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An Overview of Sustainable Development Practices among Indian Companies in 2025–26

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Abstract*-- Sustainable development emphasizes fulfilling present needs without compromising the capacity of future generations to meet their own, requiring a balanced integration of environmental protection, social well-being, and economic growth. In India, corporate sustainability has entered a transformative phase during 2025–26 as businesses move beyond regulatory compliance to embed sustainability into core strategies, governance structures, innovation pathways, and operational practices. Driven by national climate commitments and the Sustainable Development Goals (SDGs), Environmental, Social, and Governance (ESG) principles are increasingly influencing corporate decision-making, investor confidence, and stakeholder engagement. Key policy instruments such as Business Responsibility and Sustainability Reporting (BRSR), ESG ratings, and green finance incentives are strengthening transparency, accountability, and sustainable capital allocation. Simultaneously, Indian corporations are advancing environmental sustainability through renewable energy adoption, circular economy initiatives, and decarbonization strategies aimed at reducing resource intensity and carbon emissions. This evolution reflects a paradigm shift in corporate responsibility, positioning sustainability as a driver of long-term resilience, competitiveness, and inclusive economic development in India.

***Keywords*-- sustainable development, corporate sustainability, Business Responsibility and Sustainability Reporting, ESG ratings, green finance incentives, sustainability innovation**

I. INTRODUCTION

Sustainable development (SD) emphasizes meeting present needs without compromising the ability of future generations to meet their own. It advocates a balanced approach to growth that harmonizes environmental protection, social well-being, and economic progress while addressing the complex challenges faced by modern societies. As India accelerates toward its climate commitments and Sustainable Development Goals, corporate sustainability has entered a transformative phase. In 2025–26, Indian companies are moving beyond regulatory compliance to embed sustainability into core business strategies, governance frameworks, innovation processes, and everyday operations.

Environmental stewardship, social equity, and transparent governance—collectively referred to as Environmental, Social, and Governance (ESG) principles—are increasingly reshaping corporate business models, influencing investment decisions, and redefining stakeholder expectations.

II. REGULATORY AND POLICY FRAMEWORK: THE FOUNDATION OF CORPORATE SUSTAINABILITY

1.1 Business Responsibility and Sustainability Reporting (BRSR)

India's **Business Responsibility and Sustainability Reporting (BRSR)** framework, mandated for top listed companies, has emerged as a cornerstone of corporate sustainability disclosure. The framework aligns closely with global Environmental, Social, and Governance (ESG) standards by requiring companies to report quantitative data on key parameters such as climate metrics (including Scope 1 and Scope 2 greenhouse gas emissions), water consumption, energy efficiency, workforce diversity, social impact initiatives, and supply-chain sustainability practices.

Unlike earlier narrative-based Corporate Social Responsibility (CSR) disclosures, BRSR emphasizes data-driven and outcome-oriented reporting. This shift enhances transparency, improves comparability across companies and sectors, and strengthens alignment with investor expectations, thereby enabling more informed decision-making by stakeholders.

1.2 ESG Ratings and Green Finance Incentives

In 2025–26, ESG ratings have assumed a central role in shaping corporate sustainability strategies in India. These ratings assess companies on environmental performance, social responsibility, and governance standards, providing investors with structured insights into non-financial risks and long-term value creation. With growing participation of global institutional investors in Indian markets, ESG ratings are increasingly influencing investment decisions, cost of capital, and corporate credibility.

To enhance the reliability and consistency of ESG assessments, Indian regulators have strengthened oversight of ESG rating providers.

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The Securities and Exchange Board of India (SEBI) has introduced guidelines to improve transparency in rating methodologies, disclosure of assumptions, and management of conflicts of interest. This regulatory intervention aims to reduce inconsistencies among ratings, curb greenwashing, and ensure that ESG scores accurately reflect corporate sustainability performance. As a result, companies are improving internal governance mechanisms, data quality, and ESG disclosures, particularly under the Business Responsibility and Sustainability Reporting (BRSR) framework.

Alongside ESG ratings, **green finance incentives** have gained significant momentum in India during 2025–26. Financial instruments such as **sovereign green bonds, corporate green bonds, sustainability-linked loans, and ESG-linked credit facilities** are being increasingly used to mobilize capital for sustainable development. These instruments provide funding for projects related to renewable energy, clean transportation, energy efficiency, water conservation, waste management, and climate-resilient infrastructure.

Strong ESG performance now offers Indian companies' tangible financial advantages, including preferential lending terms, access to global green capital, and enhanced investor confidence. Consequently, ESG ratings and green finance incentives together are driving the integration of sustainability into corporate strategy, transforming ESG from a compliance requirement into a key determinant of competitiveness and long-term resilience in the Indian business landscape.

