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ESG performance and stock price behavior: A study of select Indian companies

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Abstract

Environmental, Social and Governance (ESG) performance has become an important aspect of corporate accountability in India, especially with the implementation of Business Responsibility and Sustainability Reporting (BRSR) framework by SEBI. Although there is a developing regulatory focus, little empirical evidence is available regarding the relationship between the post BRSR period ESG and stock price at the company level. The proposed research will analyse the ESG performance of 45 BSE listed Indian-based companies in nine industries and explore the short-term effect on stock price behaviour of the financial year 2023-24 and 2024-25. The study uses descriptive statistics and One-Way ANOVA, correlation analysis, simple and multiple linear regression as well as Support Vector Regression (SVR) using the CRISIL ESG Ratings and NSE stock price data . Findings indicate that the average ESG score is 61.38 with sectoral difference being statistically significant (F=26.77, p=0.000) with the IT sector and Banking sector on the top and the Energy sector on the bottom. Simple linear regression (R 2=0.003, p=0.598), multiple linear regression (R 2=0.042, p=0.300) and SVR (R 2= -0.0946) all prove the absence of statistically significant effect of ESG performance on stock prices in the short term, thus accepting the null hypothesis. These results indicate that, even though the ESG scores might not cause short-term changes in the stock prices, they could be significant in the determination of the long term sustainability of the corporation and can be included in the long-term risk management model of the investors.

Keywords: ESG Performance; Stock Price Behaviour; BRSR Framework; Sectoral ESG Variation

1 Introduction

Environmental Social and Governance (ESG) criteria has emerged as a central instrument in the contemporary capital markets and is used as a composite of the sustainability practices, ethical behavior and the quality of governance of any firm. Good ESG performance is becoming a recognised measure of business value in the long-term and financial sustainability.

The implementation of the Business Responsibility and Sustainability Reporting (BRSR) framework by the Securities and Exchange Board of India (SEBI) has led to a radical change in the ESG reporting in India with companies in the top 1,000 listed group required to make a compulsory disclosure on the ESG parameters. The result of this regulatory change is not only an improved level of corporate transparency but also an improved awareness of investors about the risk and opportunity of ESG-related risks and opportunities.

India is one of the fastest-growing economies in the world and is experiencing a similar increase in ESG awareness between both retail and institutional investors. Banking, information technology, energy and pharmaceutical industries are actively enhancing ESG reporting to entice foreign portfolio investment and enhance their positions in the international sustainability indexes. The Indian market has also experienced further coverage of ESG by domestic rating agencies such as CRISIL, which allows making investment decisions with more insight.

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Irrespective of this increasing trend, there is scanty empirical data regarding the relationship between ESG performance and post-BRSR regulatory environment stock price behaviour at the firm level. The current research thus evaluates the ESG performance of 45 BSE-listed Indian firms in nine industries and how the same appears in the short-term on the stock prices in the 2023-24 and 2024-25 financial years.

1.1 Need of the study

The growth of ESG is critical for fostering responsible economic growth and business practices. Businesses with higher levels of ESG demonstrate that they have higher levels of environmental protection, social responsibility and superior standards of governance. A robust level of regulatory compliance will provide a better regulatory environment that will promote successful and sustainable development in India for the long term. This study aims to evaluate how the ESG performance of a sample of Indian companies impacts the behaviour of their stock prices and how this information can be useful for investors and policymakers.

2 Review of literature

Ma, Y. W., Lau, W. Y., & Yip, T. M. (2025) in their article *"Influence of ESG rating on stock price behaviour: Evidence from Malaysian public listed companies"* have examined ESG ratings and stock price behaviour: a study of the relationship between ESG ratings and stock price behaviour using Bloomberg ESG data of 33 Malaysian listed companies in the 2017-2022. The study was conducted to find out which of the ESG components, namely, environmental, social and governance, has the strongest influence on stock price as the study involved pooled OLS, fixed effects and random effects model. The findings revealed that there is a negative correlation between ESG disclosure and stock price synchronicity, which indicates that ESG transparency includes more firm-specific information in the stock prices. The researchers found that environmental disclosures were the largest determinant of stock price behaviour, and they concluded that the ESG ratings have an important implication on the stock price dynamics in emerging markets.

