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## Avinash Kumar



*Avinash Kumar has completed his Ph.D. in International Investment Law from the Dept. of Law & Governance, Central University of South Bihar. His research work is on "International Investment Agreement and State's right to regulate Foreign Investment." He qualified UGC-NET and has been selected for the prestigious ICSSR Doctoral Fellowship. He is an alumnus of the Faculty of Law, University of Delhi. Formerly he has been elected as Students Union President of Law Centre-1, University of Delhi. Moreover, he completed his LL.M. from the University of Delhi (2014-16), dissertation on "Cross-border Merger & Acquisition"; LL.B. from the University of Delhi (2011-14), and B.A. (Hons.) from Maharaja Agrasen College, University of Delhi. He has also obtained P.G. Diploma in IPR from the Indian Society of International Law, New Delhi. He has qualified UGC - NET examination and has been awarded ICSSR - Doctoral Fellowship. He has published six-plus articles and presented 9 plus papers in national and international seminars/conferences. He participated in several workshops on research methodology and teaching and learning.*

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# **NAVIGATING INDIA'S CLIMATE COMMITMENTS: ESG DISCLOSURES IN THE LAST DECADE AND NET ZERO EMISSIONS BY 2070**

AUTHORED BY - PRAGATHI.S

## **Abstract**

India's bold press release at COP 28 marked a step ahead toward achieving carbon neutrality by 2070. India achieved 40% of its installed electric capacity through non-fossil fuel sources and an additional 100 GW of electric capacity, with 80% being from non-fossil fuel sources. With this established, a point of significance is that there is a high positive correlation between ESG (Environmental, Social, and Governance) disclosure, the financial performance of companies, and their contribution to the economy. A higher rank of ESG compliance on a global scale would contribute to increasing climate finance. This would aid in steering India's mission towards net-zero emissions. This paper aims to comprehensively analyze some of India's most prominent companies complying with ESG disclosures for the past several years. The analysis would aid in observing some of the barriers that industries still face, opening up sectoral and regulatory challenges that can ultimately be utilised towards better policymaking, considering India's goal. It is a doctrinal study coupled with thematic and textual analyses that attempt to observe some of the changing factors in ESG over a more extended period, thereby providing a more accurate representation of the current corporate governance status. The results of this study have highlighted the lacunae concerning ESG disclosures. Firstly, the government must develop incentive-based schemes for more businesses to comply with ESG disclosures. Further, companies consistently score less in the "E" component of ESG disclosures due to increased focus on social governance and other compliance requirements, thereby emphasising on the importance of stringent regulations and lastly, SEBI's mandate for ESG disclosures needs to be broadened to cover a more extensive set of organizations, specifically in the consumer sector. The paper concludes by suggesting specific reforms that policymakers can consider to overcome the barriers, including bringing in sectoral regulations, formulating different indices for ESG ranking and opening up further research in the same area.

**Keywords:** ESG Disclosures, Net-Zero, Companies, Analysis, Regulatory Reforms, Policy Making

## Introduction

ESG, also known as Environmental, Social, and Governance, is a metric based on which all corporate companies are evaluated to determine the extent of their contributions towards all societal stakeholders, including sustainable development and corporate governance.<sup>1</sup> One of the ways in which sustainability can be evaluated is to see the extent of the contribution made by companies towards net-zero emissions, which refers to the balance between the amount of greenhouse gas emissions produced and the amount removed from the atmosphere.

The international business arena is undergoing a transformative change toward sustainable development and ethical corporate behavior, exemplified by a growing focus on Environmental, Social, and Governance (ESG) factors. Firms are increasingly prioritizing incorporating ESG considerations into their business strategies, aiming to align their operations with sustainable development objectives and address environmental and social risks. In the Indian context, there is a noteworthy emphasis on pursuing sustainable growth and achieving net-zero targets, prompting a thorough investigation into the interconnected dynamics among ESG practices, firm performance, and the efficacy of governmental initiatives.

The research aims to investigate the ESG (Environmental, Social, and Governance) compliance of the private sector in India over the past decade. The study also seeks to identify barriers and challenges industries face in adhering to ESG standards, emphasizing the need for government incentives to encourage more businesses to comply. Furthermore, it aims to address the observed lacunae in ESG disclosures, particularly the need for enhanced regulations in the environmental aspect ("E" component), broader coverage by SEBI's mandate, and specific reforms to overcome these challenges and promote sustainable corporate governance in line with India's goal of achieving carbon neutrality by 2070.