1.3 National Priorities: Net-Zero by 2070 & Green Hydrogen Mission

India's commitment to achieving **net-zero carbon emissions by 2070** has become a central pillar of its national sustainability strategy and a key driver of corporate action in 2025–26. This long-term target, announced at global climate forums, is supported by interim goals that include expanding renewable energy capacity, improving energy efficiency, reducing the carbon intensity of GDP, and accelerating the adoption of electric mobility. These national priorities provide strategic direction to Indian companies, encouraging them to align business operations with climate mitigation and adaptation objectives.

To support the transition toward a low-carbon economy, the Government of India has introduced a series of policy initiatives and incentives that directly influence corporate sustainability practices.

Among these, the **National Green Hydrogen Mission** stands out as a transformative programme aimed at positioning India as a global hub for the production, use, and export of green hydrogen. Launched to decarbonize hard-to-abate sectors such as steel, cement, fertilisers, and refining, the mission promotes the use of renewable energy–based hydrogen as a clean alternative to fossil fuels.

In 2025–26, Indian companies across energy, infrastructure, manufacturing, and mobility sectors are increasingly participating in green hydrogen projects through public–private partnerships, pilot plants, and technology collaborations. These initiatives are supported by government incentives, viability gap funding, and policy support for electrolyze manufacturing and renewable power integration. As a result, green hydrogen is emerging as a critical component of corporate decarbonization strategies and long-term energy security planning.

Together, the net-zero 2070 commitment and the Green Hydrogen Mission are shaping India's sustainability trajectory by aligning national policy with corporate innovation. They encourage businesses to invest in clean technologies, rethink energy-intensive processes, and contribute actively to India's transition toward a resilient, low-carbon, and sustainable economy

2. Environmental Sustainability: Green Energy, Circularity, and Decarbonization

2.1 Renewable Energy Adoption and Clean Power Investment

Indian corporates are increasingly investing in renewable energy to reduce dependency on fossil fuels and cut emissions:

- *Vikram Solar Limited,* which went public in August 2025, reflects the rise of Indian renewable energy manufacturing and project development, contributing to solar capacity growth domestically and internationally.
- *AMPIN Energy Transition* continues to develop utility-scale wind and solar portfolios, highlighting corporate commitment to clean power deployment.
- *Maruti Suzuki India Limited* announced a **₹ 925 crore** investment to expand its solar power capacity to 319 MWp by FY 2031, illustrating how manufacturing sectors are embracing renewable energy targets.

These investments not only reduce greenhouse gas emissions but also hedge against energy price volatility — a key risk in long-term corporate planning.

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2.2 Green Hydrogen, Partnerships, and Energy Transition

A notable example of collaboration toward energy transition is the joint venture between **Bharat Petroleum Corporation Limited (BPCL)** and Singapore's **Sembcorp** to develop green hydrogen, renewable energy, and green ammonia projects across India.

This partnership aligns with national climate goals and illustrates how traditional fossil fuel players are pivoting toward cleaner energy sources.

2.*3 Circular Economy and Waste Reduction Initiatives*

Indian companies are innovating around resource use and sustainability of materials:

- *Karnataka Milk Federation (KMF)* is launching biodegradable packaging for its Nandini milk products, replacing conventional plastic with plant-based materials that degrade in 90 days — a substantial improvement over 500-year polythene persistence.
- Startups and corporate partners in waste management are digitizing waste supply chains and improving formal recycling of plastics and e-waste.

These practices support policy drivers like Extended Producer Responsibility (EPR) and expand corporate roles in reducing the life-cycle environmental footprint of products.

III. Social Sustainability: Community Impacts, Inclusion, and CSR

3.1 CSR as a Pillar of Social Impact

Social sustainability forms a vital pillar of corporate sustainability in India, emphasizing the well-being, inclusion, and empowerment of communities alongside economic growth. In 2025–26, Indian companies increasingly recognize that long-term business success is closely linked to social equity, workforce development, and community resilience. As a result, social considerations are being integrated into corporate strategies, supply chains, and stakeholder engagement processes.

Corporate Social Responsibility (CSR), mandated under the Companies Act, 2013, continues to play a significant role in advancing social sustainability. Indian companies allocate CSR resources toward key development areas such as education, healthcare, sanitation, skill development, gender equality, and rural infrastructure.

Unlike earlier approaches that focused on short-term philanthropy, contemporary CSR initiatives are designed as long-term, outcome-oriented programmes aligned with national development priorities and the United Nations Sustainable Development Goals (SDGs).

Inclusion and diversity have also emerged as critical dimensions of social sustainability. Companies are strengthening policies related to gender diversity, employee well-being, workplace safety, and equal opportunity, while expanding initiatives that support persons with disabilities and marginalized groups. Technology-enabled learning platforms, digital literacy programmes, and vocational training initiatives are helping bridge socio-economic divides and enhance employability, particularly among youth and women in underserved communities.

