ISSN (Online): 2455-3662
EPRA International Journal of Multidisciplinary Research (IJMR) - Peer Reviewed Journal
Volume: 12| Issue: 9| September 2026|| Journal DOI: 10.36713/epra2013 || SJIF Impact Factor 2026: 8.753 || ISI Value: 1.188

IMPACT OF ESG INVESTING ON STOCK MARKET PERFORMANCE: A COMPARATIVE STUDY OF SELECTED INDIAN COMPANIES

Dr. Sujaya Kumar S[1], Mr. Kotresh O[2], Mr. Hanumantha[3]
[1]*Faculty, Department of Commerce, Vijayanagar College, Hosapete*
[2]*Faculty, Department of Commerce, Vijayanagar College, Hosapete*
[3]*M.Com Student, Vijayanagar College, Hosapete*

Article DOI: https://doi.org/10.36713/epra31456
DOI No: 10.36713/epra31456

ABSTRACT

This study evaluates the relationship between Environmental, Social, and Governance (ESG) performance and stock market performance among selected Indian companies across diverse sectors. Covered a ten-year period from FY 2016–17 to FY 2025–26, the research employed an analytical and quantitative design using secondary data collected from the National Stock Exchange (NSE), Bombay Stock Exchange (BSE), Business Responsibility and Sustainability Reports (BRSR), and corporate disclosures. A sample of ten companies, encompassing high, moderate, and low ESG performers, was selected using a purposive sampling technique. The evaluation utilizes descriptive statistics alongside Pearson correlation and linear regression analysis to test the impact of ESG scores on average ten-year stock returns. The findings indicate a wide dispersion in ESG integration, with scores ranging from 35 to 80. Correlation analysis revealed a strong, statistically significant positive relationship ($r = 0.8072, p < 0.05$) between ESG performance and market returns. Furthermore, the linear regression model ($R^2 = 0.6516, F = 14.9621, p < 0.05$) indicates that ESG scores account for approximately 65.16% of the variance in long-term stock returns ($Y = -16.1034 + 0.5262X$). Diagnostic testing confirmed the normality of residuals (Shapiro–Wilk test, $p = 0.5888$), supporting model robustness. The results demonstrated that strong ESG commitments serve as a strategic advantage, enhancing investor confidence and market valuation. The study suggested that Indian corporations should embed ESG criteria into core business strategies, while regulatory bodies should continue standardizing sustainability disclosures.

KEYWORDS*: ESG Investing, Stock Market Performance, Corporate Governance, Business Responsibility and Sustainability Report (BRSR), Stock Returns, and Indian Capital Markets.*

1. INTRODUCTION

The relationship between economic growth and environmental sustainability has been a subject of extensive academic discussion for several decades. One of the most widely recognized concepts in this area is the Environmental Kuznets Curve (EKC), which suggests that in the early stages of economic development, environmental degradation increases with economic growth. However, after reaching a certain level of income, this trend begins to reverse, leading to improvements in environmental quality even as the economy continues to expand. This hypothesis provides an important theoretical foundation for understanding the interaction between development and environmental impact.

India, as one of the fastest-growing economies in Asia, has experienced significant economic expansion over the past decade. According to projections by the Asian Development Bank, India has consistently maintained strong GDP growth rates, reflecting rapid industrialization and increasing economic activity. While this growth has contributed to improved living standards and economic opportunities, it has also resulted in increased environmental pressure. It can therefore be argued that India is still progressing toward the stage where environmental degradation stabilizes and begins to decline.

In recent years, global events such as the financial crisis, rising concerns over climate change, and increasing social awareness have highlighted the importance of sustainable development. These developments have led to a growing consensus on the need for balancing economic growth with environmental protection, social responsibility, and ethical governance. As a result, the concept of sustainability has gained prominence across both policy and business environments.The regulatory framework in India has also evolved to support sustainable and responsible business practices. A significant step in this direction was the introduction of provisions under the Companies Act, 2013, which mandates certain companies to allocate at least 2 percent of their average net profits towards Corporate Social Responsibility (CSR) activities. This legal requirement reflects the increasing emphasis on integrating social and environmental considerations into corporate decision-making.Parallel to these regulatory changes, investor preferences have also undergone a transformation. There has been a growing interest in investment strategies that consider Environmental, Social, and Governance (ESG) factors. ESG-based investing focuses on evaluating companies not only on their financial performance but also on their non-financial practices, including environmental responsibility, social impact, and governance standards. Organizations such as the United Nations Environment Programme Finance Initiative have played a crucial role in promoting ESG as a framework for sustainable investment.