With the objective established, the following questions would be addressed as a result of the study, which are as follows: -

1. How has the private sector in India performed in terms of ESG disclosures and sustainability commitments over the last decade?
2. Where have these companies failed to take more robust initiatives concerning net-zero emissions?
3. What are the current loopholes in the regulatory mechanisms and how can policymaking be improved given India's net-zero objective?

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<sup>1</sup> Amit Kumar Singh & Sheetal Maurya, *Analysis of Historical Trend and Determinants of ESG Index Performance in India*, 3 Corporate Governance Insight 2 (2021).

## Scope and Methodology

The scope of this paper delves into sustainability in India, looking at how companies put ESG practices into action and what their effects are. It considers unique challenges, opportunities, and rules in India. It also explores efforts to achieve sustainable development and net-zero emissions, uncovering pathways, roadblocks, and chances for environmental progress and climate change mitigation. Additionally, it examines corporate governance and social responsibility programs, seeing how they affect sustainable growth and stakeholder involvement. Finally, it analyses the research methods used, comparing the strengths and weaknesses of different approaches like data analysis, literature reviews, and case studies. Critiquing identified gaps and limitations in current research, including data collection hurdles, calls for more comprehensive ways to improve regulatory mechanisms and policy making.

Since the current paper is a doctrinal study, it is crucial to identify the methodologies adopted across various data sources that have been utilised. The research methodologies commonly adopted across the papers include:

**1. Quantitative Analysis:** Many papers utilize quantitative analysis to assess ESG scores, firm performance, and other relevant metrics. This involves using statistical methods and data analysis to draw conclusions about the relationships between ESG factors and various performance indicators.

**2. Literature Review and Case Studies:** Some papers incorporate literature reviews and case studies to comprehensively understand ESG, net-zero emissions, and sustainable development. These methodologies involve analysing existing research and real-world cases to draw insights and conclusions.

This paper being a doctrinal study, utilises all papers, case studies and reports which have followed the methodology mentioned above in order to arrive at a critical response that delves into the ESG performance of the private sector and it focuses on thematic and textual analysis.

However, the scope of this paper does highlight that quantitative analysis may be limited by the availability and quality of data, especially when dealing with ESG metrics and firm-specific performance indicators. Inaccurate or incomplete data can impact the reliability of the analysis. Literature reviews and case studies may be susceptible to bias and generalization as they rely on existing research and specific cases, which may not fully represent the diversity of ESG practices and challenges across different industries and regions.

## Existing Framework

Firstly, dissecting the evolving landscape of ESG in India is essential to understand its impact on

businesses and the economy.<sup>2</sup> Secondly, considering the growing demand in the service sector, providing insights into ESG integration within service-sector-specific companies has become imperative. Thirdly, the effectiveness of ESG-related outcomes is a crucial metric that requires evaluation, lastly, discussing India's strategy for net-zero emissions and identifying solutions would pave the way for companies to lead ahead with regard to emissions reduction.<sup>3</sup> The private sector in India is the foundation for comprehensively understanding the current ESG Landscape in India and where it would stand regarding net-zero emissions for future years.<sup>4</sup>

In June 2021, Reliance Industries pledged to invest Rs. 75,000 crores in clean energy to achieve net-zero carbon status by 2035. The company planned to set up four green energy Giga factories on 5000 acres of land in Jamnagar, Gujarat, and develop partnerships, value chains, and futuristic technologies. In July 2021, JSW Steel issued sustainability bonds in the overseas market and set a target to combat carbon emissions by 40 percent by 2030, along with becoming carbon-neutral at the plant, recycling all solid wastes generated, and replacing thermal energy with renewable energy to lower carbon footprint.<sup>5</sup>

### **Current Action Plans**

Further, it is also worthwhile to lay out the significant initiatives that companies have taken in India to reduce carbon emissions to comply with net-zero targets in furtherance of an NSE Report. These initiatives reveal the current situation of corporate governance and sustainability in India. They are as follows:

- 1. Increase in Use of Renewable Energy:** - Companies have taken steps to increase the use of energy from renewable sources. This includes adopting clean energy and utilizing renewable energy technologies to reduce reliance on traditional fossil fuels, thereby lowering carbon emissions.
- 2. Science-Based Targets Initiative (SBTi):** - Ten companies have signed up for the Science-Based Targets Initiative (SBTi). This initiative involves setting emissions reduction targets in line with the goals of the Paris Agreement, aiming to limit global warming to well below 2 degrees Celsius. By committing to SBTi, companies demonstrate their dedication to reducing carbon emissions in a scientifically rigorous manner.
- 3. Carbon Neutrality and Afforestation:** - Some companies have achieved the status of being

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<sup>2</sup> Pitresh Kaushik et al., *Evolving ESG Landscape in India*, ICSI (2021).

<sup>3</sup> Mendiratta et al., *ESG Controversies and Firm Performance in India: The Moderating Impact of Government Effectiveness*, *Global Business Review* (2023).

<sup>4</sup> Sachin Surve, *ESG Report Dolat Capital*, (Mar. 10, 2022), [https://images.assettype.com/bloomberquint/2022-03/9d1e5379-2ca3-41d8-9735-2fcd9cdd593e/Dolat\\_Capital\\_India\\_ESG\\_Report\\_10\\_March\\_2022.pdf](https://images.assettype.com/bloomberquint/2022-03/9d1e5379-2ca3-41d8-9735-2fcd9cdd593e/Dolat_Capital_India_ESG_Report_10_March_2022.pdf).

<sup>5</sup> *Redefining the Pathway Towards Sustainable Growth: The ESG Way*, www.icmai.in 4 (2022).

'carbon positive' and have implemented initiatives to become carbon neutral. This achievement is realized through a combination of energy efficiency measures, increased use of renewable energy, and afforestation programs. Planting trees to absorb residual carbon emissions is a crucial strategy these companies employ to offset their carbon footprint.

**4. Reduction in Transportation and Travel Emissions:** - Companies have implemented measures to reduce transportation-related emissions. This includes reducing transportation frequency, optimizing logistics processes, and utilizing larger, more efficient vehicles to minimize carbon emissions. Additionally, efforts to decrease employee travel frequency through the use of video communication platforms contribute to lowering overall travel-related emissions.

**5. Adoption of Carbon Pricing:** - Some companies have incorporated carbon pricing to assess projects before implementation. By factoring in the cost of carbon emissions into project evaluations, companies can incentivize low-carbon investments and initiatives, thereby reducing emissions.

**6. Compliance with Paris Agreement Targets:** - The report highlights India's Nationally Determined Contributions (NDCs) under the Paris Agreement, which include specific targets for reducing emissions intensity, increasing non-fossil fuel energy capacity, and creating additional carbon sinks through forest and tree cover. Companies are encouraged to align their emissions reduction efforts with these national targets to contribute to India's climate action goals.

### ESG Disparities

Jonkoping International Business School studied the ESG performance of the top 20 companies in India. The top 5 companies with the highest ESG scores are- Infosys Ltd, Bharti Airtel Ltd, Mahindra & Mahindra Ltd, Tata Consultancy Services Ltd, and Dr. Reddy's Laboratories Ltd. This study, conducted in 2023, offers another interesting perspective. Surprisingly, Adani Ports has scored the lowest of 62 while the top 5 companies have scored above 75. This again highlights the metrics' inconsistencies in arriving at a particular score.<sup>6</sup>

Regarding the relationship between ESG performance and firm financial performance, while some studies suggest a positive correlation between ESG practices and financial outcomes, others argue that the impact may vary across different industries and over time. Further, the role of government effectiveness in moderating the impact of ESG controversies on firm performance has sparked debate. Some researchers argue that effective government policies and regulations can mitigate the adverse effects of ESG controversies. In contrast, others highlight the need for

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<sup>6</sup> Emma Klint & Lovisa Norel, *ESG Score, Stock Price, Volatility, and Sustainable Strategic Management: A Study With Focus on 20 Indian Companies*, Jonkoping University (2023).

more empirical evidence from emerging markets like India.