Escobar-Saldívar, L. J., Villarreal-Samaniego, D., & Santillán-Salgado, R. J. (2025) in their article "*The effects of ESG scores and ESG momentum on stock returns and volatility: Evidence from U.S. markets*" have looked at ESG scores-ESG momentum and stock returns panel regression study on 3,856 U.S. listed stocks between 2002-2022. The main objective was to determine whether the changes in ESG performance over the time had a stronger impact on the stock returns as compared to the absolute levels of ESG scores. The research concluded that ESG momentum positively influences short-term stock returns and decreases investment risk although absolute ESG scores were less useful in predicting short term returns as compared to direction change. The study found that ESG momentum should be considered as a dynamic aspect in investment decisions.

Suresha, B., Srinidhi, V. R., Verma, D., Manu, K. S., & Krishna, T. A. (2022) in their article "*The impact of ESG inclusion on price, liquidity and financial performance of Indian stocks: Evidence from stocks listed in BSE and NSE ESG indices"*have investigated ESG index inclusion in the stock market in India through event study methodology on stock market of 64 companies in the BSE100 and 86 companies in the Nifty100 of different industries. The authors tested how inclusion of ESG affects stock prices, liquidity and financial performance three years before inclusion and three years after inclusion. Findings showed that in the short term BSE100 ESG stocks negatively changed their abnormal returns and Nifty100 ESG stocks did not change significantly. Nevertheless, a long-term comparison revealed that liquidity and other financial performance increased, with the incorporation of ESG, which has a profound implication on both the investors in India and the market regulators.

Bae, J., Yang, X., & Kim, M. I. (2021) in their article "*ESG and stock price crash risk: Role of financial constraints and managerial myopia"* have explored the relationship between stock price crash risk and ESG performance and 3,833 Korean listed firms with more than six years of operation. The objective of the study was to analyze the likelihood of extreme negative stock price events and the effect of ESG performance on the same. The findings indicated that high ESG ratings were strongly linked to the reduction of crash risk as it contributed to transparency and minimized information asymmetry between the managers and the investors. It was observed that financial constraints and managerial short-termism moderated the relationship between the ESG-crash risk and that ESG performance is an efficient risk management tool.

Shakil, M. H. (2021) in their article "*Environmental, social and governance performance and stock price volatility: Evidence from developed and emerging markets"* have explored whether or not increased ESG scores usher in stock return volatility through panel regression on 2,200 companies in developed and emerging markets during 2010-2018. The aim of the study was to understand whether ESG performance was applicable as a factor of mitigating investment risk in various markets. The findings showed that increased ESG scores very much lowered the stock price volatility, and this

effect was relatively high in emerging markets. The governance aspect was observed to have the strongest ESG factor in minimizing volatility, and the research recommended investors to include ESG factors in the risk-adjusted return models.

2.1 Research gap

The ESG disclosure environment in India has experienced a profound shift following the implementation of SEBI BRSR framework, but empirical evidence regarding its effect on the firm-level stock prices remains critically limited. The majority of the literature is based on developed economies like the United States and Europe, or emerging markets like China and Malaysia, which do not reflect the sector-level ESG differences, or the short-term relationship between ESG measures and stock prices in individual companies. Although certain studies have also considered ESG based on the BSE and NSE indices, they mostly depend on pre-BRSR data and index-based research, which leaves a significant gap in the empirical research on a firm level within the post-BRSR regulatory environment. Moreover, there has been no prior Indian research that statistically validated the differences in sector-wise ESG performance in the context of various sectors or employed machine learning methods like Support Vector Regression as a robustness check in conjunction with conventional regression models. Among the reviewed studies, only one is dedicated to the Indian market which further reveals a lack of country-specific firm-level research on ESG in India. The current study fills this gap by evaluating CRISIL ESG ratings and NSE stock price data of 45 BSE-listed companies in nine sectors in 2023-24 and 2024-25, specifically examining whether ESG performance has any short-term impact on stock prices in the post-BRSR regulatory Indian business environment.

Objectives

- To study the level of ESG performance among select Indian companies and identify variations across different sectors.
- To analyse the impact of ESG performance on the stock prices of select Indian companies.