Traditionally, business organizations have focused primarily on profit maximization. However, in recent years, this approach has gradually shifted toward achieving sustainable growth by balancing financial performance with ESG considerations. ESG data encompasses information related to environmental impact, social responsibility, and governance practices, and is increasingly viewed as essential for long-term investment decision-making. Moreover, ESG factors also serve as indicators of potential risks faced by organizations. Companies use ESG disclosures to communicate their sustainability efforts and risk management strategies to stakeholders. High ESG performance can help organizations mitigate operational risks arising from environmental issues, regulatory changes, and social expectations. Consequently, ESG has become an important determinant of corporate resilience and competitiveness in the capital market.

Despite its growing importance, the relationship between ESG performance and financial performance remains a subject of ongoing debate. While some studies suggest that strong ESG practices enhance firm value, others argue that the benefits may not be immediately reflected in
Financial results. Investments in ESG activities may increase costs in the short term, and there is no guarantee of immediate returns in terms of revenue or profitability. However, such strategic decisions are often aimed at improving long-term organizational value and sustainability.In this context, understanding the relationship between ESG performance and corporate value becomes highly relevant. ESG is increasingly recognized as a critical intangible asset that contributes to a company's long-term competitive advantage, even though it may not be explicitly reflected in financial statements. This study aims to examine the significance of ESG factors in enhancing corporate performance and value, particularly within the changing economic and regulatory environment during the period 2016 to 2026. Thus, the growing importance of sustainability, evolving investor expectations, and regulatory developments underscore the need for a comprehensive analysis of ESG practices and their impact on business performance.

2. REVIEW OF LITERATURE

The literature review provides an overview of previous studies related to ESG investing and its impact on stock market performance. It helps in understanding the existing research, methodologies used, and key findings in this field. Various researchers have analyzed how Environmental, Social, and Governance factors influence financial returns, risk management, and investment decisions. The following studies highlight important contributions in this area.

- **Desai (2024),** examined the impact of ESG disclosure on the value of Indian companies. The study compared firms with strong ESG disclosures and firms with lower ESG transparency across different sectors. The research aimed to identify whether ESG reporting influences company valuation and investor perception. The findings revealed that companies with better ESG disclosure practices generally achieved higher market value and stronger investor confidence. Investors considered ESG transparency as a sign of sustainability, ethical management, and long-term stability. The study concluded that effective ESG reporting provides a competitive advantage and helps companies attract socially responsible investors.
- **Maji and Lohia (2023),** analyzed the relationship between ESG performance and financial performance in the Indian corporate sector. The study focused on examining whether companies with strong ESG practices perform better financially. Data from various industries were evaluated to measure profitability and market performance. The findings

showed a positive relationship between ESG performance and company profitability. Firms with strong ESG integration demonstrated operational efficiency, better market valuation, and improved sustainability performance. The study concluded that ESG practices enhance both financial competitiveness and long-term corporate growth.