The India ESG Report states a need for more significant ESG disclosures and practices among NIFTY 50 companies in India. The report highlights the wide divergence between high and low scores within pillars and across sectors, indicating a need for more symmetry in disclosures of metrics across companies and industries. The report also emphasizes the need for an Indian rating provider that can offer consistent, high-quality ratings and address fund manager queries, aiming to fill that gap in the market. The report notes that the Industrials and Communication Services sectors have better overall disclosure, leading to better average scores for pillars in these sectors. The report also addresses some of the big questions around ESG acceptance and integration, highlighting the challenges in the practical feasibility of ESG investing. Overall, the report provides valuable insights into the current state of ESG practices among NIFTY 50 companies in India and emphasizes the need for greater ESG engagement and disclosures in the Indian market.<sup>7</sup> Further, a crucial point of observation is that these companies have primarily invested in renewable energy, including solar and wind energy sources. However, to transition to a more sustainable energy mix to address the challenges of climate change and meet its net-zero carbon emissions target, there is a need for a time-bound strategy called “Panchamrit”, which includes specific targets for non-fossil energy capacity, power-generating capacity from renewable energy, and reduction of total projected carbon emissions. Additionally, the importance of developing battery technologies to reduce dependency on oil imports and the justified demand for climate finance must be considered while advocating for a democratic approach to involve all stakeholders in the transition to a sustainable energy mix.<sup>8</sup>

This is further substantiated by the fact that in a recently conducted data analysis of 1,500 firms, it was found that only 54% of the firms in India made ESG disclosures as of 2019.<sup>9</sup>

Countries with high SDG scores have better overall country-level governance and board attributes, positively impacting sustainability performance. For countries with low SDG scores, political stability shows a statistically insignificant and negative impact on sustainability performance, while government effectiveness indicates a statistically insignificant positive impact.<sup>10</sup>

Most importantly, a study conducted by the National Stock Exchange on ESG disclosures for 80

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<sup>7</sup> Sachin Surve, *supra* note 4.

<sup>8</sup> Manish Vaid, *India Needs to Articulate a Time-Bound Strategy*, 6 *Liberal Studies* (2021).

<sup>9</sup> Tarun Kumar Soni, *Demystifying the Relationship Between ESG and SDG Performance: Study of Emerging Economies*, 20 *Investment Management and Financial Innovations* 7 (2023).

<sup>10</sup> Faozi A Almaqtari et al., *Country-Level Governance and Sustainable Development Goals: Implications for Firms' Sustainability Performance*, SEF (2023).

companies in India has revealed certain surprising and concerning results. The report highlights that more than 80% of companies in the automobile and metal industries provided three-year data on energy intensity. However, the least disclosure relating to energy intensity was observed in consumer goods and other industries. The report notes that nine companies within the sample had achieved a 'water positive' status. However, only 44 companies from the sample had disclosed data on water consumption or usage.<sup>11</sup>

### Recent Developments

In an interesting turn of events, the Indian Railways has renewed its MOU with the Confederation of Indian Industry (CII) to continue its efforts to achieve net-zero carbon emissions by 2030. Based on the reports so far, Indian Railways, being a Public Sector Undertaking, has managed to reduce CO<sub>2</sub> emissions of around 18,000 tons and has saved 22 million kWh of energy.<sup>12</sup> The statements provided by the Union Minister at COP28 underscore the progress made so far. Between 2005 and 2019, 33% of GHG emissions intensity was reduced, 11 years ahead of its 2030 target.<sup>13</sup> Despite these positive developments, Climate Action Tracker (CAT), an independent body monitoring climate change measures levied by countries across the globe, has given India a "poor" rating. One factor that has influenced this rating is the non-specific nature of upgrading NDC in terms of net zero by 2070, which excludes gas coverage. Further, the pending bill on net-zero emissions, which has not made any legislative progress, seems to setback India's commitments in terms of having a solid legal framework. Moreover, CCS, also known as Carbon Capture and Sequestration Technology, is an alternative that India plans to take forward despite the criticisms and disadvantages of using this technology.<sup>14</sup>

### Critical Response and Analysis

The developments outlined are relevant to the study since they reflect the current perception towards net-zero emission through ESG, especially by Indian companies. A recent PwC survey, which surveyed a total of 250 businesses, found that 48% of the respondents have committed to achieving net-zero emissions targets by 2030.<sup>15</sup> In an article written by Fortune India, which

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<sup>11</sup> *ESG Analysis on 50 Listed Companies in India*, SES and NSE (2020).

