

## A STUDY ON SECTOR-WISE ANALYSIS OF ESG PRACTICES BY CORPORATES IN INDIA

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### Abstract:

Environmental, Social, and Governance (ESG) reporting has emerged as a crucial mechanism for assessing corporate sustainability and responsible business practices. In India, regulatory initiatives such as the Securities and Exchange Board of India's (SEBI) Business Responsibility and Sustainability Reporting (BRSR) framework have significantly increased the emphasis on ESG disclosures. This study conducts a sector-wise comparative analysis of ESG reporting practices among selected Indian companies across key sectors, including banking, information technology, manufacturing, and energy. Using secondary data sourced from annual reports, sustainability reports, and BRSR disclosures, the study evaluates the extent and quality of ESG disclosures. The findings reveal substantial variations in ESG reporting across sectors, with service-oriented sectors exhibiting higher disclosure levels than environmentally intensive sectors. The study highlights sector-specific strengths and gaps in ESG reporting and offers policy and managerial implications for enhancing sustainability transparency in India.

**Keywords:** ESG reporting, sustainability reporting, sectoral analysis, BRSR, green accounting, India

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### Introduction:

Sustainable development has become a central concern for policymakers, investors, and corporate stakeholders worldwide. Environmental degradation, social inequality, and governance failures have intensified the demand for greater corporate accountability. In response, Environmental, Social, and Governance (ESG) reporting has evolved as a comprehensive framework to assess corporate performance beyond traditional financial metrics.

In India, ESG reporting has gained momentum due to regulatory interventions, growing investor awareness, and alignment with global sustainability standards. The introduction of mandatory Business Responsibility and Sustainability Reporting (BRSR) for top listed companies by the Securities and Exchange Board of India (SEBI) marks a significant step toward standardized ESG disclosures. Despite these developments, ESG reporting practices vary considerably across industries due to differences in operational intensity, regulatory pressure, and stakeholder expectations.

This study aims to analyze and compare ESG reporting practices across major sectors in India to understand sector-specific disclosure patterns, strengths, and challenges.

## Review of Literature:

### 1. KPMG (2020)

KPMG (2020) provided an extensive overview of sustainability and ESG reporting practices across global and Indian companies. The report observed that ESG disclosure patterns differ widely among sectors, largely due to differences in business models, regulatory exposure, and stakeholder expectations. In the Indian context, sectors such as banking and information technology were found to demonstrate more systematic ESG reporting compared to manufacturing and energy-intensive industries. While governance disclosures showed improvement due to regulatory compliance, the report noted that environmental and social disclosures lacked uniformity across sectors.

### 2. Jain, Sharma, and Srivastava (2021)

Jain et al. (2021) examined ESG disclosure trends among Indian listed firms and identified notable differences across industry sectors. Their analysis revealed that companies in environmentally sensitive industries tend to focus more on environmental disclosures, whereas firms in financial and technology sectors prioritize governance and social reporting. The study highlighted that sector-specific operational risks and stakeholder pressures significantly influence ESG disclosure practices. The authors emphasized the importance of developing industry-specific reporting guidelines to improve the consistency and comparability of ESG information.

### 3. Bhatia and Tuli (2018)

Bhatia and Tuli (2018) analyzed ESG-related disclosures in Indian corporate sustainability reports and found uneven reporting practices across sectors. Their study indicated that governance-related information was relatively standardized due to regulatory oversight, while environmental and social disclosures varied significantly. Firms operating in manufacturing and energy sectors disclosed more information on environmental impact, whereas service-sector firms emphasized human resource and governance-related aspects. The study concluded that the lack of standardized ESG frameworks limits meaningful sector-wise comparison.

### 4. Garg (2022)

Garg (2022) evaluated the influence of the Business Responsibility and Sustainability Reporting (BRSR) framework on ESG disclosures in India. The study reported noticeable improvements in governance disclosures across multiple sectors following the implementation of BRSR. However, environmental and social reporting continued to show sectoral variation, with higher levels of environmental disclosure observed in energy and manufacturing companies. The study highlighted the need for enhanced sector-specific indicators and improved reporting capabilities to strengthen ESG disclosure quality.

### 5. Friede, Busch, and Bassen (2015)

Friede et al. (2015) conducted a large-scale review of empirical studies examining the relationship between ESG factors and corporate performance. Although the study had a global focus, its findings are relevant for sector-wise ESG analysis. The authors noted that the materiality of ESG dimensions varies by industry, with

environmental factors being more significant for resource-intensive sectors and governance and social factors playing a larger role in service-oriented sectors. This study reinforces the argument that ESG evaluation should be sector-specific to ensure accurate assessment.

