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ESG Disclosure and Corporate Accountability in India

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ABSTRACT

This paper traces the development of India's ESG disclosure and assurance system and asks whether it functions as an adequate instrument of corporate accountability. Moving from the National Voluntary Guidelines and the NGRBC to SEBI's BRSR and BRSR Core regimes, it examines the emergence of mandatory, assurance-backed sustainability reporting across securities, corporate and financial-sector regulation. As comparators it considers the EU Corporate Sustainability Reporting Directive, as amended by the Omnibus I simplification package adopted in February 2026, and the United States Securities and Exchange Commission's climate-related disclosure rule, which the Commission has proposed to rescind. The paper identifies the structural advantages of the Indian approach, including its India-specific ESG indicators and its graduated move towards reasonable assurance. It then sets out three weaknesses: the absence of a statutory definition of greenwashing, a fragmented multi-regulator architecture, and underdeveloped enforcement mechanisms. Finally, it addresses the widening gap between the disclosure and assurance mandate on the one hand and the capacity of the assurance ecosystem on the other, particularly for the micro, small and medium enterprises drawn in through value-chain cascades.

Keywords: *ESG disclosure, sustainability assurance, greenwashing regulation, BRSR Core, corporate accountability*

I. INTRODUCTION

Accountability of companies in India has historically been assessed on the basis of a very limited number of criteria: solvency, compliance with statutory audit requirements, and conformity with the disclosure requirements attached to a stock exchange listing. Within the last five years, however, the scope of that assessment has broadened considerably. Alongside financial reporting and audit, environmental, social and governance disclosure has become an important and increasingly audited component of what companies must place before their shareholders and, more generally, their stakeholders. The Business Responsibility and Sustainability Report, which SEBI has mandated since May 2021 as the successor to the earlier

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narrative Business Responsibility Report, compels the largest 1,000 listed companies by market capitalisation to disclose standardised, principle-based information on their performance in nine thematic areas of responsible business conduct.[1] That disclosure regime was significantly strengthened in July 2023 by the introduction of the 'BRSR Core', a set of essential key performance indicators subject to mandatory reasonable assurance[2] (as against the limited assurance required of its European counterparts).[3]

This is not an isolated development. It has been coming for some time, and it partly overlaps with the existing corporate social responsibility duty under Section 135 of the Companies Act, 2013, under which, from 2014 onwards, qualifying companies have had to spend at least two per cent of their average net profits on the activities set out in Schedule VII.[4] It sits atop the Reserve Bank of India's tentative, and for the present defeated, attempts to bring climate-related financial risk disclosure into the banking sector.[5] All of this occurs within a global regulatory setting in which, as of 2026, there has been a striking reversal of fortune: the scope of the EU Corporate Sustainability Reporting Directive has been severely curtailed by the 'Omnibus I' simplification package,[6] and the United States Securities and Exchange Commission has proposed to rescind its 2024 climate rule in its entirety.[7] India, by contrast, has taken a path of

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[1] SECURITIES & EXCHANGE BOARD OF INDIA, Circular No. SEBI/HO/CFD/CMD-2/P/CIR/2021/562, *Business Responsibility and Sustainability Reporting by Listed Entities* (May 10, 2021), https://www.sebi.gov.in/legal/circulars/may-2021/business-responsibility-and-sustainability-reporting-by-listed-entities_50096.html (last visited July 20, 2026).

[2] SECURITIES & EXCHANGE BOARD OF INDIA, Circular No. SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122, *BRSR Core: Framework for Assurance and ESG Disclosures for Value Chain* (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 (last visited July 20, 2026).

[3] Directive (EU) 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, art. 26a, 2022 O.J. (L 322) 15, https://eur-lex.europa.eu/eli/dir/2022/2464/oj/eng (last visited July 20, 2026).

[4] Companies Act, No. 18 of 2013, § 135, sch. VII (India), https://nclt.gov.in/sites/default/files/Act&rules/the_companies_act_2013_0.pdf (last visited July 20, 2026).

[5] RESERVE BANK OF INDIA, *Draft Disclosure Framework on Climate-Related Financial Risks, 2024* (Press Release, Feb. 28, 2024), https://www.fidcindia.org.in/wp-content/uploads/2019/06/RBI-PRESS-RELEASE-DRAFT-CLIMATE-RELATED-FINANCIAL-RISKS-28-02-24.pdf (last visited July 20, 2026); *India Central Bank Defers Plan to Mandate Climate Risk Disclosures by Banks, Sources Say*, REUTERS (Jan. 29, 2026), https://www.reuters.com/sustainability/cop/india-central-bank-defers-plan-mandate-climate-risk-disclosures-by-banks-sources-2026-01-29/ (last visited July 20, 2026).

[6] COUNCIL OF THE EUROPEAN UNION, Press Release, *Council Signs Off Simplification of Sustainability Reporting and Due Diligence Requirements to Boost EU Competitiveness* (Feb. 24, 2026), https://www.consilium.europa.eu/en/press/press-releases/2026/02/24/council-signs-off-simplification-of-sustainability-reporting-and-due-diligence-requirements-to-boost-eu-competitiveness/ (last visited July 20, 2026).

[7] U.S. SECURITIES & EXCHANGE COMMISSION, Press Release No. 2026-49, *SEC Proposes Rescission of Climate-Related Disclosure Rules* (May 29, 2026), https://www.sec.gov/newsroom/press-releases/2026-49-sec-proposes-rescission-climate-related-disclosure-rules (last visited July 20, 2026); *see also* Chairman Paul S. Atkins, *Statement on the Rescission of the Climate-Related Disclosure Rules* (May 29, 2026), https://www.sec.gov/newsroom/speeches-statements/atkins-statement-rescission-climate-related-disclosure-rules-052926 (last visited July 20, 2026).

consistent, if not always coherent, enlargement, and that path warrants closer examination. The magnitude of the stake is considerable. According to SEBI, 88 per cent of the leading Indian corporations now publish a sustainability report, against fewer than 10 per cent of Indian companies a decade ago.[8] India's sustainable debt market has grown alongside these obligations: by the end of 2024 India had issued USD 55.9 billion of green, social, sustainability and sustainability-linked debt, a rise of 186 per cent since 2021, with green bonds accounting for 83 per cent of aligned issuance.[9] Growth in the volume of disclosure is not, however, an indicator of improved corporate responsibility. A study by the Indian Institute of Management, Ahmedabad, analysing the BRSR disclosures of 1,012 companies, found that only 179 had set out net-zero or carbon-neutrality goals, and that only 119 of those had attached a timeline to them.[10]

This article seeks to achieve three related aims. The first is to chart the development of India's ESG disclosure system through securities, corporate and financial-sector regulation, beginning with the voluntary National Voluntary Guidelines of 2011[11] and progressing to the BRSR Core of the mid-2020s,[12] which is to be underpinned by an assurance regime. The second is to consider whether the architecture of that system amounts to a real accountability mechanism, given the unregulated nature of greenwashing, the fragmentation of enforcement across multiple regulators, and the resource constraints that may render the assurance regime merely notional for most firms. The third is to locate India's system within a comparative discussion of disclosure-based accountability systems, and against the retreat of the European Union and the United States from more expansive regimes.

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[8] IMPRI IMPACT & POLICY RESEARCH INSTITUTE, *India's ESG Reporting Shift: What BRSR Core Means for Corporate Accountability* (June 16, 2026), https://www.impriindia.com/insights/policy-update/indias-esg-reporting-shift/ (last visited July 20, 2026); RSM INDIA, INDIA & SUSTAINABILITY: MAPPING THE TRANSITION FROM BRR TO BRSR & BRSR CORE (2025), https://www.rsm.global/india/sites/default/files/media/publications/2025/RSM%20India%20Publication%20Corporate%20Sustainability.pdf (last visited July 20, 2026).