<sup>12</sup> Ministry of Railways. "MoU Signed Between Indian Railways and CII to Promote and Facilitate Green Initiatives." PIB Press Release, 5 Jan. 2024, <https://www.businessworld.in/article/MoU-Signed-Between-Indian-Railways-And-CII-To-Promote-Green-Initiatives/06-01-2024-504910>.

<sup>13</sup> Ministry of Environment, Forest and Climate Change. "COP 28 NATIONAL STATEMENT by Union Minister for Environment, Forest and Climate Change Shri Bhupender Yadav." PIB Delhi, 9 Dec. 2023. [accessed 2023-12-22]. <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1984434>.

<sup>14</sup> "India | Climate Action Tracker. "Net zero targets." <https://climateactiontracker.org/countries/india/net-zero-targets/>. Accessed [23 Jan 2024]."

<sup>15</sup> Economic Times, *Majority of businesses committed to achieving net-zero emission target: PwC survey*, The Economic Times (Jan. 9, 2024), <https://economictimes.indiatimes.com/news/company/corporate-trends/majority-of-businesses-committed-to-achieving-net-zero-emission-target-pwc-survey/articleshow/106669542.cms?from=mdr>.

delved into the current status of the private sector, there is a growing positive sentiment in the field of private sector's contributions along with increasing concerns. Reliance Industries has taken the initiative to set up a bio-gas plant to reduce 2 million tonnes of carbon emissions. Investors' priorities in the upcoming years are set to be 40% focused on climate change and carbon emissions. Along the exact parallel, they are set to invest Rs. 75,000 crores in mitigating climate change and alternative energy sources. While these highlight a positive trajectory in the upcoming decade, the concerns are also to be noted. India has roughly 5,330 companies; unfortunately, only 35 are signatories to the UN Principles for Responsible Movement.<sup>16</sup>

Given the background of the review conducted so far, it is imperative to look into some of the initiatives taken by Reliance Industries. The company has implemented various ESG initiatives, including energy and water conservation, biodiversity conservation, health and safety measures, disaster management, skill development, and rural infrastructure development. RIL has also established various committees to assess performance, legal compliance cells, and CSR policies. The company has constructed plants to reduce greenhouse gas emissions and converted wastelands into mango orchards.<sup>17</sup>

ESG scores, while indicating the company's commitment towards a sustainable path, will only result in fruition if a strong state establishment provides mechanisms to achieve the same. In a study conducted wherein 200 companies were selected for the investigation, two outcomes were noted as results:

1. ESG practices have a statistically significant positive impact on the financial performance of Indian companies.
2. Governance practices have the most significant influence on financial performance, followed by social and environmental factors.<sup>18</sup>

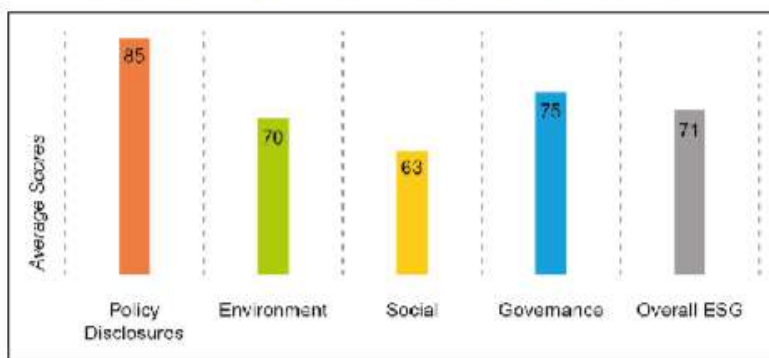
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<sup>16</sup> Shivani Sharma, *Big Firms Pass ESG Test...*, (Dec. 6, 2023), <https://www.fortuneindia.com/long-reads/big-firms-pass-esg-test/114938>.

<sup>17</sup> Dr. Monica Singhanian & Dr. Neha Saini, *Systems Approach to Environment, Social and Governance (ESG): Case of Reliance Industries*, 3 *Sustainable Operations and Computers* (2022).