- **Wasiuzzaman et al. (2022),** investigated the relationship between ESG disclosure and company performance across different cultural environments, including India. The study aimed to understand how ESG disclosures influence corporate success and stakeholder perception. The research found that ESG disclosure positively affects company performance, but cultural factors influence the level of impact. In the Indian context, organizational hierarchy and governance structures affect the effectiveness of ESG communication. The study emphasized the importance of transparent ESG reporting to overcome cultural and governance-related barriers. It concluded that companies must align ESG disclosures with stakeholder expectations and regulatory frameworks.
- **Ahmad et al. (2021),** examined the impact of ESG factors on the financial performance of UK FTSE 350 companies using dynamic and static panel data analysis. The study aimed to understand the long-term financial implications of ESG practices. The findings revealed a positive association between ESG performance and financial success, although the degree of impact differed across industries and firm sizes. Companies that consistently focused on ESG activities improved their reputation and attracted long-term investors. The research highlighted that continuous ESG initiatives generate sustainable financial benefits. The study concluded that long-term ESG commitment contributes significantly to corporate profitability and market value.
- **Egorova et al. (2021),** analyzed the impact of ESG factors on the performance of information technology companies. The study focused on understanding how ESG disclosure influences financial and operational outcomes in the IT sector. The findings showed that governance practices such as board transparency and accountability significantly improved business performance and reduced corporate risk. Environmental and governance factors were found to positively affect financial stability and investor confidence. The research highlighted the growing importance of sustainability even in technology-based industries. The study concluded that IT companies prioritizing ESG practices are more likely to achieve long-term growth and market trust.
- **Bhagat and Bolton (2019),** examined the relationship between corporate governance and company performance. The study emphasized the role of governance mechanisms such as independent boards, transparency, and CEO accountability in improving business success. Using long-term company data, the researchers found that firms with strong governance structures performed better in terms of profitability and market value. Effective governance reduced management risks and increased investor confidence. The research concluded that corporate governance remains a critical factor influencing sustainable company performance.
- **Boze et al. (2019),** explored the importance of ESG practices beyond regulatory compliance and presented ESG as a strategic business tool. The study examined how ESG integration contributes to innovation, risk management, and stakeholder relationships. The findings showed that companies adopting comprehensive ESG strategies outperformed competitors financially over the long term. ESG practices helped firms reduce risks associated with environmental regulations, social issues, and governance failures. The research also highlighted the growing influence of ESG-conscious investors on corporate strategies. The study concluded that ESG adoption is essential for achieving sustainable growth and competitive advantage.
- **Bansal and Sharma (2016),** studied the relationship between audit committees, corporate governance, and financial performance in Indian companies. The research focused on how governance mechanisms improve transparency and accountability within organizations. The findings revealed that companies with effective audit committees and governance structures demonstrated stronger financial performance and better internal controls. The study emphasized that strong governance systems reduce financial mismanagement and increase investor trust. The study concluded that governance improvement positively influences financial success and shareholder confidence.
- **Bala (2022),** investigated the relationship between ESG policies and the financial performance of Indian companies. The study aimed to determine whether firms with higher ESG engagement achieve better financial results compared to firms with lower ESG participation. The findings showed that companies prioritizing environmental and social factors experienced higher profitability and market valuation. The study highlighted ESG as a strategic advantage rather than a compliance burden. It concluded that ESG-focused companies gain higher investor confidence and improved long-term competitiveness.
- **Patel and Aditya (2024),** examined the relationship between ESG practices and financial performance in the Indian metal industry. The study focused on environmental sustainability, governance structures, and social responsibility within metal companies. The findings revealed that firms with strong ESG performance achieved higher profitability, lower risk, and improved market position.The research concluded that implementing comprehensive ESG strategies is essential for sustainable growth and competitive advantage in the metal sector.

3. RESEARCH GAP

Most of the existing studies focus on developed countries, while limited research has examined the impact of ESG investing on stock market performance in the Indian context. Previous studies mainly analyze overall financial performance, but very few studies compare strong ESG-performing companies with comparatively low ESG-performing companies. Limited research is available on sector-wise ESG impact across industries such as IT, banking, Energy and infrastructure in India. There is few studies covering the recent period (2016–2025) to understand the evolving impact of ESG investing on Indian stock market.

4. STATEMENT OF THE PROBLEM

The growing importance of Environmental, Social, and Governance (ESG) investing has transformed the way investors evaluate companies in the modern financial market. In India, increasing awareness about sustainability, ethical business practices, and regulatory requirements has led to a gradual shift from traditional investment approaches to ESG-based investing. However, despite this growing trend, there is still a lack of clarity regarding how ESG factors actually influence stock market performance. Investors often face uncertainty in understanding whether ESG-compliant companies generate better returns, lower risks, and long-term stability compared to non-ESG companies.

Furthermore, the Indian stock market lacks sufficient empirical evidence and structured analysis on the relationship between ESG scores and financial performance over a consistent period. Limited comparative studies, lack of standardized ESG data, and varying disclosure practices create challenges in evaluating the true impact of ESG investing. This creates a need for a detailed study to analyze and measure the effect of ESG factors on stock returns and overall market performance, thereby helping investors, companies, and policymakers make informed and sustainable financial decisions.

