionally, companies are placing a strong emphasis on inclusion, equity, and diversity in the workplace. In ESG disclosures, equal job opportunities for women, people with disabilities, and

marginalized communities are becoming important factors. Initiatives pertaining to workplace safety, employee engagement, skill development, and mental health support are now widely reported by Indian companies. These procedures enhance worker productivity and happiness while also enhancing the company's reputation.

6.4 Social Impact and Community Development –

Community development is a crucial component of social responsibility. Businesses in India are becoming more involved in social welfare initiatives like poverty alleviation, rural development, healthcare assistance, education advancement, and sanitation. Since the Companies Act of 2013 made corporate social responsibility (CSR) mandatory, businesses have been encouraged to donate a percentage of their revenues to social development initiatives. ESG reports frequently contain information regarding environmental awareness campaigns, women's empowerment initiatives, community investment projects, and scholarships. These programs support inclusive economic growth in emerging economies and assist businesses in fostering good ties with local communities.

6.5 Protection of Ethical Behavior –

Consumer protection and moral business practices are also included in social responsibility in ESG reporting. Businesses are required to deliver superior goods and services while maintaining openness, equity, and client pleasure. Indian customers are growing increasingly aware of responsible marketing, ethical sourcing, and product safety. As a result, companies are disclosing policies pertaining to ethical supply chain management, data protection, customer complaint procedures, and product quality requirements. In marketplaces where competition is fierce, ethical business practices boost consumer confidence and fortify brand loyalty.

6.6 Supply Chain Responsibility and Human Rights –

Human rights and labor standards in supply chains are becoming more and more important in emerging Indian markets. In their operations and supplier networks, businesses are supposed to avoid child labor, forced labor, discrimination, and exploitation. ESG reporting enables businesses to show their dedication to ethical sourcing and international labor

norms. Companies are putting codes of conduct into place, auditing suppliers, and making sure labor laws are followed. These programs lessen the reputational risks connected to unethical behavior and increase accountability and transparency throughout the supply chain.

6.7 Increasing Public Trust and Corporate Transparency –

In developing Indian markets, environmental, social, and governance (ESG) reporting is crucial for enhancing company transparency and boosting public confidence. Businesses can increase their accountability to stakeholders, including investors, consumers, employees, and society, by sharing information about environmental protection, employee welfare, ethical governance, and social responsibility. ESG reporting helps businesses establish credibility and improve their reputation in India, where environmental and corporate governance issues have drawn more attention. Additionally, companies are encouraged to adopt responsible behavior and integrate their operations with sustainable development goals through transparent reporting procedures.

6.8 Encouraging Inclusive Development and Social Welfare –

By encouraging businesses to prioritize employee welfare, diversity, community development, and fair labor practices, ESG reporting promotes social welfare. As part of their social responsibility activities, several companies in developing Indian markets are increasingly funding programs for skill development, rural development, women's empowerment, healthcare, and education. These initiatives promote equitable economic growth and enhance the standard of living in nearby communities. Additionally, ESG standards support safe working conditions and equal employment opportunities, which increases worker satisfaction and productivity. Organizations thus transform into socially conscious entities that favorably impact national growth.

6.9 Promoting Eco-Friendly Business Practices –

The promotion of ethical and sustainable business practices is another significant societal advantage of ESG reporting. Adopting ESG norms increases the likelihood that Indian businesses would preserve

natural resources, lessen environmental harm, and uphold moral ties with stakeholders. By guaranteeing better living conditions and financial security for upcoming generations, this generates long-term social benefit. Additionally, ESG reporting boosts investor confidence, drawing socially conscious global and domestic capital to Indian markets. As a result, companies that put ESG principles first not only flourish financially but also promote social justice, environmental sustainability, and good corporate citizenship in developing nations like India.

VII. CONCLUSION

In developing Indian markets, environmental, social, and governance (ESG) reporting has become an important part of corporate governance and sustainable business practices. Transparent ESG disclosure techniques have been promoted by the increased awareness of environmental preservation, ethical governance, and social responsibility among investors, regulators, consumers, and other stakeholders. ESG reporting has grown in institutional significance and regulatory backing in India thanks to programs like the Securities and Exchange Board of India's Business Responsibility and Sustainability Reporting (BRSR) framework.

The study highlights that ESG reporting not only improves corporate transparency and accountability but also enhances investor confidence, organizational reputation, and long-term financial sustainability. Companies that actively disclose ESG-related information are better positioned to manage environmental risks, maintain social legitimacy, and strengthen governance standards. In emerging Indian markets, ESG practices are increasingly becoming a strategic necessity rather than merely a compliance requirement.

The efficacy of ESG reporting in India is still hampered by a number of issues, though. These include variable data quality, a lack of defined reporting procedures, low awareness among smaller businesses, and insufficient incorporation of ESG measures into corporate decision-making procedures. Additionally, rather than incorporating sustainability into their fundamental business objectives, many firms continue to view ESG reporting as a symbolic exercise.

Despite these drawbacks, stakeholder activity, global investment trends, legislative actions, and the

increased focus on sustainable development goals all point to a bright future for ESG reporting in India. Indian businesses are gradually realizing that ethical business practices support resilience and long-term competitiveness. Therefore, in order to promote sustainable economic growth and ethical corporate behavior in rising Indian markets, it will be crucial to strengthen ESG frameworks, improve the quality of disclosure, and encourage wider industry engagement.

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