[9] CLIMATE BONDS INITIATIVE & MUFG BANK, INDIA SUSTAINABLE DEBT STATE OF THE MARKET 2024 (2025), https://www.climatebonds.net/data-insights/publications/india-sustainable-debt-state-market-2024 (last visited July 20, 2026); *see also* CLIMATE BONDS INITIATIVE, SUSTAINABLE DEBT GLOBAL STATE OF THE MARKET 2025 (2025), https://www.climatebonds.net/data-insights/publications/sustainable-debt-global-state-market-2025 (last visited July 20, 2026).

[10] A. Garg et al., ANALYSIS AND INSIGHTS FROM ESG DISCLOSURES SUBMITTED BY NSE 500 COMPANIES (Ctr. for Sustainability & Climate Governance, Indian Inst. of Mgmt. Ahmedabad, 2024), https://www.iima.ac.in/sites/default/files/2025-02/BRSR%20Report_2-12-2024.pdf (last visited July 20, 2026).

[11] MINISTRY OF CORPORATE AFFAIRS, NATIONAL VOLUNTARY GUIDELINES ON SOCIAL, ENVIRONMENTAL AND ECONOMIC RESPONSIBILITIES OF BUSINESS (2011), https://cochinshipyard.in/uploads/RelatedLink-5National_Voluntary_Guidelines_2011_12jul2011.pdf (last visited July 20, 2026).

[12] SEBI BRSR Core Circular, *supra* note 2.

The analysis is undertaken in ten further sections. Part II discusses the historical development of the ESG disclosure regime in India, from its voluntary guideline stage to mandatory and assured reporting. Part III examines the securities law architecture in detail and considers the March 2025 recalibration of the BRSR Core value chain and assurance requirements.[13] Part IV turns to the corporate law regime and analyses Section 135 of the Companies Act[14] as a pre-ESG instrument and asks what more it can offer. Part V discusses the Reserve Bank of India's climate risk disclosure effort and its deferral in 2026[15] as an illustration of fragmented regulation. Part VI explores the problem of accountability in the absence of a statutory definition of greenwashing. Part VII discusses the parallel development of environmental law jurisprudence in the National Green Tribunal.[16] Part VIII compares the Indian regime with those of the European Union[17] and the United States.[18] Part IX sets out the weaknesses inherent in the system as a whole, and Part X proposes reforms.

II. From Voluntary Guidelines to Mandatory Disclosure

A. The National Voluntary Guidelines (2011) to the NGRBC (2019)

The Indian experience with non-financial corporate disclosure dates back to 2011,[19] when the Ministry of Corporate Affairs released the *National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business*, an entirely aspirational instrument that invited but did not require firms to report against nine key principles. SEBI provided a framework for mandatory reporting against a selection of those principles through the Business Responsibility Report in 2012, which applied first to the largest 100 companies by market capitalisation and was later extended to the top 500 and then the top 1,000, but which, like the initiatives that preceded it, retained a predominantly narrative character.[20]

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[13] SEBI BRSR Core Circular, *supra* note 2.
[14] Companies Act, No. 18 of 2013, § 135, sch. VII (India).
[15] Reserve Bank of India, *supra* note 5.
[16] National Green Tribunal Act, No. 19 of 2010 (India), https://upload.indiacode.nic.in/view-casepdf?type=act&id=AC_CEN_16_18_00009_201019_1517807326004 (last visited July 21, 2026).
[17] Council of the European Union, *supra* note 6.
[18] SEC, *supra* note 7.
[19] Ministry of Corporate Affairs, *supra* note 11, *available also at* https://www.nfcg.in/pdf/national_voluntary_guidelines2011.pdf (last visited July 21, 2026); Press Information Bureau, *MCA Releases National Voluntary Guidelines on Social, Environmental & Economic Responsibilities of Business* (July 7, 2011), https://www.pib.gov.in/newsite/PrintRelease.aspx?relid=73107 (last visited July 21, 2026).
[20] Securities & Exchange Board of India, Circular No. CIR/CFD/DIL/8/2012, *Business Responsibility Reporting by Listed Entities* (Aug. 13, 2012), https://www.sebi.gov.in/sebi_data/attachdocs/1344915990072.pdf (last visited July 21, 2026).

The framework changed substantially in March 2019, when the Ministry of Corporate Affairs issued the National Guidelines on Responsible Business Conduct (NGRBC).[21] These guidelines were intended to bring Indian practice into line with the UNITED NATIONS Guiding Principles on Business and Human Rights. The NGRBC restated the earlier principles through a framework of nine related pillars: integrity and ethics; safe and sustainable provision of products and services; employee well-being, including that of value chain workers; responsiveness to stakeholder interests; respect for and promotion of human rights; preservation and restoration of the environment; responsible advocacy on public policy; inclusive economic growth and development; and responsible consumer engagement. Although voluntary in character, the guidelines supplied the framework, and more precisely the structure of nine principles, that SEBI would later adopt in developing the BRSR.[22]

B. The BRSR (2021): Structure and the Nine Principles

In May 2021, a SEBI circular replaced the Business Responsibility Report with the Business Responsibility and Sustainability Report,[23] made mandatory from the financial year 2022-23 onwards for the top 1,000 listed companies by market capitalisation, with a corresponding amendment to Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, giving the requirement a regulatory footing. The BRSR framework is structured in three parts: general disclosures, comprising information on operations, finance and ownership; management and process disclosures, setting out the policies and procedures a firm has adopted to implement the nine NGRBC principles;[24] and performance indicators against each of those nine principles, further classified into mandatory 'essential' indicators and voluntary 'leadership' indicators aimed at a higher standard of disclosure. Unlike its predecessor, the BRSR requires quantifiable, comparable metrics such as greenhouse gas emissions, energy and water intensity, workforce diversity, wages and grievance redressal statistics, rather than narrative description alone, and is filed in XBRL format.[25]

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[21] MINISTRY OF CORPORATE AFFAIRS, NATIONAL GUIDELINES ON RESPONSIBLE BUSINESS CONDUCT (Mar. 15, 2019), https://www.mca.gov.in/Ministry/pdf/NationalGuildeline_15032019.pdf (last visited July 21, 2026).
[22] SEBI, *supra* note 1.
[23] SEBI, *supra* note 1.
[24] SECURITIES & EXCHANGE BOARD OF INDIA, GUIDANCE NOTE FOR BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORTING (2021), https://www.sebi.gov.in/sebi_data/commondocs/may-2021/Business%20responsibility%20and%20sustainability%20reporting%20by%20listed%20entitiesAnnexure2_p.pdf (last visited July 22, 2026).
[25] Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, reg. 34(2)(f) (India).

C. BRSR Core (2023): The Assurance Glide Path

The most significant recent development came in July 2023,[26] when SEBI launched the BRSR Core: a selected set of key performance indicators drawn from the wider BRSR and organised around nine ESG attributes[27] of greenhouse gas footprint; water footprint; energy footprint; circularity; employee health and safety; gender diversity; inclusive development; customer and supplier engagement; and openness of business. Several of these indicators were developed specifically for the Indian context rather than adopted from frameworks designed for developed markets: job creation in smaller towns, total wages paid to women, and openness of business (measured by the concentration of purchases and sales among the largest counterparties) have no equivalents in the Global Reporting Initiative or Task Force on Climate-related Financial Disclosures frameworks.