5. SIGNIFICANCE OF THE STUDY

This study helps investors understand the importance of ESG factors in evaluating stock market performance. It provides insights into the relationship between ESG performance and investment outcomes of selected Indian companies. This study Contributes to the growing body of knowledge on sustainable investing in the Indian context.

6. SCOPE OF THE STUDY

This study covered the ESG performance and stock market performance of ten selected Indian companies from different sectors. This research focused on the analysis of ESG scores and average stock returns during the study period from 2016–17 to 2025–26. This study examines the relationship between ESG performance and stock market performance using correlation and regression analysis.

7. OBJECTIVES OF THE STUDY

- ❖ To Examine the ESG performance of selected Indian companies using ESG scores.
- ❖ To evaluate the stock market performance of selected Indian companies based on average stock returns.
- ❖ To analyze the relationship between ESG performance and stock market performance of the selected companies.

8. RESEARCH METHODOLOGY

The research is analytical and descriptive in nature. Analytical research involves the use of existing data and information to critically evaluate the relationship between ESG investing and stock market performance in India. The present study attempts to analyze the impact of ESG practices on the stock performance of selected companies. The study is quantitative in nature, where numerical data related to ESG performance and stock returns is collected and analyzed using appropriate statistical techniques. Hence, the study is based on quantitative analysis under the sample method.

8.1 TYPE AND SOURCES OF DATA

The study is mainly based on secondary data collected from various reliable sources related to ESG investing and stock market performance in India. The major sources include publications and reports of SEBI, Business Responsibility and Sustainability Reports (BRSR), annual reports of listed companies, and ESG disclosure reports. Data is also collected from NSE and BSE, including Nifty ESG Index reports and stock market performance reports. In addition, Government publications such as the *Economic Survey of India* and reports of the *Ministry of Corporate Affairs* are used. Other sources include research papers, academic journals, business newspapers, and financial magazines related to ESG investing and stock market performance.

8.2 POPULATION OF THE STUDY

The population of the study comprises companies listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) that are associated with ESG (Environmental, Social, and Governance) practices. From this population, 10 companies representing different sectors were selected for analysis using the Judgmental (Purposive) Sampling Technique. The sample includes companies with high, moderate, and low ESG scores to facilitate a meaningful comparison of ESG performance and stock market returns. This selection enables a comprehensive analysis of the impact of ESG investing on the stock market performance of selected Indian companies.

8.3 SAMPLE SIZE AND SAMPLING TECHNIQUE.

The sample for the study consists of 10 selected Indian companies representing different sectors. The companies were selected using the Purposive Sampling Technique based on ESG performance, market relevance, and availability of reliable data. The sample includes companies with high, moderate, and low ESG scores to facilitate a meaningful comparative analysis of the impact of ESG investing on stock market performance.

Table-1: List of Indian Companies

Sl . No	Strong ESG performing Companies	Sl . No	Moderate &Low ESG performing Companies
01	L&T technology service Ltd.	06	Bharat Petroleum Corporation Ltd.
02	JSW Power Ltd.	07	Coal India Ltd.
03	Bajaj Finance Ltd.	08	Steel Authority of India Ltd.
04	BhartiAirtel Ltd.	09	ONGC Ltd.
05	State Bank of India	10	PNC Infratech Ltd.

8.4 PERIOD OF THE STUDY

The study covers a period of ten years from 2016–17 to 2025–26**.** This period is selected to analyze the recent trends and developments in ESG investing and its impact on stock market performance in India. The period also reflects the growing importance of sustainability reporting, ESG regulations, and responsible investment practices in the Indian financial market.

8.5 HYPOTHESIS OF THE STUDY

1. **Null Hypothesis (H_0):** ESG investing has no significant impact on stock market performance in India.
2. **Alternative Hypothesis (H_1):** ESG investing has a significant impact on stock market performance in India.