2.2 Research methodology

The research design assumed in the study is descriptive and analytical because it does not only document the ESG performance of sampled Indian companies, but also statistically connects ESG scores to stock price behaviour. The secondary data is obtained in the shape of two databases namely CRISIL ESG Ratings on ESG scores and National Stock Exchange (NSE) on past stock prices. Purposive sampling was done, selection of 45 BSE-listed companies in various industries such as banking, information technology, energy, pharmaceuticals, FMCG, manufacturing, and infrastructure was based on the availability of CRISIL ESG rating on 2023-24 financial year (April 2023 - March 2024) and 2024-25 financial year (April 2024 - March 2025). The preparation and data cleaning were done in Microsoft Excel. The procedures used to conduct the analysis are descriptive statistics, sector-specific ESG performance analysis confirmed with One-Way ANOVA, correlation analysis, simple and multiple linear regression, and Support Vector Regression (SVR) as a machine learning-based robustness check of non-linear links. Python has been used in all statistical analysis.

2.3 Scope of the study

Table 1 Sector-wise Distribution of Selected Companies

Sector	Number of Companies
Information Technology (IT)	5
Banking	5
Pharmaceuticals & Healthcare	5
Automobile	5
FMCG	5
Financial Services & Insurance	5
Hospitality & Tourism	5
Metals & Cement	5
Energy / Power / Oil & Gas	5
Total	45

The research analyzes ESG performance and its effects on stock prices of 45 BSE-listed companies in diverse industries, that is, within the financial years of 2023-24 and 2024-25, which is relevant analysis under the post-BRSR regulation in India. The study is a pure quantitative study, which uses descriptive statistics, One-Way ANOVA, correlation, simple and multiple linear regression, and Support Vector Regression (SVR) as analytical tools. All information is secondary, based on CRISIL ESG rating and NSE stock price databases. There are no direct models of macroeconomic variables like interest rates and inflation but they have been considered in the discussion of findings where applicable.

2.4 Data analysis and interpretation

2.4.1 Descriptive Statistics of ESG Scores:- To understand the overall level and spread of ESG performance among companies

Table 2 Descriptive Statistics of ESG Score

Statistic	Value
Count	90.000000
Mean	61.377778
Std Dev	7.117912
Min	41.000000
25%	57.000000
Median (50%)	61.000000
75%	65.000000
Max	77.000000

- The mean ESG performance (61.38) refers to a moderate level of ESG performance.
- The range of ESG scores is between 41 and 77 with a considerable variation in values across firms.
- The standard deviation of 7.12 indicates the existence of moderate variability.
- This indicates unequal adoption of ESG practices across companies.

2.4.2 Sector-wise ESG Performance:-To identify variations in ESG performance across different sectors

Hypothesis

- H_0: There is no significant difference in ESG performance across different sectors.
- H_1: There is a significant difference in ESG performance across different sectors.

Table 3 Sector-wise ESG Score

Industry	Average ESG Score
Information Technology (IT)	74.2
Banking	68.2
Pharmaceuticals & Healthcare	62.0
Automobile	61.3
FMCG	60.7
Financial Services & Insurance	59.8
Hospitality & Tourism	56.7
Metals & Cement	56.0
Energy / Power / Oil & Gas	53.5

- ESG scores are very different in industries.
- The Information Technology sector has the highest ESG score.
- Banking and Pharmaceuticals & Healthcare sectors also perform well.
- Energy, Metals & Cement, and Hospitality & Tourism show lower ESG scores.
- This confirms that ESG performance is sector-specific.