It is important to note that the BRSR Core indicators are not merely reported. Under the July 2023 circular they were to be independently verified to the standard of 'reasonable assurance', the high standard familiar from financial auditing, rather than the 'limited assurance'[28] that most international sustainability reporting guidance had treated as adequate. Conscious of the strain such an obligation would place on business, SEBI adopted a glide path: reasonable assurance was required first of the top 150 listed entities by market capitalisation for 2023-24, then the top 250 for 2024-25, the top 500 for 2025-26, and finally the whole set of 1,000 reporting entities by 2026-27. The same circular introduced a related obligation: reporting of BRSR Core metrics for a listed entity's value chain, that is, its key upstream suppliers and downstream distributors.[29]

III. THE SECURITIES LAW ARCHITECTURE: SEBI'S REGULATORY TOOLKIT

A. Regulation 34(2)(f) and the Mandatory BRSR

Regulation 34(2)(f) of the LODR Regulations is the legal foundation of the Indian ESG disclosure framework: it provides that the annual report of the relevant listed entities shall include a business responsibility and sustainability report[30] in the format prescribed by SEBI.[31] This single regulation is an unusually flexible regulatory tool, because locating the obligation in subordinate regulation rather than in primary legislation allows SEBI to modify the

[26] SEBI BRSR Core Circular, *supra* note 2.
[27] SEBI Guidance Note, *supra* note 24.
[28] KPMG, *Limited vs. Reasonable Assurance over ESG* (Feb. 28, 2024), https://kpmg.com/xx/en/our-insights/esg/limited-vs-reasonable-assurance-over-esg.html (last visited July 22, 2026).
[29] SEBI BRSR Core Circular, *supra* note 2.
[30] SEBI, *supra* note 1.
[31] LODR Regulations, *supra* note 25, reg. 34(2)(f).

provisions governing the BRSR by circular or master circular, at a speed that amending an Act in Parliament would not permit. That design choice explains the rapid, iterative development of the framework, considered further in Part IX.

B. BRSR Core, Value Chain Disclosures and the March 2025 Recalibration

The value chain disclosure rule introduced with the BRSR Core in July 2023 defined a listed entity's value chain expansively, as its upstream and downstream partners which together account for 75 per cent of its purchases and sales by value,[32] a definition which, on the Expert Committee's own later analysis, could capture between 85 and 1,260 value chain partners for a single reporting entity.[33] Following the constitution of an Expert Committee to reduce the compliance burden the framework created, and a consultation paper issued in May 2024, the SEBI Board approved a substantial change in December 2024, given legal effect by a circular dated 28 March 2025.[34]

By that circular SEBI made the BRSR Core value chain rules considerably less burdensome. Instead of requiring reporting across a company's entire upstream and downstream network, the revised rule covers only those partners that individually account for 2 per cent or more of purchases or sales by value, and a listed entity may in any event limit its value chain disclosure to 75 per cent of its purchases and sales by value. SEBI also deferred the timeline by a year, so that value chain ESG disclosure applies on a voluntary basis from FY 2025-26 instead of on a comply-or-explain basis from FY 2024-25, with assessment or assurance of those disclosures required only from FY 2026-27. At the same time SEBI replaced the word 'assurance' with 'assessment or assurance', giving companies more flexibility in how the information is reviewed. Finally, it added a voluntary leadership indicator under Principle 6 for the disclosure of green credits, linking the framework to the Government's Green Credit Programme.[35]

The adjustment is instructive for two reasons. First, it demonstrates SEBI's sensitivity to feedback from the implementation of the rule:[36] the substantial narrowing of the value chain

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[32] SEBI BRSR Core Circular, *supra* note 2.
[33] SECURITIES & EXCHANGE BOARD OF INDIA, REPORT OF THE EXPERT COMMITTEE FOR FACILITATING EASE OF DOING BUSINESS WITH RESPECT TO BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORTING (May 2024), https://www.sebi.gov.in/sebi_data/commondocs/may-2024/BRSR%20Recommendations%20by%20Expert%20Committee%20for%20Facilitating%20Ease%20of%20Doing%20Business_p.pdf (last visited July 22, 2026).
[34] SECURITIES & EXCHANGE BOARD OF INDIA, Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2025/42, *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* (Mar. 28, 2025), https://www.sebi.gov.in/legal/circulars/mar-2025/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_93102.html (last visited July 22, 2026).
[35] SEBI Circular, *supra* note 34.
[36] SEBI Circular, *supra* note 34.

definition is a direct response to data gathered by SEBI's own Expert Committee about the practical difficulties of applying it.[37] Second, it is a further manifestation of a problem inherent in the design of the framework, namely the trade-off between 'ease of doing business' and the size of the population of counterparties whose sustainability performance is actually verified, discussed in Part IX below.

C. Regulation of ESG Rating Providers

A parallel regulatory gap that SEBI addressed in 2023 concerned the reliability of the ESG rating business itself. Until then, the entities supplying the ESG ratings used by investors, index providers and ESG-labelled mutual funds were wholly unregulated by SEBI, even though the BRSR had generated a large body of standardised information on which such ratings could be built. The Securities and Exchange Board of India (Credit Rating Agencies) (Amendment) Regulations, 2023, notified on 3 July 2023, brought ESG rating providers within a bespoke registration framework.[38] From that date no person may carry on the business of ESG rating in India without a certificate from SEBI, available in one of two categories: Category I, which carries stricter eligibility and higher net worth requirements but permits the rating of green debt securities, and Category II, which carries lighter requirements but does not. Registered providers are governed by a code of conduct that requires disclosure of the rating methodology and of the relative weight assigned to each ESG factor. They may not rate entities associated with the promoter group of the provider itself, and must appoint an independent compliance officer.

D. ESG Mutual Funds and the Stewardship Code

SEBI's regulation reaches beyond issuers to the demand side of the ESG capital allocation chain. Its circular of July 2023 requires ESG-labelled schemes to invest at least 65 per cent of their assets under management in companies that report comprehensively under the BRSR and obtain assurance on their BRSR Core disclosures.[39] It also requires fund managers to publish annual commentary, illustrative case studies of engagement with investee companies, and independent

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[37] SEBI Expert Committee Report, *supra* note 33.

[38] Securities and Exchange Board of India (Credit Rating Agencies) (Amendment) Regulations, 2023 (notified July 3, 2023) (India); AZB & PARTNERS, *SEBI Introduces Framework for ESG Rating Providers*, https://www.azbpartners.com/bank/sebi-introduces-framework-for-esg-rating-providers/ (last visited July 22, 2026); SECURITIES & EXCHANGE BOARD OF INDIA, MASTER CIRCULAR FOR ESG RATING PROVIDERS (2023), https://compfie.aparajitha.com/wp-content/uploads/2023/07/13072023_FCC_02.pdf (last visited July 22, 2026).

[39] SECURITIES & EXCHANGE BOARD OF INDIA, Circular No. SEBI/HO/IMD/IMD-I-PoD1/P/CIR/2023/125, *New Category of Mutual Fund Schemes for Environmental, Social and Governance (ESG) Investing and Related Disclosures by Mutual Funds* (July 20, 2023), https://www.sebi.gov.in/legal/circulars/jul-2023/new-category-of-mutual-fund-schemes-for-environmental-social-and-governance-esg-investing-and-related-disclosures-by-mutual-funds_74769.html (last visited July 22, 2026).

verification that the scheme's ESG strategy (exclusionary screening, positive screening, thematic investing, impact investing or ESG integration) is aligned with its stated commitments. An instrument that approaches the question from a different angle is the Stewardship Code, adopted in December 2019 and brought into force in July 2020, which requires all mutual funds and alternative investment funds investing in listed equity to formulate and disclose a policy addressing six stewardship principles.[40] Because share ownership in Indian listed markets remains highly concentrated in promoter hands rather than dispersed as in the United Kingdom, whose Stewardship Code the Indian instrument follows, the influence institutional investors can realistically exert is inherently constrained.[41] This is developed further in Part IX.

