

**GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS**

**RAJYA SABHA  
UNSTARRED QUESTION NO. 1650  
ANSWERED ON TUESDAY, DECEMBER 10, 2024**

**INTEGRATION OF ESG PRINCIPLES**

**QUESTION**

**1650 SHRI KARTIKEYA SHARMA:**

Will the Minister of CORPORATE AFFAIRS be pleased to state:-

- (a) the specific measures taken up by the Ministry to facilitate the integration of Environmental, Social, and Governance (ESG) principles into the corporate reporting and disclosure requirements for Indian companies;
- (b) whether the Ministry has conducted any study on the financial and operational impacts of ESG integration on the performance of Indian corporates, including access to capital, investor confidence and risk mitigation, if so, the details thereof; and
- (c) whether the Ministry has adopted any mechanism to address greenwashing and other forms of ESG-related malpractices, if so, the details thereof?

**ANSWER**

**MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS AND MINISTER  
OF STATE IN THE MINISTRY OF ROAD TRANSPORT AND HIGHWAYS.**

**[SHRI HARSH MALHOTRA]**

(a): Section 134(3) of the Companies Act, 2013 stipulates that the Board Report of a company must encompass various aspects, including the conservation of energy, technology absorption, and foreign exchange activities. This inclusion underscores the significance of considerations, particularly in environmental and technological domains. Compliance with this requirement is obligatory for Indian companies, regardless of their scale or financial performance. Clause (f) of Section 134(5) of the Companies Act, 2013 mandates Directors to devise effective systems ensuring compliance with all applicable laws and regulations.

Ministry of Corporate Affairs took the initiative to guide the corporates towards responsible business conduct and a sustainable future by issuing Corporate Social Responsibility Voluntary Guidelines in December 2009. These guidelines were later revised and issued as National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) in July 2011, which were again revised later in 2019 and issued as National Guidelines on Responsible Business Conduct (NGRBC). However, Companies Act does not refer to ESG.

(b): Ministry has not undertaken a study on the financial and operational impacts of ESG.

(c) : The Ministry of Corporate Affairs takes necessary action under section 134 & 135 (Corporate Social Responsibility) of the Companies Act, 2013 along with other applicable provisions of the Act & Rules made thereunder against those companies and their officers in default which do not comply with above provisions.

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