<sup>18</sup> Dr. Madhu Bal, *ESG Practices and Financial Performance—Empirical Evidences From Indian Companies*, 10 *Journal of Research in Business and Management* (2022).

Figure 2: Indian Companies' Average score for various ESG factors



Source: NSE (2020)

Source: *ESG Index Performance*<sup>19</sup>

The graph presented above represents the research problem accurately. While Policy Disclosures and Governance scored the highest, 85 and 75, respectively, the Environment component has the fourth lowest score of 70. This emphasises the need for stronger incentivised measures to improve ESG scores for companies in India.

While incentives are important in improving ESG performance, looking at the regulatory framework is equally important. The Business Responsibility Reporting (BRR) framework, mandated by the Securities and Exchange Board of India (SEBI), extends the mandate to the top 1,000 companies and advises the adoption of Integrated Reporting by the top 500 companies on a voluntary basis. The BRR requires companies to disclose their policies across nine principles of business responsibility. Given the number of disclosures made by companies and their scores, it is evident that there are better practices than disclosures on a voluntary basis in terms of regulation.<sup>20</sup>

There is a need to emphasize the significance of ESG as a key tool for boosting financial performance and thereby ensuring long-term sustainability. Moreover, companies need to periodically evaluate their sustainable performance to ensure a long-run competitive advantage that cannot be undermined and has to be prioritised simultaneously. This can only be achieved through constant regulatory checks and balances and increasing SEBI's mandatory compliance requirements regarding ESG disclosures.

From a public policy perspective, the following outcomes have been observed throughout the last several years in terms of India's status quo, its strengths and weaknesses. They are as follows:

1. India's adoption of a net-zero target of 2070 is reasonable and realistic, given its development trajectory and the need for rapid electrification for development.

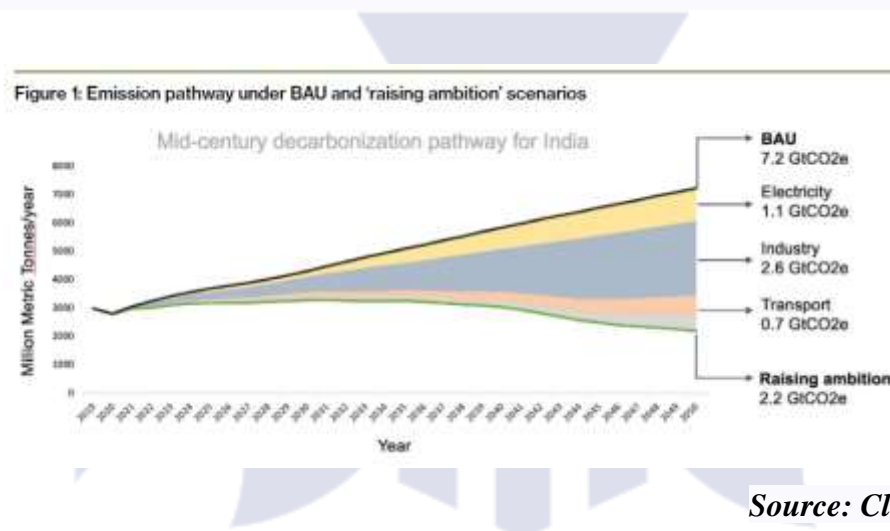
<sup>19</sup> Amit Kumar, *supra* note 1, at 6.

<sup>20</sup> *Supra* note 12.

2. Green electrification, mainly through the expansion of solar power capacity, is the centrepiece of India's strategy for achieving net-zero carbon emissions.
3. Policies outside the energy sector, such as information technology and transportation, must be part of a strategy for achieving India's net-zero target.<sup>21</sup>

Suppose India has to steer faster towards its commitment towards net-zero. In that case, aggressive policies are required to incentivise the private sector due to the potential that companies currently have to contribute towards sustainability.

The image below is a graph titled "Figure 1: Emission pathway under BAU and raising ambition scenarios," which illustrates India's projected greenhouse gas emissions up to the mid-21st century. Two scenarios are presented: "BAU" (Business as Usual) and "Raising Ambition."