IV. Corporate Law Foundations: CSR as Proto-ESG under the Companies Act, 2013

A. Section 135 and Schedule VII

India's corporate social responsibility law precedes the securities law ESG regime by seven years and continues to coexist with it as a separate but increasingly overlapping regime. Section 135 of the Companies Act, 2013 provides that every company having a net worth of INR 500 crore or more, a turnover of INR 1,000 crore or more, or a net profit of INR 5 crore or more in the immediately preceding financial year shall constitute a CSR committee and spend not less than two per cent of its average net profit of the three preceding financial years on activities set out in Schedule VII, which cover education, healthcare, sustainability, rural development, disaster relief and, following amendment, contributions to the PM CARES Fund. When enacted, India was among the first jurisdictions in the world[42] to make corporate social responsibility a mandatory statutory spending obligation rather than an optional and reputational one.[43]

B. The 2021 Amendment Rules: From Comply-or-Explain to Comply-or-Pay

The Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, notified on 22 January 2021, marked a clear departure in the character of the CSR obligation. Read with the Companies (Amendment) Act, 2020, they gave effect to penalties for non-compliance under Section 135(7): a penalty on the company of twice the unspent amount or INR 1 crore,

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[40] Securities & Exchange Board of India, Circular No. CIR/CFD/CMD1/168/2019, *Stewardship Code for All Mutual Funds and All Categories of AIFs, in Relation to Their Investment in Listed Equities* (Dec. 24, 2019), https://www.sebi.gov.in/legal/circulars/dec-2019/stewardship-code-for-all-mutual-funds-and-all-categories-of-aifs-in-relation-to-their-investment-in-listed-equities_45403.html (last visited July 22, 2026).

[41] *Institutional Investors' Role in India's Governance: A Survey of Promoter and Institutional Shareholding Patterns*, https://www.scribd.com/document/781557436/2465-1640934483 (last visited July 23, 2026).

[42] *Mandatory CSR in India: Impact, Costs, and Corporate Behavior*, Int'l J. for Multidisciplinary Rsch. (2025), https://www.ijfmr.com/papers/2025/5/58435.pdf (last visited July 23, 2026).

[43] Companies Act, No. 18 of 2013, § 135, sch. VII (India).

whichever is less, and on each officer in default of one-tenth of the unspent amount or INR 2 lakh, whichever is less. The 'comply or explain' approach of 2014 thereby became a hard monetary obligation backed by financial sanction. The 2021 Rules also required companies with an average CSR obligation of INR 10 crore or more over the preceding three financial years to commission an independent impact assessment of CSR projects with an outlay of INR 1 crore or more; required implementing agencies to register with the Ministry of Corporate Affairs in Form CSR-1; and capped administrative overheads at five per cent of annual CSR expenditure. These were further clarified by the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2022.[44]

Further amendment is in the pipeline, although it points in the opposite direction. The Corporate Laws (Amendment) Bill, 2026, introduced in the Lok Sabha on 23 March 2026, proposes to raise the net profit trigger in Section 135 from INR 5 crore to INR 10 crore or such other sum as may be prescribed, to extend the period for transferring unspent CSR funds for ongoing projects from 30 days to 90 days, and to empower the Central Government to exempt specified classes of companies from the CSR obligation.[45] If enacted, the Bill would therefore narrow rather than broaden the statutory obligation to spend, removing smaller profit-making companies from the mandate at the very time the securities law disclosure obligation is being widened.

C. Directors' Duties and the Limits of CSR as an ESG Proxy

Section 166 of the Companies Act supplies a further but under-used layer of accountability. Directors owe duties of care, skill and diligence, and are required to act in good faith 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 the protection of the environment.[46] In principle this duty offers a basis for individual director accountability, rather than corporate compliance, as the foundation of ESG management. In practice, however, CSR spending and ESG performance are quite distinct, both analytically and legally. A company may discharge its obligation to spend two per cent of profits entirely through charitable activity

[44] Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 (notified Jan. 22, 2021) (India), https://www.mca.gov.in/Ministry/pdf/CSRAmendmentRules_22012021.pdf (last visited July 23, 2026); Companies (Corporate Social Responsibility Policy) Amendment Rules, 2022 (notified Sept. 20, 2022) (India), https://www.mca.gov.in/Ministry/pdf/CSRAmendmentRules_20092022.pdf (last visited July 23, 2026).

[45] The Corporate Laws (Amendment) Bill, 2026 (India) (introduced in the Lok Sabha on Mar. 23, 2026), https://prsindia.org/files/bills_acts/bills_parliament/2026/Corporate_Laws_(A)Bill_2026_Text.pdf (last visited July 23, 2026); *see* PRS LEGISLATIVE RESEARCH, *The Corporate Laws (Amendment) Bill, 2026*, https://prsindia.org/billtrack/the-corporate-laws-amendment-bill-2026 (last visited July 31, 2026).

[46] Companies Act, No. 18 of 2013, § 166 (India), https://www.indiacode.nic.in/bitstream/123456789/2114/5/A2013-18.pdf (last visited July 23, 2026).

bearing no relation to its own environmental or social impact, whereas its BRSR Core disclosures, covering emissions, water use, equal pay and worker safety within its operations and value chain, measure a wholly different facet of corporate behaviour. Maintaining two separately structured and separately regulated systems addressing closely related subject matter, one under the Ministry of Corporate Affairs' CSR rules and the other under SEBI's BRSR regime, is a source of duplicated cost and confusion, discussed in Part IX.

V. Financial-Sector Climate Risk: The Reserve Bank of India and the 2026 Deferral

A. The Draft Disclosure Framework on Climate-related Financial Risks (2024)

In February 2024 the Reserve Bank of India published a draft disclosure framework on climate-related financial risks, which would have required scheduled commercial banks, Tier-IV urban cooperative banks, All-India Financial Institutions and upper- and top-layer non-banking financial companies to report their climate-related financial risk exposure through a standard set of disclosures on governance, strategy, risk management and metrics.[47] The draft closely tracks the four thematic pillars used by the Task Force on Climate-related Financial Disclosures and by the International Sustainability Standards Board's climate standard, and would have required disclosure of Scope 1, 2 and 3 greenhouse gas emissions, board-level governance arrangements for climate-related financial risk, scenario analysis of physical and transition risks, and performance against internal and external emissions reduction targets[48] in the annual financial statements of regulated entities, beginning with financial year 2025-26 for commercial banks and financial institutions and a year later for cooperative banks.

B. The January 2026 Deferral: A Case Study in Inter-Regulatory Fragmentation

As matters stand, however, the mandate remains unimplemented.[49] According to reports at the end of January 2026, the Reserve Bank had deferred implementation of the framework

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[47] Reserve Bank of India, *Draft Disclosure Framework on Climate-Related Financial Risks, 2024* (draft guideline, Feb. 28, 2024); Samhita R., *RBI Guideline on Climate Risk Disclosure: A Pragmatic Step for India*, Hindustan Times (Mar. 28, 2024), https://www.hindustantimes.com/ht-insight/economy/rbi-guideline-on-climate-risk-disclosure-a-pragmatic-step-for-india-1017145560 (last visited July 24, 2026); *India Cenbank Releases Draft Disclosure Framework for Banks to Address Climate Risks*, Reuters (Feb. 28, 2024), https://www.reuters.com/world/india/india-cenbank-releases-draft-disclosure-framework-banks-address-climate-risks-2024-02-28/ (last visited July 24, 2026).

[48] Financial Stability Board, *IFRS Sustainability Disclosure Standards* (June 25, 2023), https://www.fsb.org/2023/06/ifrs-sustainability-disclosure-standards/ (last visited July 24, 2026); IFRS Foundation, IFRS S2 Climate-Related Disclosures (issued June 26, 2023), https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/ifrs-s2-climate-related-disclosures/ (last visited July 24, 2026).

[49] *India Central Bank Defers Plan to Mandate Climate Risk Disclosures by Banks, Sources Say*, Reuters (Jan. 29, 2026), https://www.reuters.com/sustainability/cop/india-central-bank-defers-plan-mandate-climate-risk-disclosures-by-banks-sources-2026-01-29/ (last visited July 24, 2026).

indefinitely, notwithstanding that the draft norms had been under consultation with banks since 2022 and that voluntary adoption had originally been envisaged from fiscal year 2027.[50] Two rationales for the deferral emerge from those reports. The first is straightforwardly international, reflecting the reduced momentum behind mandatory climate risk disclosure following the diminished political salience of climate regulation in the United States, and is of a piece with the retrenchment analysed comparatively in Part VIII below. The second is expressly domestic, and analytically the more relevant for the purposes of this article: the draft framework would have required banks to disclose the climate-related risk embedded in their loan books, computed largely from the emissions and transition exposure of their corporate borrowers, yet even the BRSR Core version of SEBI's framework does not require corporate disclosure of that granularity about how climate-related risk affects a company's business model, strategy and supply chains.