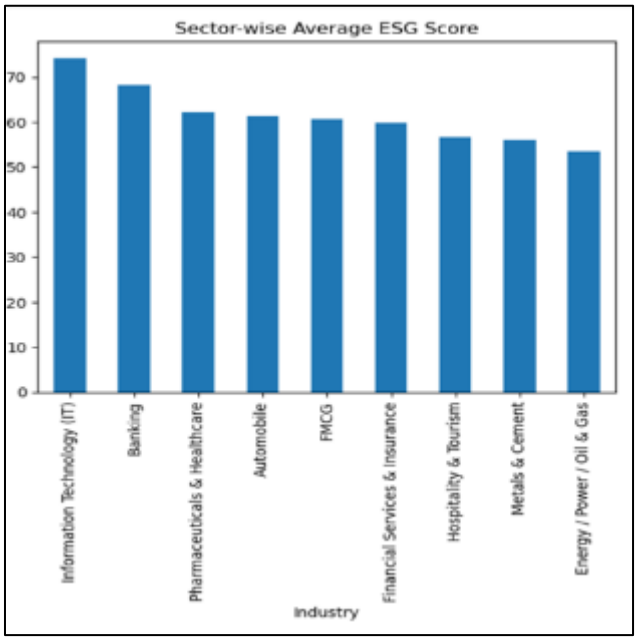


Figure 1 Sector-wise Average ESG Score

- There is a high average ESG score (approximately 74) in the Information Technology (IT) sector, meaning that the sector practices good ESG.
- The banking sector is second in terms of high ESG (apparently 68) which demonstrates good governance and compliance standards.
- The moderate performance of ESG (approximately 6062) is visible in Pharmaceuticals & Healthcare, Automobile and FMCG industries.
- The Financial Services & Insurance have a moderate ESG level as well.
- The relatively lower ESG score of 53.57 applies to Hospitality and Tourism, Metals Cement and Energy / Power / Oil and Gas sectors.
- The disparity among the top and the bottom sector is very vast, and there is definite sector-wise variation.

2.4.3 One-Way ANOVA Test of Differences in Sector-wise Scores of ESG Performance:

To statistically prove the presence of any differences in the observed ESG performance across the different sectors.

Table 4 One-Way ANOVA Test

	Value
F-statistic	26.77
P-value	0.000
Significance Level	0.05
Result	Significant

- The F-statistic of 26.77 is high and indicates that the variance in ESG scores between sectors is high in comparison with the variance in ESG scores in sectors.
- The level of significance is 0.05 and the p-value of 0.000 is less than this level.
- The null hypothesis is rejected: the difference in the ESG scores in these sectors is not significant.

- This substantiates the fact that sectoral differences in ESG performance are not a result of random chance, but rather a statistic. The industry-specific features have a significant impact on the ESG adoption of the Indian listed companies.

Hypothesis

- H_0: There is no significant relationship between ESG performance and stock prices.
- H_1: There is a significant relationship between ESG performance and stock prices.

2.4.4 Correlation Analysis

To measure the strength and direction of the relationship between ESG variables and Stock Price.

Table 5 Correlation Matrix

	ESG_Score	**E_Score**	**S_Score**	**G_Score**	**Stock_Price**
ESG_Score	1.000000	0.949375	0.723291	0.793175	-0.056392
E_Score	0.949375	1.000000	0.583749	0.656296	-0.097587
S_Score	0.723291	0.583749	1.000000	0.367812	0.088198
G_Score	0.793175	0.656296	0.367812	1.000000	-0.071847
Stock_Price	-0.056392	-0.097587	0.088198	-0.071847	1.000000