In the "BAU" scenario, emissions increase steadily over time without significant deviation from current trends. This pathway suggests that if India continues its current policies and growth without additional measures to reduce emissions, the total greenhouse gases emitted will reach around 7 GtCO<sub>2</sub>e (gigatonnes of carbon dioxide equivalent) by the mid-century. The graph breaks down these emissions into sectors: electricity, industry, and transport, with electricity being the largest contributor.

The "Raising Ambition" scenario shows a different pathway in which India implements more aggressive policies to mitigate climate change, resulting in a peak and then a decline in emissions. This pathway indicates a concerted effort to transition to more sustainable practices. Notably, this scenario has a lower emission peak. It starts to decline earlier than in the BAU scenario, reflecting

<sup>21</sup> Nirvikar Singh, *India's Strategy for Achieving Net Zero*, 15 *Energies* (2022).

<sup>22</sup> Tarun Gopalakrishnan et al., *Pathways for Deep Decarbonization: Aligning India's NDC Submission With Its Net-Zero Ambition*, *Climate Policy Lab* 3 (2022).

the potential positive impact of increased efforts to reduce greenhouse gas emissions.<sup>23</sup>

When the policy perspectives are put in tandem with the critical issues that have come up in terms of the performance of the private sector and companies, the subsequent points need to be considered by the government while monitoring and incentivising ESG disclosures.

1. **Lack of Standardization:** One of the major criticisms of ESG disclosures is the lack of standardization in reporting metrics and frameworks. This makes it difficult for stakeholders to compare and evaluate the ESG performance of different companies, leading to inconsistencies and confusion.<sup>24</sup>
2. **Greenwashing:** Another issue that has come up is the potential for greenwashing, where companies may exaggerate or misrepresent their ESG performance to improve their reputation or gain a competitive advantage. This highlights the need for more transparent and reliable ESG reporting practices.
3. **Limited Focus on Social Factors:** Some studies have found that companies prioritize environmental factors over social factors in their ESG reporting, leading to a limited focus on issues such as labour rights, human rights, and community engagement. This raises concerns about the effectiveness of ESG reporting in promoting sustainable development and stakeholder engagement.
4. **Limited Impact on Firm Performance:** While some studies suggest a positive correlation between ESG performance and financial outcomes, others argue that the impact may vary across different industries and over time. This raises questions about the effectiveness of ESG practices in driving long-term value creation and stakeholder engagement.<sup>25</sup>
5. **Limited Government Oversight:** Despite recent regulatory reforms and policy initiatives aimed at promoting ESG practices in India, there are concerns about the limited government oversight and enforcement mechanisms in place to ensure compliance and accountability. This highlights the need for stronger regulatory frameworks and incentives to encourage companies to adopt sustainable practices.

## Recommendations and Way Forward

Some recommendations that would improve the efficiency of ESG monitoring and compliance, which would, feasibly, in the long run take India closer to its target of achieving net-zero

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<sup>23</sup> *Id.*

<sup>24</sup> Pitresh Kaushik *supra* note 2 at 6; see also Santi Gopal Maji & Prachi Lohia, *Environmental, Social and Governance (ESG) Performance and Firm Performance in India*, 18 *Society and Business Review* 177 (2023).

<sup>25</sup> Emma Klint, *supra* note 7 at 4.

emissions would be as follows:

1. To improve upon this, companies can further invest in advanced renewable energy technologies and explore opportunities for off-grid renewable energy solutions to enhance their emission reduction efforts.
2. To improve upon this, these companies can enhance transparency in their ESG investment strategies, provide detailed ESG performance reports to investors, and actively engage with companies to influence their ESG practices through shareholder activism and collaborative engagements.<sup>26</sup>
3. To enhance these initiatives, companies can implement supplier assessment and monitoring mechanisms, establish clear sustainability criteria for supplier selection, and provide capacity-building support to suppliers to improve their ESG performance.
4. In addition, the importance of transportation in achieving India's net-zero goal, particularly through the electrification of road and rail transport has to be looked into. Achieving net-zero targets will require at least 80 percent of vehicles to be electric rather than using fossil fuels, and a completely new infrastructure will have to be developed to facilitate this switch, with public transport and commercial vehicles being obvious points of initial attack. Battery exchanges and charging stations are two examples of new infrastructure that can support the electrification of transportation.<sup>27</sup>
5. The government can establish a comprehensive and standardized framework for mandatory ESG reporting, outlining specific environmental that companies are required to disclose. This framework can be aligned with international standards such as the Global Reporting Initiative (GRI) or the Task Force on Climate-related Financial Disclosures (TCFD) to ensure consistency and comparability.