An assessment published in May 2026 found that, of 35 large Indian banks, only five had disclosed their financed emissions in whole or in part, only two maintained a formal policy excluding coal from their financing, and the remaining 30 said nothing about the role their lending portfolios play in climate change;[51] all of which indicates that the capacity gap invoked to justify the deferral was no exaggeration. The episode is illustrative because it exposes a structural difficulty running through the argument of this article: India's ESG regulation is divided among multiple regulators whose disclosure requirements are developed independently of one another, so that a downstream regulator's ambition can be defeated by the narrower mandate of the upstream regulator. The same assessment of the banking sector's climate preparedness suggests that, even after the deferral, the Reserve Bank's supervisory structures and guidance remain in place,[52] and that banks should continue to build the capability to manage climate risk in anticipation of eventual implementation.[53]

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[50] RESERVE BANK OF INDIA, DISCUSSION PAPER ON CLIMATE RISK AND SUSTAINABLE FINANCE (July 27, 2022); draft climate-disclosure timelines as summarised in *India Central Bank Defers Plan to Mandate Climate Risk Disclosures by Banks, Sources Say*, *supra* note 49.

[51] CLIMATE RISK HORIZONS, SMALL STEPS FOR A BIG PROBLEM: DESPITE CLIMATE CRISIS, INDIAN BANKS SCORE POORLY (4th ed., May 2026), https://climateriskhorizons.com/app/uploads/2026/05/BankingReport4_May2026.pdf (last visited July 24, 2026); *How Are Indian Banks Falling Short in Climate Action?*, BUSINESS TODAY (May 13, 2026), https://www.businesstoday.in/industry/banks/story/how-are-indian-banks-falling-short-in-climate-action-531231-2026-05-13 (last visited July 24, 2026).

[52] *How Are Indian Banks Falling Short in Climate Action?*, *supra* note 51; *India's Top Banks Failing to Tackle Climate Risk as Threats Grow*, BLOOMBERG (May 14, 2026), https://www.bloomberg.com/news/articles/2026-05-14/india-s-top-banks-failing-to-tackle-climate-risk-as-threats-grow (last visited July 24, 2026).

[53] CLIMATE RISK HORIZONS, STILL UNPREPARED: TRACKING CLIMATE PREPAREDNESS IN INDIA'S BANKING SECTOR, 2025-26 (Aug. 2025), https://climateriskhorizons.com/research/Still-Unprepared.pdf (last visited July 25, 2026); *Indian Banks Largely Unprepared for Climate-Related Financial Risks, Warns Report*, ET BFSI (Apr. 29, 2025), https://bfsi.economictimes.indiatimes.com/articles/indian-banks-largely-unprepared-for-climate-related-financial-risks-warns-report/95599387 (last visited July 25, 2026).

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C. Green Deposits, Green Debt Securities and the Carbon Credit Trading Scheme

Notwithstanding the postponement of the general mandate, both the Reserve Bank and SEBI have developed more targeted instruments aimed at sustainable finance. The Reserve Bank's Framework for Acceptance of Green Deposits, issued in April 2023, requires banks and non-banking financial companies offering green fixed deposits to put in place a board-approved financing framework, to confine the proceeds to specified green categories, and to have the allocation of proceeds and impact independently verified and assessed by a third party.[54] SEBI's circular on the 'Dos and Don'ts Relating to Green Debt Securities to Avoid Occurrences of Greenwashing', dated 3 February 2023 and the first SEBI instrument to carry the word 'greenwashing' in the title of an operative circular, requires green bond issuers to monitor issuances on a continuing basis, to refrain from applying proceeds to non-green activities, and to disclose adverse environmental information alongside favourable information.[55] A structurally different development is the Carbon Credit Trading Scheme, notified by the Ministry of Power in June 2023 under the Energy Conservation (Amendment) Act, 2022, whose compliance mechanism was activated by the notification of sector-wise emission intensity targets in 2025. The scheme moves India from a voluntary carbon credit market to an emissions trading regime, in which the Bureau of Energy Efficiency administers the programme, the carbon credit registry is operated by the Grid Controller of India, and the Central Electricity Regulatory Commission regulates trading.[56]

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[54] RESERVE BANK OF INDIA, *Framework for Acceptance of Green Deposits* (Press Release, Apr. 11, 2023, effective June 1, 2023), https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=57408 (last visited July 25, 2026); RESERVE BANK OF INDIA, *Framework for Acceptance of Green Deposits: FAQs*, https://www.rbi.org.in/commonperson/English/Scripts/FAQs.aspx?Id=3545 (last visited July 25, 2026); *India Cenbank Puts in Place Framework for Acceptance of Green Deposits*, REUTERS (Apr. 11, 2023), https://www.reuters.com/world/india/india-cenbank-puts-place-framework-acceptance-green-deposits-2023-04-11/ (last visited July 25, 2026).

[55] SECURITIES & EXCHANGE BOARD OF INDIA, Circular No. SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2023/020, *Dos and Don'ts Relating to Green Debt Securities to Avoid Occurrences of Greenwashing* (Feb. 3, 2023), https://www.sebi.gov.in/legal/circulars/feb-2023/dos-and-don-ts-relating-to-green-debt-securities-to-avoid-occurrences-of-greenwashing_67828.html (last visited July 25, 2026); JURIS CORP, *Green Debt Securities Framework Revised by SEBI* (Feb. 14, 2023), https://www.juriscorp.in/green-debt-securities-framework-revised-by-sebi/ (last visited July 25, 2026).

[56] Carbon Credit Trading Scheme, 2023 (notified June 28, 2023) (India); PRESS INFORMATION BUREAU, GOVERNMENT OF INDIA, *Carbon Pricing in India: Market Mechanisms for Climate Leadership* (Press Release, June 23, 2025), https://www.pib.gov.in/PressReleasePage.aspx?PRID=2082528 (last visited July 25, 2026); BUREAU OF ENERGY EFFICIENCY, *Carbon Market / Carbon Credit Trading Scheme (CCTS)*, https://beeindia.gov.in/carbon-market.php (last visited July 25, 2026).

VI. The Accountability Gap: Greenwashing and Its Enforcement

A. The Absence of a Statutory Definition

Despite an extensive system of ESG disclosure regulation, India has no statutory definition of greenwashing, and no bespoke legal mechanism to protect investors and consumers against misleading or exaggerated sustainability claims beyond the general provisions of the SEBI Act, 1992, the Companies Act, 2013 and the Consumer Protection Act, 2019.

The deficiency does not stem from any lack of regulatory awareness of the problem. SEBI's February 2023 circular on green debt securities was framed expressly around the avoidance of greenwashing,[57] and both the Advertising Standards Council of India and the Central Consumer Protection Authority have issued guidance on misleading environmental claims in advertising.[58] There is, however, no single law defining the wrong and, more importantly, Indian courts and tribunals have yet to develop any body of precedent on the interpretation of misleading ESG claims.

B. Possible Enforcement Pathways

In the absence of a purpose-built mechanism, three existing routes have been suggested for addressing greenwashing within securities law. The first is Regulation 98 of the LODR Regulations, which enables stock exchanges to impose penalties such as fines, freezing of demat accounts or suspension of trading for non-compliance with listing requirements, although these are low-level sanctions amounting to daily fines and take no account of the quantum of loss caused to investors by a misrepresentation. The second, and potentially more interesting, route runs through the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003, which prohibit false or misleading statements in relation to the securities market. The conduct is punishable under Section 15HA of the SEBI Act by a penalty of up to INR 25 crore or three times the profit made from the offending act, whichever is higher.[59] That penalty is far more severe than anything available under the LODR Regulations,

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[57] *Sebi WTM Amarjeet Singh Raises Concerns of Greenwashing by India Inc*, BUSINESS STANDARD (Jan. 30, 2025), https://www.business-standard.com/markets/news/market-regulator-sebi-raises-concerns-over-greenwashing-by-india-inc-125013101394 (last visited July 25, 2026); SEBI, *supra* note 55.