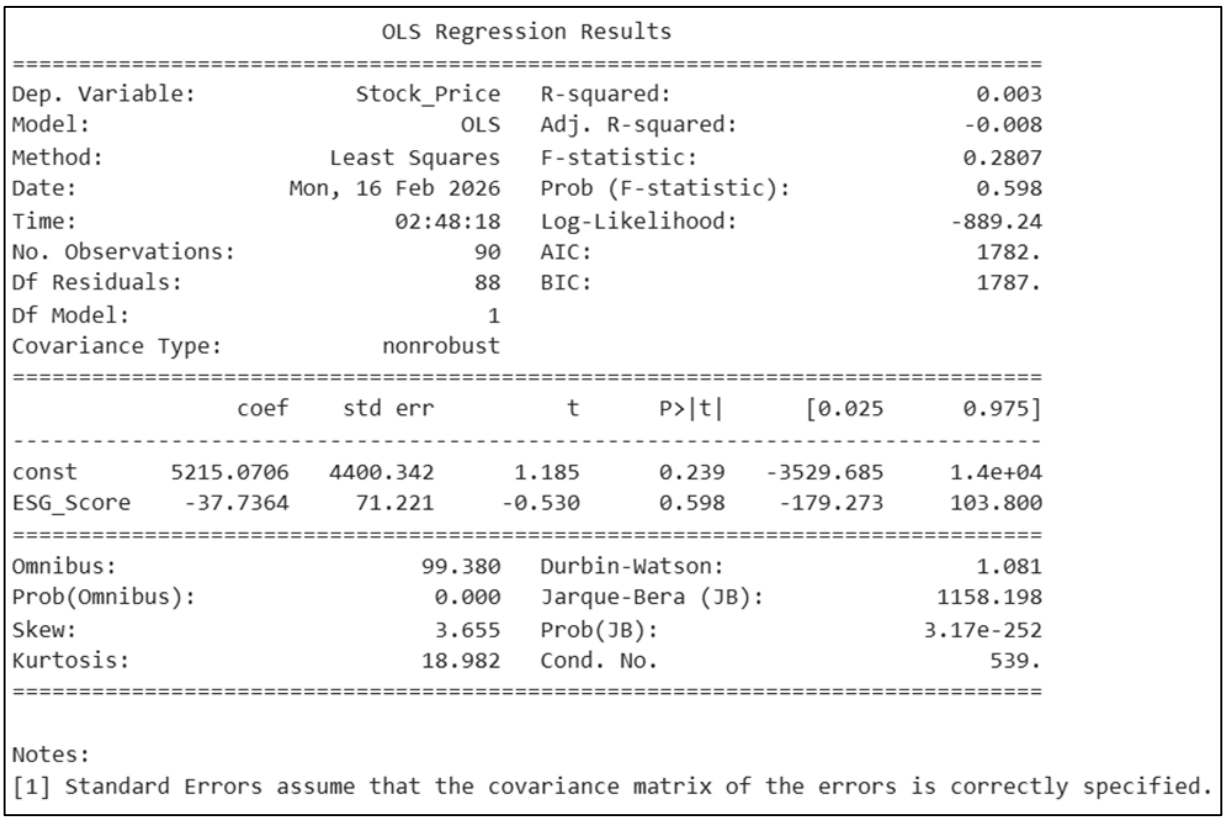
(a)Correlation Between ESG Score and Stock Price Correlation = -0.056 The overall ESG Score exhibits a very weak and negligible negative correlation of -0.056 with Stock Price, indicating no meaningful linear relationship.

(b)Correlation Between ESG Components and Stock Price- No individual ESG component demonstrates a significant linear association with Stock Price.

Table 6 Interpretation for Correlation matrix of ESG Components

Component	**Correlation**	**Direction**
Environmental (E)	-0.098	Very weak negative
Social (S)	+0.088	Very weak positive
Governance (G)	-0.072	Very weak negative

2.4.5 Simple Linear Regression Between ESG Score and Stock Price:- To statistically examine whether ESG Score significantly affects Stock Price.



OLS Regression Results

Dep. Variable:	Stock_Price	R-squared:	0.003
Model:	OLS	Adj. R-squared:	-0.008
Method:	Least Squares	F-statistic:	0.2807
Date:	Mon, 16 Feb 2026	Prob (F-statistic):	0.598
Time:	02:48:18	Log-Likelihood:	-889.24
No. Observations:	90	AIC:	1782.
Df Residuals:	88	BIC:	1787.
Df Model:	1		
Covariance Type:	nonrobust		

	coef	std err	t	P>|t|	[0.025	0.975]
const	5215.0706	4400.342	1.185	0.239	-3529.685	1.4e+04
ESG_Score	-37.7364	71.221	-0.530	0.598	-179.273	103.800

Omnibus:	99.380	Durbin-Watson:	1.081
Prob(Omnibus):	0.000	Jarque-Bera (JB):	1158.198
Skew:	3.655	Prob(JB):	3.17e-252
Kurtosis:	18.982	Cond. No.	539.

Notes:
[1] Standard Errors assume that the covariance matrix of the errors is correctly specified.

Figure 2 Simple Linear Regression Between ESG Score and Stock Price

To statistically examine whether ESG Score significantly affects Stock Price and to measure the strength, direction, and significance of the relationship.

The Dependent variable is Stock Price, and the independent variable is ESG Score. The method is OLS, and the number of observations is 90.