8.6 STATISTICAL TOOLS FOR THE STUDY

The study uses various statistical tools and techniques to analyze the relationship between ESG investing and stock market performance in India. The tools are used for systematic presentation, comparison, and interpretation of data. The following statistical tools are used in the study:

1. **Percentage Analysis:** Used to analyze growth trends, stock returns, and ESG performance of selected companies.
2. **Tabular Analysis:** Data is presented in the form of tables for easy comparison and understanding.
3. **Comparative Analysis:** Used to compare strong ESG-performing companies with comparatively low ESG-performing companies.
4. **Graphical Representation:** Bar charts, line graphs, and pie charts are used to present data visually and effectively.
5. **Correlation Analysis:** Used to examine the relationship between ESG performance and stock market returns.
6. **Trend Analysis:** Used to identify changes and growth patterns in ESG investments and stock performance during the study period.
7. **Regression Analysis** used to evaluate the impact of ESG on stock market performance.

These statistical tools help in analyzing the impact of ESG investing on stock market performance in a clear and systematic manner.

8.7 VARIABLES OF THE STUDY

The study includes the following variables:

i. Independent Variable: ESG (Environmental, Social, and Governance) Investing.

ii. Dependent Variable: Stock Market Performance.

ESG investing influences stock market performance in terms of stock returns, market value, investor confidence, profitability, and long-term financial stability of companies.

9. ESG SCORES AND AVERAGE STOCK RETURNS OF SELECTED COMPANIES

Sl. No.	Companies Name	ESG Score	10 Years Avg. Stock Return (%)
01	L&T technology service Ltd.	80	18.91
02	JSW Power Ltd.	70	24.22
03	Bajaj Finance Ltd.	69	27.70
04	Bharti Airtel Ltd.	68	18.88
05	State Bank of India	57	17.50
06	Bharat Petroleum Corporation Ltd.	56	14.11
07	Coal India Ltd.	53	4.33
08	Steel Authority of India Ltd.	51	13.39
09	ONGC Ltd.	49	7.08
10	PNC Infratech Ltd.	35	4.26

(Source: NSE historical stock price data)

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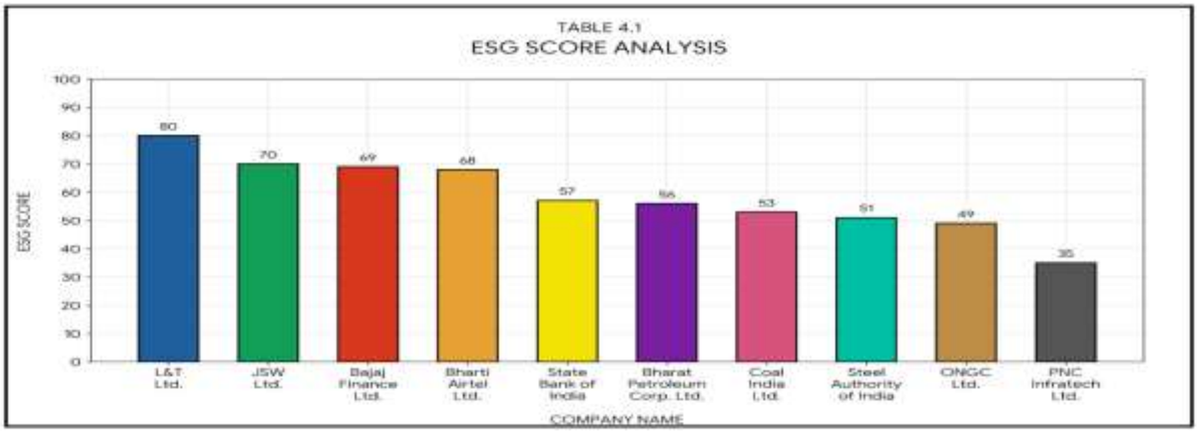

Figure 9.1 ESG Score Analysis

The bar chart presents the ESG scores of the selected companies included in the study. L&T Ltd. recorded the highest ESG score of 80, indicating a strong commitment towards environmental, social, and governance practices, whereas PNC Infratech Ltd. reported the lowest ESG score of 35. Companies such as JSW Ltd., Bajaj Finance Ltd., and Bharti Airtel Ltd. also achieved relatively high ESG scores, reflecting greater adoption of sustainable business practices.