[58] ADVERTISING STANDARDS COUNCIL OF INDIA, GUIDELINES FOR ADVERTISEMENTS MAKING ENVIRONMENTAL/GREEN CLAIMS (effective Feb. 15, 2024), https://www.ascionline.in/wp-content/uploads/2024/01/Guidelines-for-Advertisements-Making-Environmental-Green-Claims.pdf (last visited July 24, 2026); CENTRAL CONSUMER PROTECTION AUTHORITY, GUIDELINES FOR PREVENTION AND REGULATION OF GREENWASHING OR MISLEADING ENVIRONMENTAL CLAIMS, 2024 (India).

[59] Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (India), https://www.sebi.gov.in/acts/ProhibitionOfFraudulentAndUnfairTradePractices_relatingToSecuritiesMarketRegulations2003.pdf (last visited July 25, 2026); Securities and Exchange Board of India Act, No. 15 of 1992, § 15HA (India), https://www.sebi.gov.in/acts/SecuritiesAndExchangeBoardOfIndiaAct1992.pdf (last visited July 25,

or under the residual penalty in Section 15HB of the SEBI Act, and is better calibrated to the harm suffered by investors where a materially misleading sustainability statement has influenced capital flows. The third avenue lies in company law, where directors who cause or permit a materially misleading BRSR disclosure might in principle face liability under Section 166 for failing to discharge their statutory duties in good faith and with due care.

C. Regulatory Acknowledgement: SEBI's 2025 Warnings

Even without an enforcement precedent, SEBI has itself acknowledged the scale of the problem. At the FICCI ESG Summit in January 2025, SEBI Whole-Time Member Amarjeet Singh drew attention to specific examples taken from BRSR filings:[60] a manufacturing firm which asserted that it had 'no significant impact on the environment' in its BRSR while facing prosecution for environmental law violations; an automobile firm which claimed to use recycled material but supplied no data on how much such material had actually been used as a proportion of total input; and an oil and gas firm which disclosed no adverse information about itself at all. Singh called explicitly for 'true to label' disclosures, greater use of artificial intelligence in emissions verification, and increased regulatory oversight capacity, drawing an implicit comparison with the greenwashing enforcement approaches of the United States Securities and Exchange Commission and the Australian Securities and Investments Commission. Those comparators indicate what an enforcement approach might involve. Proceedings brought in the Federal Court of Australia in 2021 by a corporate governance advocacy group against Santos Ltd, alleging that the company's net-zero claims could not be reconciled with its continued fossil fuel projects, were among the earliest greenwashing cases brought by a party other than a regulator, although the claims were ultimately dismissed in February 2026.[61] They are indicative of a trend of private greenwashing litigation which India lacks, owing both to the absence of a culture of shareholder activism and to the absence of a private right of action under Section 12A of the SEBI Act read with the PFUTP Regulations.

2026).

[60] FEDERATION OF INDIAN CHAMBERS OF COMMERCE & INDUSTRY, 3RD ESG SUMMIT 2025: COMPENDIUM (Jan. 2025), https://ficci.in/public/storage/events/25112447294280/Add_docs/8y0IsnHUsfOyeeaelCxGCH643FNy7pVfRJkt6iLk.pdf (last visited July 25, 2026); *Sebi WTM Amarjeet Singh Raises Concerns of Greenwashing by India Inc*, *supra* note 57.

[61] *Australasian Centre for Corporate Responsibility v. Santos Ltd.* [2026] FCA 96 (Austl.) (proceedings commenced 2021; claims dismissed Feb. 17, 2026), https://law.app.unimelb.edu.au/climate-change/case.php?CaseID=701&browseChron=1 (last visited July 25, 2026); AUSTRALASIAN CENTRE FOR CORPORATE RESPONSIBILITY, *Greenwashing Proceedings in Federal Court* (Oct. 23, 2024), https://www.accr.org.au/news/greenwashing-proceedings-in-federal-court/ (last visited July 25, 2026).

VII. Judicial and Quasi-Judicial Accountability: The Environmental Adjudication Track

A. Constitutional and Statutory Foundations

A wholly different approach to corporate environmental responsibility operates through India's system of environmental adjudication, which has always run separately from the securities law ESG framework discussed above. The Supreme Court's environmental jurisprudence under Article 21 of the Constitution, and in particular the holding in *M.C. Mehta v. Union of India* that the right to life includes the right to a clean environment,[62] supplied the constitutional foundation for the establishment of the National Green Tribunal under the National Green Tribunal Act, 2010, as a specialised body dealing with civil environmental disputes and applying the precautionary, polluter pays and sustainable development principles. The Tribunal has shown itself willing to hold companies to account irrespective of fault. In May 2024, for instance, it directed Chennai Petroleum Corporation Ltd to pay INR 5 crore in respect of a crude oil leak off the Nagapattinam coast, without any finding of negligence, on the footing that environmental law is moving towards no-fault liability for entities that control hazardous substances.[63]

B. The Limits of Environmental Adjudication as ESG Enforcement

Yet even though the NGT has a record of enforcing environmental law in response to discrete pollution incidents, its jurisdiction does not extend to the reliability of corporate ESG reporting, and its own procedural rigour has attracted appellate intervention. A survey of environmental case law for 2024 shows that the Supreme Court has taken several steps to secure procedural soundness in Tribunal proceedings, including directing the NGT to investigate a matter rather than reject a citizen's complaint outright, and staying NGT proceedings under the Prevention of Money Laundering Act, 2002 pending determination of whether an award of environmental compensation constitutes proceeds of crime. These examples point to a feature of Indian corporate accountability that matters for the ESG disclosure regime: environmental adjudication before the NGT is reactive, directed at discrete pollution incidents, forest clearances or industrial emissions, rather than at systematic scrutiny of a company's sustainability disclosures.

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[62] *M.C. Mehta v. Union of India*, (1998) 6 SCC 60 (India), https://indiankanoon.org/doc/1905220/ (last visited July 25, 2026).

[63] *Nagapattinam Oil Spill: NGT Orders CPCL to Pay Penalty of Rs 5 Crore*, ET EnergyWorld (May 22, 2024), https://energy.economictimes.indiatimes.com/news/oil-and-gas/nagapattinam-oil-spill-ngt-orders-cpcl-to-pay-penalty-of-rs-5-crore/110432236 (last visited July 25, 2026); Vision IAS, *Nagapattinam Oil Spill: National Green Tribunal Applies No-Fault Liability* (May 24, 2024), https://visionias.in/current-affairs/news-today/2024-05-24/environment/nagapattinam-oil-spill-national-green-tribunal-records-no (last visited July 25, 2026).

There is, in short, no bridge between the disclosure framework described in Parts II and III and the liability framework applied in environmental proceedings where a company's environmental conduct does not match its public statements, as in the January 2025 example of a company disclosing 'no significant impact on the environment' while facing environmental law proceedings.

VIII. Comparative Perspectives: Divergent Global Trajectories

A. The European Union: CSRD, CSDDD and the Omnibus Retrenchment

The EU's Corporate Sustainability Reporting Directive, which entered into force in January 2023, was initially conceived as the most far-reaching mandatory sustainability reporting framework in the world, requiring in-scope companies to report against the extensive European Sustainability Reporting Standards on a double materiality basis, that is, not only the material sustainability risks facing the company but also its impacts on people and the environment, and to obtain assurance. That ambition has been considerably scaled back. Following a proposal published by the European Commission in February 2025 and a provisional political agreement reached in December 2025, the first simplification package, known as 'Omnibus I' and finally adopted by the Council on 24 February 2026, confined the CSRD to undertakings with more than 1,000 employees and a net turnover above EUR 450 million, excluding altogether the listed small and medium-sized enterprises originally due to report from 2026.[64] On a parallel track, the Corporate Sustainability Due Diligence Directive was similarly narrowed: its scope was raised to companies with more than 5,000 employees and EUR 1.5 billion in net turnover, the obligation to put a climate transition plan into effect was removed, and the frequency of human rights and environmental due diligence was reduced from annual to once every five years.[65] As legal commentary has observed, the result is a markedly narrower scope of mandatory reporting rather than any change in the underlying direction of regulation.