ESG Score explains the variation in Stock Price, because the R-squared of 0.003 shows that it can only explain a very weak variation of 0.3 per cent in the Stock Price. The value of Adjusted R-squared of -0.008 confirms that the model is weak compared to a simple mean model.

The F-value of 0.2807 and the p-value of 0.598, which is more than 0.05, affirm that the overall regression model is not statistically significant.

The coefficient of ESG Score of -37.74 shows that there is a weak negative correlation between Stock Price and ESG Score. The p-value of 0.598 establishes the fact that it does not have any statistically significant impact, and the 95% confidence interval (-179.273 to 103.800) includes the value of zero, which again proves the fact of insignificance.

The residual diagnostics suggest that there is a positive autocorrelation (Durbin-Watson=1.081), non-normality of the residuals (Omnibus & Jarque-Bra=0.000), and extreme outliers (Skewness=3.655, Kurtosis=18.982).

Overall, ESG Score is correlated with Stock Price very weakly, and the model does not have statistical significance, and the null hypothesis is accepted.

2.4.6 Multiple Linear Regression Between E, S, G Scores and Stock Price:-To examine the combined effect of Environmental (E), Social (S), and Governance (G) scores on Stock Price.

```
                            OLS Regression Results
==============================================================================
Dep. Variable:            Stock_Price   R-squared:                       0.042
Model:                            OLS   Adj. R-squared:                  0.008
Method:                 Least Squares   F-statistic:                     1.242
Date:                Mon, 16 Feb 2026   Prob (F-statistic):              0.300
Time:                        02:49:46   Log-Likelihood:                -887.47
No. Observations:                  90   AIC:                             1783.
Df Residuals:                      86   BIC:                             1793.
Df Model:                           3
Covariance Type:            nonrobust
==============================================================================
                 coef    std err          t      P>|t|      [0.025      0.975]
------------------------------------------------------------------------------
const       -446.7190   7628.612     -0.059      0.953   -1.56e+04    1.47e+04
E_Score      -88.1483     63.963     -1.378      0.172    -215.302      39.005
S_Score      142.3471     84.148      1.692      0.094     -24.933      309.627
G_Score       -6.6214    118.984     -0.056      0.956    -243.154      229.912
==============================================================================
Omnibus:                       95.684   Durbin-Watson:                   1.146
Prob(Omnibus):                  0.000   Jarque-Bera (JB):             1037.698
Skew:                           3.487   Prob(JB):                    4.64e-226
Kurtosis:                      18.103   Cond. No.                     1.63e+03
==============================================================================

Notes:
[1] Standard Errors assume that the covariance matrix of the errors is correctly specified.
[2] The condition number is large, 1.63e+03. This might indicate that there are
strong multicollinearity or other numerical problems.
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Figure 3 Multiple Linear Regression Between ESG Score and E_Score, S_Score, G_Score

Dependent Variable: Stock_price, Independent Variables: E_Score, S_Score, G_Score, Procedure: OLS, observations 90.

The low R-squared of 0.042 and Adjusted R-squared of 0.008 confirms the low level of explanatory power of the model, that is, the model can only explain 4.2% of the variation in Stock Price.

The p-value of 0.300 above the value of 0.05 and F-statistic of 1.242 above the value of 0.05 are indicators that the overall regression model is insignificant.

The individual components of ESG have no significant statistical values, and all the 95% confidence ranges include zero:

Variable	Coefficient	p-value	Significance
E_Score	-88.1483	0.172	Not Significant
S_Score	142.3471	0.094	Not Significant
G_Score	-6.6214	0.956	Not Significant