9.1 STOCK RETURN ANALYSIS

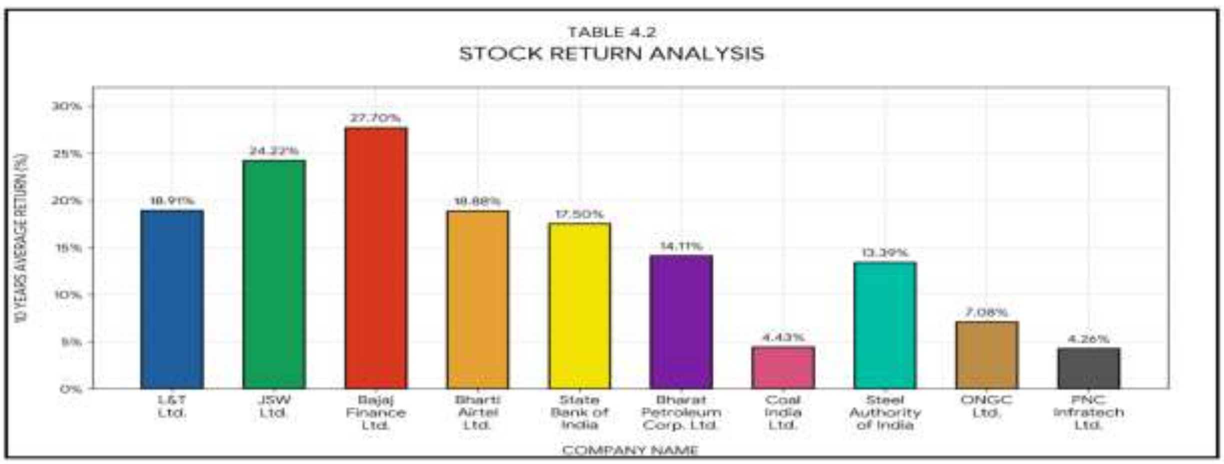

Figure 9.2 Stock Return Analysis

The bar chart presents the average stock returns of the selected companies during the study period. Bajaj Finance Ltd. recorded the highest average return of 27.70 percent, indicating superior market performance and greater wealth creation for investors, whereas PNC Infratech Ltd. reported the lowest average return of 4.26 percent. Companies such as JSW Ltd., L&T Ltd., Bharti Airtel Ltd., and State Bank of India also generated relatively strong returns, reflecting favorable investor confidence and consistent market performance.

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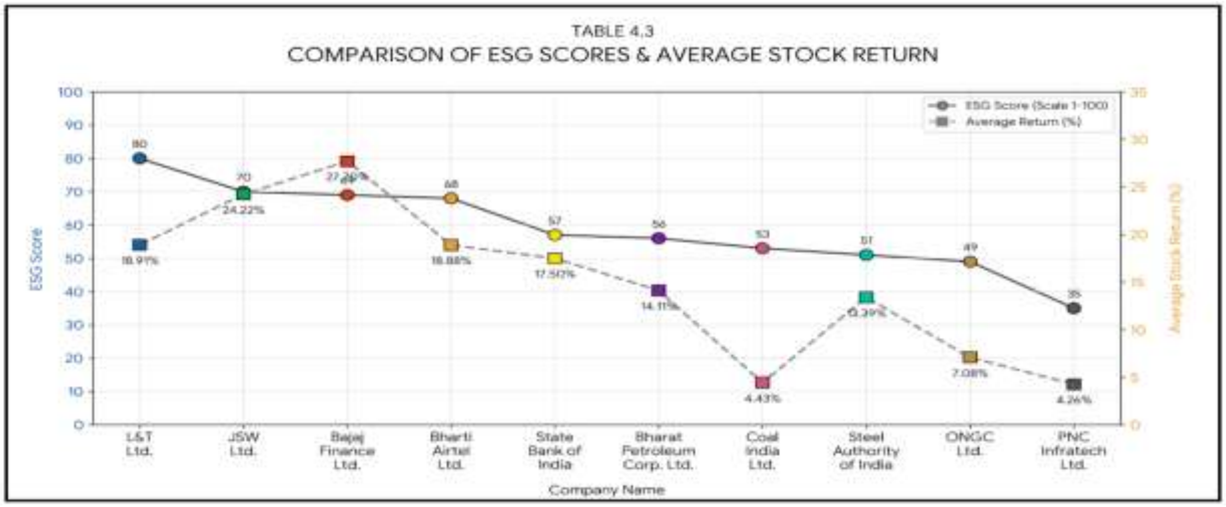