B. The United States: Rise and Rescission of the SEC Climate Rule

The retreat has been more pronounced still in the United States, where the SEC's Climate-Related Disclosure Rule, adopted in March 2024 during the chairmanship of Gary Gensler,

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[64] COUNCIL OF THE EUROPEAN UNION, *supra* note 6; Directive (EU) 2026/470 ('Omnibus I'), published in the Official Journal on Feb. 26, 2026 and entered into force on Mar. 18, 2026.

[65] CLIFFORD CHANCE, *Omnibus I: The European Union Concludes CSDDD and CSRD Reforms* (Feb. 23, 2026), https://www.cliffordchance.com/insights/resources/blogs/business-and-human-rights-insights/2026/02/omnibus-i-the-european-union-concludes-csddd-and-csrd-reforms.html (last visited July 26, 2026); DELOITTE, *Omnibus I: CSRD and CS3D Simplification* (Heads Up, Feb. 24, 2026), https://dart.deloitte.com/USDART/home/news/all-news/2026/02/omnibus-i-csrd-and-cs3d-simplification-council-of-european-union-adopts-final-text (last visited July 26, 2026); *see* Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on Corporate Sustainability Due Diligence, 2024 O.J. (L, 2024/1760).

would have required disclosure of material climate-related risks and, for larger registrants, of Scope 1 and 2 greenhouse gas emissions.[66] The rule was stayed shortly after adoption pending consolidated litigation before the Eighth Circuit, and, following a change of administration, the Commission voted in March 2025 to withdraw its own defence of the rule. In May 2026 the Commission proposed to rescind the rule in its entirety, contending both that it exceeded the agency's statutory authority and that, in any event, it was a poor policy choice inconsistent with a registrant-specific, materiality-based disclosure system.[67] It is worth observing that the rule never took effect during its brief life, unlike the BRSR Core, which has been in force and expanding since 2023 despite the much lower domestic capacity for sustainability assurance noted in Part V. Several states maintain their own climate disclosure rules; California's Senate Bills 253 and 261 are the most prominent, and, although independent of the federal retreat, they are themselves subject to litigation delays.

C. The ISSB Baseline and India's Position

Established at COP26 in November 2021, the International Sustainability Standards Board has sought, through the IFRS Foundation, to supply the global baseline that the retreating CSRD and the abandoned SEC rule would otherwise have provided, publishing IFRS S1 and IFRS S2, its general sustainability and climate-focused disclosure standards respectively, in June 2023,[68] with the express aim of helping jurisdictions build their own requirements on a common foundation. India has not adopted the ISSB standards directly. A benchmarking exercise reported by the Observer Research Foundation, drawing on a stakeholder roundtable held in October 2025, estimated that the BRSR as presently structured is about 40 per cent aligned with IFRS S2.[69] That partial convergence is largely incidental: the BRSR was drafted using the Task Force on Climate-related Financial Disclosures and Global Reporting Initiative frameworks,

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[66] U.S. SECURITIES & EXCHANGE COMMISSION, *The Enhancement and Standardization of Climate-Related Disclosures for Investors*, Final Rule (adopted Mar. 6, 2024), *summarised in* DELOITTE, *SEC Proposes Rescission of Climate Disclosure Rule* (May 28, 2026), https://dart.deloitte.com/USDART/home/news/all-news/2026/may/sec-proposes-rescission-climate-disclosure-rule (last visited July 26, 2026).

[67] U.S. SECURITIES & EXCHANGE COMMISSION, *Rescission of Climate-Related Disclosure Rules*, Proposed Rule (May 29, 2026), https://www.sec.gov/rules-regulations/2026/05/s7-2026-19 (last visited July 26, 2026); *Rescission of Climate-Related Disclosure Rules*, FED. REG. (June 3, 2026), https://www.govinfo.gov/content/pkg/FR-2026-06-03/pdf/2026-11091.pdf (last visited July 26, 2026).

[68] IFRS FOUNDATION, IFRS S1 GENERAL REQUIREMENTS FOR DISCLOSURE OF SUSTAINABILITY-RELATED FINANCIAL INFORMATION (issued June 26, 2023), https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/ifrs-s1-general-requirements/ (last visited July 26, 2026); IFRS FOUNDATION, IFRS S2 CLIMATE-RELATED DISCLOSURES (issued June 26, 2023), https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/ifrs-s2-climate-related-disclosures/ (last visited July 26, 2026).

[69] Lavanya Mani & Ajay Tyagi, *Enhancing the Interoperability of India's Business Sustainability Reporting with International Standards* (OBSERVER RESEARCH FOUNDATION, Issue Brief No. 858, Jan. 22, 2026), https://www.orfonline.org/research/enhancing-the-interoperability-of-india-s-business-sustainability-reporting-with-international-standards/ (last visited July 26, 2026).

which themselves informed the ISSB, rather than through any deliberate harmonisation exercise. Since 2024 the Sustainability Reporting Standards Board of the Institute of Chartered Accountants of India has been developing India-specific sustainability assurance standards, with a view to bringing the Indian assurance profession into line with international practice without displacing the India-specific content of the BRSR.

D. India's Contrarian Trajectory

The contrast that emerges is stark. Where the European Union has narrowed the CSRD to the very largest undertakings and the United States prepares to abandon its federal climate disclosure requirement altogether, India continues to extend its assurance-backed BRSR Core mandate from the largest listed companies to the whole of the top 1,000 by 2026-27, while holding to a standard of reasonable assurance higher than the limited assurance the CSRD required before it was scaled back by Omnibus I. That divergence should not, however, be read without qualification as evidence of greater ambition on India's part. As Parts V, VI and IX show, India's expanding coverage is accompanied by a limited supply of assurance providers, an unresolved enforcement problem in relation to greenwashing, and a continuing regulatory coordination failure of which the Reserve Bank's decision to defer its 2026 reporting date is the clearest example.

IX. Structural Weaknesses in India's ESG Architecture

A. Fragmented Multi-Regulator Oversight

The Indian ESG regime is administered by at least five institutions with little formal coordination between them: SEBI, for the disclosure and rating of listed firms; the Ministry of Corporate Affairs, for corporate social responsibility and directors' duties; the Reserve Bank of India, for banking-sector climate risk and green deposits; the Central Consumer Protection Authority and the Advertising Standards Council of India, for misleading environmental claims; and the International Financial Services Centres Authority,[70] for its own sustainable finance regime governing entities in the International Financial Services Centre. The Reserve Bank's 2026 deferral, discussed in Part V, is a clear illustration of the cost of that fragmentation, a downstream disclosure requirement becoming impracticable because of the narrower requirements imposed upstream by another regulator. The same problem recurs in the

[70] *Sustainable Investment Management in India*, 20 CAP. MKTS. L.J. (2025), https://academic.oup.com/cmlj/article/20/4/kmaf016/8321999 (last visited July 26, 2026); INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY, *Consultation Paper on Framework on Stewardship Code in IFSC*, https://ifsca.gov.in/CommonDirect/ViewFile?id=21626bde60601ef44a0ed022016cec48&fileName=Consultation_Paper__Framework_on_Stewardship_Code_in_IFSC.pdf (last visited July 26, 2026).

greenwashing enforcement gap discussed in Part VI, where jurisdiction is divided between SEBI, the Ministry of Corporate Affairs and the consumer protection authorities without any formal coordination mechanism.