The residual diagnosis shows autocorrelation to be positive (Durbin-Watson=1.146), the residuals are not normally distributed (Omnibus Berra=0.000), and there are outliers that were extreme (Skewness=3.487, Kurtosis=18.103).

The high Condition Number of 1.63e +03 implies that there is a very high level of multicollinearity between E, S and G scores, and this could have compromised the reliability of individual estimates of the coefficients.

Overall , ESG factors are not significant in explaining Stock Price changes within this data set, the model lacks explanatory power and diagnostic problems, and the null hypothesis is approved.

2.4.7 Support Vector Regression (SVR):- To investigate the hypothesis of whether ESG factors (E, S, G) can be used to forecast Stock Price using a non-linear machine learning model as a robustness test of the linear regression models.

Table 7 Support Vector Regression

	Value
R^2 Score	-0.0946
MSE	1.6908

An 80-20 train -test split was applied on a Support Vector Regression with an RBF kernel used to explore the possibility of a non-linear relationship between ESG components and Stock Price.

The R^2 value of -0.0946 implying that the model does not provide an explanation of Stock Price variation, and therefore, characterizes a worse predictive power when compared to that of a simple mean model.

The coefficient of negative R^2 supports the fact that even non-linear machine learning does not allow finding a statistically significant predictive relationship between ESG components, and Stock Price.

Accordingly, the null hypothesis stating that there is no significant relationship between ESG performance and Stock Price is accepted.

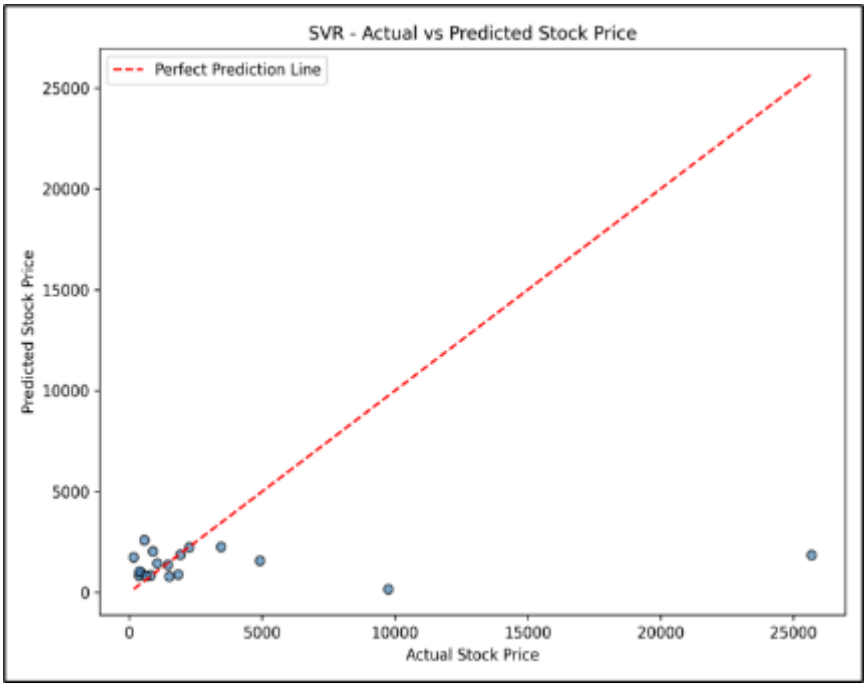

Figure 4 SVR: Actual vs Predicted Stock Price

The red dashed line represents the ideal reference of prediction, a fitted model would have all the data points lining along the line.

The large amount of deviation of the data points to the ideal prediction line gives the visual validation that the model has a poor predictive fit.

The fact that the extreme outliers in Stock Price values are very high is another indicator of the high variability that cannot be explained by ESG components.

On the whole, the actual vs predicted plot supports the quantitative results, and affirms that ESG elements do not significantly forecast Stock Price even in a non-linear modelling regime.

3 Findings

Moderate ESG Performance: The average mean ESG score of 61.38 out of 45 sampled firms represents an average overall ESG performance, with a large room of improvement especially on the environmental dimension.

High Variation between Firms: The standard deviation of ESG scores was 7.12, which is between 41 and 77, as a result of which the subject of ESG adoption is not a unified process.

Marked Sector-based disparities: The ESG performance emerged significantly different according to the sector. The largest average score was Information Technology (74.2) followed by Banking (68.2) and the lowest scores were registered by Energy/Power/Oil and Gas (53.5), Metals and Cement (56.0) and Hospitality and Tourism (56.7).

ANOVA Sectoral Variation is statistically significant: The One-Way ANOVA has resulted in a value of 26.77 and a p-value of 0.000 which rejects the null hypothesis and affirms that variations in ESG performance among sectors are statistically significant and not due to chance occurrences.

Weak Correlation between ESG and Stock Price: Pearson correlation value between ESG Score and Stock Price was -0.056 which reflects an almost negligible negative association. The components of ESG, including the Environmental (r = -0.098), Social (r = +0.088), and Governance (r = -0.072) were not found to have a significant linear correlation with Stock Price.

Simple Linear Regression Not Significant: The simple OLS regression produced the results of R-squared = 0.003 and the p-value = 0.598 indicating that ESG Score is not a significant predictor of Stock Price. The null hypothesis is accepted.

Multiplex Linear Regression is also Not Significant: The multiple regression having E, S and G scores as independent variables gave the R-squared 0.042 and F-statistic p-value of 0.300. The individual measures were not statistically significant with a p-value of 0.172, 0.094, and 0.956 of E, S, and G scores respectively.