## Conclusion

Several companies in India have initiated projects to integrate renewable energy sources such as solar and wind power into their operations to reduce carbon emissions. For example, some companies in the cement industry have launched programs to generate energy from waste, thereby reducing their reliance on fossil fuels.

Companies need to make ESG a core part of their brand entity. Moreover, CCS has become the

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<sup>26</sup> Pitresh Kaushik, *supra* note 2 at 63.

<sup>27</sup> Nirvikar Singh, *supra* note 21.

commonly used technology due to renewable energy sources needing to be cost effective and hence, advocates for utilising AI in bringing in detailed disclosure requirements with a diversified and a standardised evaluation metric.<sup>28</sup>

Financial institutions such as Axis Mutual Fund, ICICI Prudential, and Aditya Birla Sun Life have established ESG-integrated investment schemes, incorporating ESG criteria into their investment decision-making processes. Some companies have demonstrated a commitment to ESG reporting beyond regulatory mandates. To further improve, these companies can expand their ESG reporting to include a broader set of ESG indicators, provide more detailed and quantifiable data on their environmental and social performance, and align their reporting with internationally recognized ESG frameworks such as GRI and TCFD to enhance comparability and transparency.<sup>29</sup>

Companies have initiated efforts to promote sustainability across their supply chains by engaging with suppliers to improve environmental and social performance.

Some companies have undertaken corporate social responsibility (CSR) initiatives, focusing on community development and social welfare.

Policies outside the energy sector, such as information technology and transportation, are important components of India's strategy for achieving its net-zero carbon emissions goal. There is also a need to develop India's digital infrastructure, which can offer opportunities for reducing transport usage and improving energy efficiency. Information technology, particularly AI, can also contribute to installing and maintaining photovoltaic plants, managing traffic congestion, using smart street lighting, and meteorological predictions, among other areas.

Implementing a system for independent auditing and verification of ESG disclosures can enhance the credibility and reliability of reported ESG data. The government can mandate accredited ESG auditors to ensure the accuracy and transparency of ESG reporting, thereby mitigating the risk of greenwashing and misrepresentation.<sup>30</sup> Strengthening regulatory oversight and enforcement mechanisms can involve the creation of a dedicated regulatory body or unit responsible for monitoring and enforcing ESG compliance. This can include conducting regular ESG audits and investigations and imposing sanctions for non-compliance to ensure adherence to ESG

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<sup>28</sup> Shivani Sharma, *supra* note 16.

<sup>29</sup> Santi Gopal Maji, *supra* note 24 at 190.

<sup>30</sup> Leonidas Efthymiou et al., *A Study on Sustainability and ESG in the Service Sector in India: Benefits, Challenges, and Future Implications*, 13 *Administrative Sciences* 5 (2023).

standards.<sup>31</sup>

To conclude, India's efforts to mitigate climate change and transition to more sustainable practices are crucial for achieving its net-zero carbon emissions goal. The "Raising Ambition" scenario demonstrates the potential positive impact of increased efforts to reduce greenhouse gas emissions, emphasizing the importance of aggressive policies and sustainable practices in various sectors. Moreover, initiatives undertaken by companies, financial institutions, and the government to integrate renewable energy sources, enhance ESG investment strategies, promote sustainability across supply chains, and establish comprehensive ESG reporting frameworks are significant steps towards creating a more sustainable and responsible business environment.

However, it is important to address the limitations associated with data availability and quality in quantitative analysis and potential biases in literature reviews and case studies to ensure the reliability and accuracy of assessments and decision-making processes. India's journey towards achieving net-zero carbon emissions requires continued collaboration, innovation, and commitment across various sectors, supported by robust policies, transparent reporting, and effective regulatory oversight.

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<sup>31</sup> Faozi A Almaqtari, *supra* note 11 at 8.