B. Assurance Capacity and Professionalisation Deficits

The requirement of 'reasonable assurance' for the BRSR Core presupposes a supply of appropriately qualified and independent professionals able to provide sustainability assurance services to a growing number of listed companies and their value chains, rising to 1,000 entities by 2026-27. The difficulty is that current supply does not meet demand.[71] The number of ESG assessors and assurers whose qualifications SEBI recognises is insufficient, and that shortage was among the reasons why, in March 2025, SEBI moved from mandatory chartered accountant-led 'assurance' to the more flexible 'assessment or assurance', requiring verification by persons holding a qualification that meets criteria set by the Industry Standards Forum.

C. The MSME and Value-Chain Cascade Burden

Even under the revised value chain definition adopted in March 2025, listed companies continue to cascade the data collection burden for the BRSR Core down to their suppliers and distributors, which are typically micro, small or medium enterprises without the technical capacity to measure Scope 1 and 2 emissions or the administrative capacity to answer repeated buyer surveys. Surveys of such enterprises show that a sizeable proportion regards the cost of ESG compliance as a significant concern, having no dedicated sustainability staff, no reporting systems and no technical knowledge of environmental measurement. Because listed companies depend on data from those enterprises in order to comply with the BRSR Core, the compliance burden shifts onto entities outside SEBI's regulatory perimeter which have no ESG compliance infrastructure at all. This is a familiar feature of value chain disclosure frameworks worldwide, and one the European Union addressed in the Omnibus package by capping the information that in-scope companies may request from undertakings with fewer than 1,000 employees.

D. Data Quality and the Net-Zero Commitment Gap

The finding of the Indian Institute of Management, Ahmedabad, noted in Part I, that of the 1,012 companies assessed only 179 had made any commitment to net zero or carbon neutrality and

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[71] KPMG INDIA, *SEBI Introduces Certain Key Changes in BRSR Reporting* (First Notes, Dec. 2024), https://kpmg.com/in/en/insights/2025/01/firstnotes-sebi-introduces-certain-key-changes-in-brsr-reporting.html (last visited July 26, 2026); ICAI SUSTAINABILITY REPORTING STANDARDS BOARD, BACKGROUND MATERIAL ON BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORTING (BRSR) (June 2025), https://sustainability.icai.org/wp-content/uploads/2025/06/Background-Material-on-Sustainability-Business-Responsibility-Sustainability-Reporting_BRSR.pdf (last visited July 26, 2026).

only 119 of those had attached a timeline to it, illustrates an emerging pattern in which companies engage far more readily with the mandatory 'essential' indicators of the BRSR than with the voluntary 'leadership' indicators. The discrepancy suggests that the BRSR framework, for all its assurance architecture, is considerably more effective at compelling standardised backward-looking reporting than at eliciting the forward-looking commitments on which the value of that reporting ultimately depends.

X. Towards a Coherent Framework: Recommendations

It follows from the discussion above that India's ESG disclosure framework, although more assurance-oriented than many comparable regimes elsewhere, requires reform on six fronts if it is to function as a genuine instrument of accountability.

First, Parliament or SEBI should supply a statutory definition of greenwashing covering misleading, overstated, selectively disclosed and unsupported sustainability assertions, together with a narrowly framed private right of action under Section 12A of the SEBI Act[72] read with the PFUTP Regulations for those who can show that they were misled by an ESG assertion, while preserving sufficient latitude for companies to make forward-looking sustainability statements without undue fear of liability.

Second, an inter-regulatory coordination arrangement is needed involving the Reserve Bank of India, SEBI, the Ministry of Corporate Affairs and the IFSCA, whether as a standing committee within the Financial Stability and Development Council or as a separate ESG coordination cell, with a mandate to sequence disclosure requirements across regulators so that downstream requirements, such as the Reserve Bank's deferred climate risk framework, do not become unimplementable because of upstream disclosure gaps.

Third, India should adopt a graduated and phased alignment with the ISSB baseline through the Sustainability Reporting Standards Board of the Institute of Chartered Accountants of India, converging the financial-materiality content of the BRSR with IFRS S1 and S2 where that adds to international comparability, while leaving intact the India-specific social indicators of employment generation in smaller towns, gender pay parity and inclusive growth, which have no counterpart in the investor-centric ISSB model.

Fourth, the assurance requirement itself should become proportionate. Reasonable assurance is justifiable for systemically significant and emission-intensive sectors, where verification carries

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[72] Securities and Exchange Board of India Act, No. 15 of 1992, § 12A (India) (prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control), https://www.indiacode.nic.in/show-data?actid=AC_CEN_2_11_00014_199215_1517807319932&orderno=19 (last visited July 26, 2026).

material consequences under systems such as the European Union's Carbon Border Adjustment Mechanism,[73] but a tiered arrangement, applying risk-based reasonable assurance to the largest and most emission-intensive entities and a lighter process to the remainder of the top 1,000, would be better suited to the task.

Fifth, an institutionalised mechanism for capacity building is needed, whether a cost-sharing arrangement operated through industry associations or a simplified, structured standard along the lines of the European Union's voluntary standard for micro, small and medium enterprises in the value chain, which do not possess the capacity of the companies whose disclosures they are in effect being enlisted to support.

Sixth, SEBI should publish clear ESG enforcement guidance under the PFUTP Regulations, giving operational content to the public warnings issued by Whole-Time Member Singh in January 2025 in relation to the penalty provisions of Section 15HA, so that the prospect of action under that section becomes a real rather than a purely theoretical one.

XI. Conclusion

In the space of five years the Indian ESG disclosure framework has moved from soft law guidance with little substance behind it to one of the stricter, assurance-backed sustainability reporting regimes in the world, a trajectory that stands in telling contrast with the European Union's retreat from the original ambition of the Corporate Sustainability Reporting Directive across 2025 and 2026 and with the abandonment of federal climate disclosure requirements in the United States. The reasonable assurance requirement in the BRSR Core, its India-specific key performance indicators and SEBI's regulation of ESG rating providers are genuine institutional achievements.

Yet as the scope of the disclosure mandate has expanded beyond the capacity supporting it, the accountability regime needed to give that mandate meaning has not kept pace. The absence of statutory clarity on greenwashing leaves SEBI's own publicly expressed concerns about misleading BRSR reporting without an enforcement framework; the division of oversight between SEBI, the Ministry of Corporate Affairs and the Reserve Bank produced the embarrassment of January 2026, when climate risk disclosure was deferred in significant part because upstream disclosure norms did not meet the expectations of a downstream regulator;

[73] Regulation (EU) 2023/956 of the European Parliament and of the Council of 10 May 2023 establishing a Carbon Border Adjustment Mechanism, 2023 O.J. (L 130) 52, https://eur-lex.europa.eu/eli/reg/2023/956/oj/eng (last visited July 24, 2026); European Commission, *Carbon Border Adjustment Mechanism (CBAM)* (Taxation and Customs Union, updated Mar. 18, 2026), https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism_en (last visited July 26, 2026) (transitional reporting period from Oct. 1, 2023; definitive regime from Jan. 1, 2026).

and the growing compliance burden of value chain disclosure continues to press on micro, small and medium enterprises that lie outside SEBI's regulatory perimeter. The finding of the Indian Institute of Management, Ahmedabad, that fewer than a fifth of the companies surveyed had made an explicit net-zero pledge, and fewer still a time-bound one, is a reminder that disclosure about the past is not the same thing as commitment to the future.

Nothing in the foregoing suggests that the basic architecture should be abandoned. What it suggests is a second wave of reform, one directed less at enlarging the group of firms required to disclose and more at closing the accountability gap between what is disclosed and what is verified and enforced by the regulators responsible for supervising it. A statutory definition of greenwashing, a carefully drawn safe harbour, coordination among regulators, risk-based assurance and a capacity-building programme for the small and medium enterprises that have been drawn unwillingly into the value chain would turn India's present ESG architecture into an accountable one.

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