Figure 9.3 Comparative Analyses of ESG Score and Stock Returns

The combined chart presents a comparative view of the ESG scores and average stock returns of the selected companies. Bajaj Finance Ltd., with an ESG score of 69, recorded the highest average return of 27.70 percent, while JSW Ltd., with an ESG score of 70, achieved a return of 24.22 percent, indicating a favorable relationship between ESG performance and stock returns. Bharti Airtel Ltd. also reported a strong ESG score of 68 with a return of 18.88 percent, whereas L&T Ltd., despite recording the highest ESG score of 80, generated a return of 18.91 percent, suggesting that higher ESG scores do not always result in the highest stock returns.

In contrast, PNC Infratech Ltd. recorded the lowest ESG score of 35 and the lowest average return of 4.26 percent, while Coal India Ltd. and ONGC Ltd. also reported comparatively lower ESG scores and returns. Overall, the chart indicates a generally positive relationship between ESG performance and stock returns, providing a basis for further analysis through correlation and regression techniques.

10. HYPOTHESIS OF THE STUDY

To examine the relationship between ESG scores and stock market performance, the study uses the Pearson Correlation Test along with the t-test for significance of correlation. This statistical method helps in identifying whether the relationship between ESG performance and stock market returns is statistically significant or not.

- **Null Hypothesis (H_0):** There is no significant relationship between ESG scores and stock market performance of the selected Indian companies.
- **Alternative Hypothesis (H_1):** There is a significant relationship between ESG scores and stock market performance of the selected Indian companies.

11. CORRELATION AND HYPOTHESIS TEST

Parameter	Value
Pearson Correlation Coefficient [r]	0.8072
Coefficient of Determination [r²]	0.6516
Covariance	79.2582
Sample Size (n)	10
Test Statistic (t)	3.8681
P-value	0.004754
Degree of Freedom	08

Table 2: Pearson Correlation Coefficient Analysis Result
(Source: Computed by Statistics Kingdom.com)

The Pearson correlation coefficient (r = 0.8072) indicates a strong positive relationship between ESG scores and stock market performance of the selected Indian companies. This means that companies with higher ESG scores generally tend to exhibit higher average stock returns. The positive covariance value (79.2582) further indicates that ESG scores and stock returns move in the same direction during the study period. The calculated p-value (0.004754) is lower than the significance level of 0.05. Therefore, the null hypothesis is rejected and the alternative hypothesis is accepted. This indicates that the relationship between ESG scores and stock market performance is statistically significant among the selected companies. The calculated t-value (3.8681) is higher than the critical table value (±2.306) at the 5 percent significance level with 8 degrees of freedom. This further supports the rejection of the null hypothesis. Hence, it can be concluded that there is a significant

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positive relationship between ESG scores and stock market performance of the selected Indian companies during the study period.

12. REGRESSION ANALYSIS

Regression analysis has been used to examine the effect of ESG scores on stock market performance during the study period. In this analysis, ESG scores are considered as the independent variable (X) and average stock returns are considered as the dependent variable (Y).

Particulars	Value
R	0.8072
R^2	0.6516
Slope (b_1)	0.5262
Intercept (b_0)	-16.1034
F-value	14.9621
P-value	0.004754

Table 3: Regression Analysis Results
(Source: Computed by Statistics Kingdom.com)

Regression Equation,

$$Y = -16.1034 + 0.5262X$$

Where:
Y = Average Stock Return
X = ESG Score

The regression analysis shows that ESG scores have a positive impact on stock market performance among the selected Indian companies during the study period. The positive slope coefficient ($b_1 = 0.5262$) indicates that an increase in ESG score leads to an increase in average stock return. This indicates that companies with better ESG performance tend to generate higher returns for investors.The coefficient of determination ($R^2 = 0.6516$) indicates that approximately 65.16% of the variation in stock returns is explained by ESG scores, while the remaining variation is influenced by other company-specific and market-related factors. This reflects a strong explanatory power of the regression model.The F-value (14.9621) and p-value (0.004754) indicates that the regression model is statistically significant at the 5% significance level. Therefore, ESG scores significantly influence stock market performance among the selected companies during the study period. The findings suggest that ESG performance plays an important role in determining stock returns along with other factors such as financial performance, market conditions, and investor sentiment.