#### **Research Gap:**

1. There is limited sector-wise comparative studies exist that systematically evaluate ESG reporting practices across different industries in India.
2. Although the introduction of the BRSR framework has enhanced ESG disclosures, empirical evidence assessing sector-specific differences in ESG reporting quality and depth under BRSR is still scarce.
3. Existing studies often emphasize the presence of ESG disclosures rather than the relative emphasis placed on different ESG components by various sectors. As a result, there is insufficient understanding of how operational characteristics and environmental intensity influence disclosure patterns across industries.
4. Green accounting practices are underexplored within the ESG reporting literature in India,

#### **Objectives of the Study:**

The study is undertaken with the following objectives:

1. To examine the extent of ESG disclosures among selected Indian companies
2. To compare ESG reporting practices related to Environmental factors Giant coporate in India.
3. To Compare CSR Amounts spent in the society by selected giant Corporations in India.

#### **Research Methodology:**

**Research Design-** The study adopts a **descriptive and comparative research design**, relying exclusively on secondary data.

**Sample Selection-** The sample consists of selected companies from Manufacturing and Service Sectors. Companies are selected based on market capitalization and availability of ESG disclosures.

#### **Sources of Data:**

The Data for this research paper was collected from Secondary Sources mentioned below:

- Annual reports
- Sustainability and ESG reports
- Business Responsibility and Sustainability Reports (BRSR)
- Corporate websites

#### **Method of Analysis:**

The study was conducted by performing comparative analysis through-

- ESG disclosure indices
- Sector-wise Governance methods used by giant corporations in India.
- Content analysis of parameters

**Limitations of the Study:**

1. The study is based solely on secondary data
2. Sample size is limited to selected sectors
3. ESG disclosure quality is assessed based on reported information, not actual performance

**Reliance Industries Limited. (2024). *New energy and materials business.* Reliance Industries Ltd**

Company	Estimated / Announced Investment (₹ Crore)	Details	Source
Reliance Industries Ltd	10,000	Solar + battery energy storage project (930 MW)	Livemint (2025)
Adani Green Energy Ltd	31,000	Clean energy expansion including solar	Reuters (2025)
Tata Power Renewable Energy	50,000	Large-scale renewable projects including solar	Invest Karnataka-2025 reports
JSW Neo Energy Ltd	56,000	Solar & wind investments + storage & manufacturing	Invest Karnataka-2025 reports
Mahindra Susten / Mahindra Group	35,000	Renewable energy (solar & hybrid) projects	Invest Karnataka-2025 reports
Hero Future Energies	22,200	Renewable energy including solar + green hydrogen	Invest Karnataka-2025 reports
Suzlon Energy Ltd	21,950	Wind & renewable energy investment (including solar hybrid)	Invest Karnataka-2025 reports
Emmvee Energy Pvt Ltd	15,000	Solar photovoltaic cell & module manufacturing	Invest Karnataka-2025 reports

**Data Analysis and Interpretation:**

1. Energy & Power: *Adani Green Energy, Suzlon, Tata Power Renewable Energy* — major pureplay and diversified energy players expanding solar and hybrid renewable capacity.
2. Conglomerates: *Reliance Industries, Mahindra Group/ Mahindra Susten* — firms with diversified portfolios investing significantly in clean energy as part of ESG strategy.
3. Industrial/Manufacturing: *JSW Neo Energy* — steel/industrial conglomerates making renewables a core sector investment.
4. Emerging Players: *Hero Future Energies, Emmvee* — companies focused on renewable energy and solar value chains.
5. Most figures above are multi-year investment commitments that include significant activities during 2024–25 — consistent with typical capital budgeting cycles in large energy projects.