SVR Rejects Predictive relationship: The Support Vector Regression model produced an R2 of -0.0946 which is not as good as a simple mean model. This confirms that even a non-linear machine learning approach does not predict any significant predictive relationship between ESG components and Stock Price which greatly supports the conclusion that H0 is accepted.

4 Conclusion

The study has examined the ESG performance of 45 Indian firms listed on the BSE in nine different sectors and its effect on stock price behaviour in 2023-24 and 2024-25 utilising CRISIL ESG Ratings and NSE data.

The general ESG performance was average (Mean score: 61.38), and the sectoral differences were significant as confirmed by the one-way ANOVA (F=26.77, p=0.000). IT and Banking industries performed highest on ESG and Energy, Metals and Cement and Hospitality industry performance was lowest, which confirms that ESG application is greatly industry -related.

The lack of statistically significant effect of the ESG performance on the stock prices in the short-term was confirmed by simple linear regression (R 2=0.003, p=0.598), multiple linear regression (R 2=0.042, p=0.300), and SVR (R 2= -0.0946). The null hypothesis is hence accepted.

ESG scores need to be regarded by the investors as long-term risk management systems instead of short-term predictors of returns. The companies with high impact should focus on improving ESG as a requirement to comply with the regulations and position themselves strategically and policymakers must keep reinforcing the BRSR framework. ESG-stock price relationship would have been enhanced as ESG investing gains maturity and regulatory standards change in India and as such this is a key research area in the longitudinal study in the future.

4.1 Suggestions

- Focus on ESG Increase in the Lagging Sectors: Energy, Metals and cement (53.5), Hospitality and Tourism (56.7) had the lowest ESG scores. Firms within such industries have to invest in sustainable operations, carbon control and accountable resource management in order to enhance their performance.
- Treat ESG as a Long-Term Investment: The performance of ESG did not have any significant effect on stock prices in the short-run, and, therefore, companies need to frame ESG gains as value creation instruments available in the long-run instead of anticipating short-term market returns.
- Embrace Open and Integrated ESG Reporting: Firms can go beyond simple compliance with BRSR, and associate the performance of ESG to the overall business strategy through comprehensive and prospective disclosures.
- 4.Implement Sector-Specific ESG Benchmarks: ESG performance is sector specific thus SEBI should have sector wise benchmark scores under the BRSR framework whereby the IT sector would have higher benchmark because of low environmental impact and Metals and Cement would have lower benchmark though realistic because of inherent environmental issues in its operations.
- Enforce more Sector-Specific Disclosure Standards: Since there is a great deal of sector-based ESG differences ($F=26.77$, $p=0.000$), SEBI should enforce more sector-specific disclosure norms using BRSR framework, especially to the high-impact sector such as Energy, Metals and Cement and Hospitality.
- Encourage ESG Awareness in Retail Investors: ESG scores are not reflected in short-term stock prices at the present time so regulators must invest in ESG awareness programmes to establish a new long-term sustainability aware investor base.
- Increase BRSR Coverage: BRSR requirement ought to be rolled out to mid-cap and small-cap companies in addition to the top 1,000 listed companies to increase the quality of ESG data available in the market.
- Build a BRSR Framework Constantly: The policymakers ought to constantly revise the BRSR framework to be in line with the global ESG standards, so that India is not left behind in terms of attracting long-term institutional capital in the global sense.

Compliance with ethical standards

Disclosure of conflict of interest

The Authors declare that there is no conflict of interest regarding the publication of this manuscript.

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