Goodness of Fit of the Model

The regression model produced an **F-value of 14.9621** with a **p-value of 0.004754**. Since the p-value is lower than the significance level of 0.05, the null hypothesis is rejected and the alternative hypothesis is accepted. This indicates that the regression model is statistically significant and provides a meaningful explanation for variations in stock returns based on ESG scores.

Residual Normality

The Shapiro–Wilk test was used to examine the normality of residual values in the regression model. The test produced a p-value of 0.5888, which is greater than the significance level of 0.05 indicates that the residual values are normally distributed. Therefore, the regression model is statistically appropriate and the data does not show major irregularities during the period.

The findings indicate that ESG performance has a considerable influence on stock market performance, although other factors such as company profitability, economic conditions, industry trends, and investor behaviour also contribute to stock return variations.

13. FINDINGS OF THE STUDY

ESG (Environmental, Social, and Governance) investing has emerged as an important investment approach that integrates sustainability considerations with traditional investment decisions, thereby promoting responsible investing and long-term value creation. In India, the growth of ESG investing has been supported by regulatory initiatives, sustainability reporting requirements, and increasing investor awareness regarding responsible and ethical investment practices. The analysis of selected Indian companies revealed that ESG scores ranged from 35 to 80, indicating considerable variation in the level of ESG adoption and sustainability performance across different industries. A comparative assessment showed that companies with higher ESG scores generally demonstrated better stock market performance than those with lower ESG scores. Furthermore, the results of the correlation and regression analyses confirmed a strong and statistically significant positive relationship between ESG scores and stock returns among the selected companies. The regression model was also found to be significant at the 5 percent level of significance, suggesting that ESG performance has a meaningful influence on stock market performance and highlighting the importance of sustainable business practices in enhancing shareholder value.

14. SUGGESTIONS OF THE STUDY

Companies should strengthen their environmental, social, and governance (ESG) practices to enhance long-term sustainability and build greater investor confidence. Investors, in turn, should consider ESG performance alongside traditional financial indicators when making investment decisions to achieve sustainable and long-term returns. Regulatory authorities should promote greater transparency, consistency, and standardization in ESG reporting to enable investors to make decisions that are more informed. Companies with lower ESG scores should adopt stronger sustainability initiatives and improve governance practices to enhance their overall performance, competitiveness, and market reputation. Furthermore, awareness and education regarding ESG investing should be increased among investors and corporate organizations to encourage the growth of sustainable investment practices in India. Integrating ESG principles into long-term business strategies can help companies improve sustainability, operational efficiency, risk management, and overall corporate performance. Finally, future research should consider a larger sample of companies and extend the study period to provide more comprehensive insights into the impact of ESG investing on stock market performance and to strengthen the generalizability of the findings.

15. CONCLUSION

The present study examined the impact of ESG investing on stock market performance through a comparative analysis of selected Indian companies. It highlighted the growing importance of environmental, social and governance factors in modern investment decisions and analyzed the ESG scores and stock returns of the selected companies. The findings revealed that companies with stronger ESG performance generally tend to achieve better stock market returns, thereby enhancing investor confidence and long-term value creation.The statistical analysis confirmed a strong and significant positive relationship between ESG scores and stock market performance. The correlation and regression results demonstrated that ESG factors play an important role in influencing investment returns, although other economic and company-specific factors also contribute to stock performance. Therefore, the study concludes that ESG investing is an effective approach for promoting sustainable business practices while supporting long-term financial performance in the Indian stock market.

16. LIMITATIONS OF THE STUDY

- ❖ The study is limited to ten selected Indian companies; therefore, the findings may not represent the entire Indian stock market.
- ❖ The analysis is based on ESG scores and average stock returns for the period 2016–17 to 2025–26, and the results may vary with changes in market conditions and ESG ratings over time.

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