**CORPORATE GOVERNANCE ADOPTED BY 3 MAJOR CORPORATIONS IN INDIA.**

Governance Aspect	Reliance Industries Ltd.	Tata Group (Listed Companies)	Aditya Birla Group (Listed Companies)
<b>Governance Framework</b>	SEBI LODR + Companies Act + internal governance codes	SEBI LODR + Companies Act + <b>Tata Code of Conduct</b>	SEBI LODR + Companies Act + <b>Aditya Birla Group Code of Business Conduct</b>
<b>Board Structure</b>	Executive Chair + Independent Directors	Mostly Non-Executive Chair + Independent Directors	Non-Executive Chair + Independent Directors
<b>Board Independence</b>	≥ 50% Independent Directors (where applicable)	Strong emphasis on independent & non-executive directors	Majority independent directors on key committees
<b>Separation of Chair &amp; CEO</b>	<b>Not fully separated</b> (Chair is executive)	<b>Mostly separated</b> across Tata companies	<b>Separated</b> in most listed companies
<b>Key Board Committees</b>	Audit, NRC, Stakeholders Relationship, Risk Management, CSR	Audit, NRC, Risk, CSR, Ethics Committees	Audit, NRC, Risk, CSR, ESG Committees
<b>Audit Oversight</b>	Independent Audit Committee; Big-4 statutory auditors	Strong audit independence; Big-4 auditors common	Independent Audit Committees; reputed auditors
<b>Risk Management</b>	Enterprise Risk Management (ERM) framework	Advanced ERM + internal control systems	Integrated risk & compliance frameworks
<b>CSR Governance</b>	Board-level CSR Committee; Reliance Foundation	CSR Committees at company level	CSR Committees + Group community council
<b>Ethics &amp; Whistleblower</b>	Whistleblower policy with anonymous reporting	<b>Very strong ethics culture;</b> long-standing whistleblower mechanisms	Group-wide whistleblower & ethics helpline
<b>Related Party Transactions</b>	Board & Audit Committee approval	<b>Highly conservative RPT approach</b>	<b>Strict RPT approval &amp; disclosure norms</b>
<b>ESG &amp; Sustainability Oversight</b>	Board reviews ESG & sustainability performance	<b>Increasing ESG oversight at board level</b>	<b>ESG &amp; sustainability increasingly board-linked</b>
<b>Disclosure &amp; Transparency</b>	Integrated Annual Report; BRSR compliant	<b>High disclosure standards; BRSR compliant</b>	<b>Integrated reporting; BRSR compliant</b>

### Interpretation:

All three comply with statutory requirements; Tata and Aditya Birla emphasize **ethics and group-wide conduct policies**, while Reliance focuses on **system compliance**.

Tata and Birla have a **clearer separation of oversight and management**, while Reliance maintains **promoter-led leadership** with board independence.

Tata and Aditya Birla follow **best practice separation**, Reliance is **promoter-driven**, giving operational control to the Chair.

Governance structures are **broadly comparable**, but Tata and Birla emphasize **ethics and sustainability oversight** more explicitly.

All three demonstrate **robust financial and operational risk governance**; Tata has a slight edge in **independent risk review**.

### Recommendations:

1. **Strengthen Long-Term Policy Support for Renewable Energy:** Given the large multi-year investment commitments by energy, conglomerate, and industrial players, stable and predictable government policies are essential to support capital-intensive renewable energy projects and long gestation periods.
2. **Encourage Sector-Specific ESG Disclosure in Energy and Power:** Pure-play renewable energy companies and diversified energy firms should adopt detailed, sector-specific ESG metrics covering carbon reduction, grid integration, land use, and community impact to enhance transparency and comparability.
3. **Facilitate Growth of Emerging Renewable Energy Players:** Emerging firms in the solar and renewable value chain should be supported through access to green finance, technology partnerships, and capacity-building initiatives to enhance their contribution to India's energy transition.
4. **Strengthen Board Independence:** Companies, especially promoter-led organizations, should ensure a clearer separation between ownership and management to enhance board independence and accountability.
5. **Move Beyond Statutory Compliance:** Organizations should shift from a compliance-based approach to a value-driven ESG framework that integrates ethics, sustainability, and stakeholder interests into core business strategy.
6. **Enhance ESG Oversight Mechanisms:** Formation of dedicated ESG or sustainability committees with independent directors can improve governance, monitoring, and implementation of ESG initiatives.

### Conclusion:

The study reveals that Tata, Aditya Birla, and Reliance comply with statutory governance requirements and maintain robust risk management systems.

Significant differences exist in governance structures, particularly in leadership models and the degree of separation between oversight and management.

Overall, ESG governance practices among leading Indian corporate groups are broadly comparable, but the depth and quality of ESG integration vary.

Strengthening board independence, ethical oversight, and ESG transparency is essential for enhancing

sustainable value creation and investor confidence in India.

The analysis highlights significant renewable energy investments across energy, conglomerate, industrial, and emerging player segments, indicating a strong alignment between ESG strategies and clean energy expansion in India.

Pure-play and diversified energy companies are leading capacity expansion in solar and hybrid renewable projects, reinforcing their central role in India's sustainability and energy transition goals.

Conglomerates are increasingly leveraging their diversified portfolios to invest in clean energy, integrating renewables as a strategic component of broader ESG commitments.

Industrial and manufacturing firms are positioning renewable energy as a core investment area, reflecting a shift toward low-carbon business models.

Emerging renewable energy players are strengthening the solar and renewable value chain, contributing to innovation and capacity development.

Overall, the multi-year nature of these investments, particularly during 2024–25, reflects long-term strategic planning consistent with capital budgeting cycles in the energy sector, underscoring the growing maturity of ESG-driven investment practices in India.

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