Community engagement has further evolved through partnerships with non-governmental organizations, local governments, and social enterprises. These collaborations enable companies to scale impact, ensure local relevance, and enhance accountability. By integrating CSR with broader social sustainability goals, Indian companies in 2025–26 are contributing to inclusive growth, strengthening social trust, and reinforcing the role of business as a catalyst for positive societal transformation

India's CSR mandate under the Companies Act continues to shape corporate contributions to education, health, livelihoods, and community welfare. Comparing leading performers:

- *Reliance Industries Limited* remains a top CSR performer, spending over ₹ 1,300 crore in FY 2024–25 on initiatives ranging from healthcare infrastructure to education and rural development.
- *Adani Group* focuses on healthcare, sanitation, skill development, and women's empowerment through the Adani Foundation, impacting millions across regions.
- *HCL Technologies* implements CSR programmes through HCL Samuday and Uday focusing on water stewardship, health, and education.

Such structured CSR reflects a move away from fragmented projects toward *long-term development goals* that dovetail with national and local needs.

3.2 Education, Digital Literacy, and Inclusive Growth

Technology companies like *Tata Consultancy Services (TCS)* deploy digital literacy and employability programmes that bridge urban-rural divides.

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Their initiatives enable adults with functional literacy and help youth transition from education to employment.

These social efforts extend sustainability beyond environment to *equity and opportunity* — making communities partners in corporate growth.

IV. Corporate Sustainability Reporting And Governance

4.1 BRSR-Driven Transparency

The adoption of BRSR has prompted companies to integrate ESG into core reporting, moving beyond CSR disclosures to a **dual bottom-line** approach that values environmental and social impacts alongside financial performance.

Examples include comprehensive disclosures of emissions, energy use, water withdrawal, Scope 1–2 targets, and diversity metrics — vital for investors and stakeholders.

4.2 Governance Structures & ESG Integration

Companies are strengthening governance by establishing dedicated ESG committees, linking executive compensation to sustainability outcomes, and embedding risk oversight within board processes. These steps advance accountability and strategic alignment.

V. Sector-Specific Sustainability Innovation

5.1 Heavy Industry and Mining

Lloyds Metals and Energy Ltd (LMEL) is transforming its Surjagarh iron ore mine into India's first "green mine," reducing annual CO-emissions and integrating renewable energy operations, electric logistics, and large-scale afforestation.

This illustrates sustainability in traditionally resource-intensive sectors, integrating decarbonization with operational innovation.

5.2 Steel and Manufacturing

Sunflag Iron & Steel Company Limited's FY 2025 BRSR highlights efforts in energy reduction, water efficiency, emissions targets, and waste management — representing how heavy manufacturing embraces responsible operations.

5.3 Mobility and Logistics

GreenLine Mobility Solutions invested US $275 million to decarbonize heavy trucking through LNG and electric technologies, demonstrating how logistics sectors contribute to India's climate goals by expanding cleaner fleets and fueling infrastructure.

VI. Innovation, Technology & Circular Systems

6.1 Digital Tools for ESG Measurement

Companies are embracing technology — from IoT sensors and AI analytics to blockchain traceability — to monitor energy use, resource flows, and supply-chain sustainability. Growing digital solutions help track goals in real-time and enable data-driven decision-making.

Companies also collaborate with startups and tech vendors to implement sustainability management platforms, enhancing accountability and transparency across operations.

VII. Challenges And Path Ahead

7.1 Data Standardization and Comparability

While BRSR fosters reporting consistency, comparability across companies and sectors remains complex — especially for Scope 3 emissions and extended supply chain metrics.

7.2 SME Participation and Value Chain Engagement

Small and medium enterprises often lag due to resource constraints. Integrating suppliers into sustainability goals and upskilling partners remains difficult but crucial for systemic progress.

7.3 Balancing Growth and Responsibility

For many firms, achieving rapid market growth while allocating investments toward sustainability requires innovation in financing (e.g., impact investing, blended finance) and executive leadership commitment.

VIII. Conclusion: Sustainability As Strategic Imperative

In 2025–26, Indian companies increasingly regard sustainability as a strategic driver of long-term value rather than a mere compliance obligation. Initiatives ranging from renewable energy adoption and green hydrogen partnerships to biodegradable packaging solutions and digital literacy programmes demonstrate the deepening integration of sustainability across diverse industries.

Amid evolving ESG regulations, heightened investor scrutiny, and changing societal expectations, Indian corporates are progressively aligning purpose with performance. This alignment is fostering inclusive growth, strengthening organizational resilience, and advancing environmentally responsible business practices, thereby positioning corporate India as a key contributor to the nation's sustainable development agenda.

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