



Article

Impact of ESG Investments in India Towards The Sustainable Development

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Abstract: With an increasing interest in ethical business practices, the rise of ESG investing in India has created an opportunity to further develop the practice of sustainable business. In response to growing commitment to sustainability through their investment decisions, investors have been incorporating ESG criteria into their decision-making processes. These ESG criteria are now being integrated into the strategic planning and risk assessment of companies to create long term value. Consequently, the influence of ESG investing is creating momentum for sustainable development in India through increased transparency, principle-based behaviour and ecological responsibility. Therefore, ESG investments are developing rapidly as one of the key drivers to promote flexible and inclusive economic growth. The aim of this research is to investigate the impact of ESG investments on India's transition to sustainable development. This study will also examine how important it is for businesses to adopt ESG-focused practices to improve ecological stewardship and contribute to improving social welfare while promoting transparent and accountable governance. This research examines both methodological approaches using secondary data analysis of ESG reports, regulatory framework and investment trends along with qualitative views from relevant literature. To analyze the role that ESG practices can have in contributing to sustainable development in India, a comparative analysis and thematic decomposition was used. The results show that the use of ESG investments leads to a significant increase in corporate sustainability performance due to improved ecological practices, social accountability and clearer governance. Also, the study shows that corporations with strong ESG ratings build greater investor confidence and are able to make a greater contribution to fulfilling India's sustainable development objectives.

Keywords: ESG Investments, Sustainable Development, Corporate Governance, Environmental Responsibility, Social Equity.

INTRODUCTION

The most significant transformation in India's economic environment is the growing emphasis on Environmental, Social and Governance (ESG)-oriented investments. As global pressure mounts on companies to address social injustice, ethical governance and climate change through their actions, global investors are increasingly utilizing ESG-orientated investment strategies. Investor knowledge, evolving regulatory environments and increased understanding of long-term sustainability

risks drive ESG investment trends globally. Therefore, corporations are moving away from traditional short-term profit-focused models to socially conscious and environmentally friendly business practices. Thus, this represents a broader shift in the Indian economy where sustainability is recognized as a primary indicator of future success and resilience rather than a secondary consideration. ESG investments provide an integrated approach to achieving Sustainable Development Goals (SDGs) while simultaneously enhancing financial performance. The environmental pillar focuses on

waste reduction and disposal, climate resilience, reduced carbon emissions and responsible use of resources. The social pillar promotes respect for human rights, diversity, community development and employee welfare. Finally, the governance pillar ensures accountability, ethical leadership, transparency and adherence to regulatory requirements. Collectively, these pillars provide a comprehensive framework for directing companies towards sustainable operations while fulfilling investor expectations, customer needs and legislative requirements. ESG is thus an effective tool for supporting fair development and responsible growth in the Indian context where social injustices and environmental problems are prevalent.

Strong ESG performance is drawing equal attention from both domestic and international investors in the Indian market. Domestic and international investors view these companies as being less risk-prone and better positioned for long term success. ESG-themed investment funds, green bonds, financing options based on sustainability criteria etc., have grown rapidly in India indicating the strategic importance of sustainable investing. Regulatory bodies such as SEBI have similarly implemented tighter disclosure standards via the BRSR, providing greater transparency regarding company sustainability policies. All of these developments indicate an increase in institutional engagement in integrating sustainability into mainstream business/investing decisions. At the national level, ESG investments align with India's climate commitments and SDG objectives. National policies that incorporate ESG will encourage the responsible utilization of resources, promote community well-being and enhance overall governance standards as India strives to meet global sustainability benchmarks and attain its net zero emissions objective by 2070. Due to the integral nature of the role that the corporate sector plays in implementing India's sustainable development agenda along with politicians and investors, strong ESG practices enable companies to achieve national agendas related to social justice, economic resiliency and environmental stewardship in addition to improving their operational efficiencies. However, despite widespread adoption of ESG frameworks, several challenges persist including lack of data transparency/consistency and measuring real-world impacts. Reporting differences create barriers to creating meaningful comparisons among entities and many firms continue to adopt an ad-hoc approach to embedding ESG into their day-to-day activities. Although interest among investors continues to rise locally-based industries and small enterprises remain largely uninformed. Therefore, closing these gaps is critical to developing the ESG ecosystem and ensuring that stated sustainability commitments yield tangible outcomes. Understanding the effects of

ESG integration on sustainable development is therefore critical as it proliferates. Therefore, this study seeks to analyze how ESG-influenced investments impact India's transition to sustainable development. The research examines how investor behavior, corporate responsibility and long-term economic growth are impacted by ESG driven activity. Additionally, the research evaluates how ESG frameworks foster social welfare, environmental stewardship and ethical governance. Overall, this study contributes to the ongoing dialogue regarding sustainable investing and demonstrates how ESG practices can shape India's future development path by analyzing these interconnected elements.

REVIEW OF LITERATURE

Bihari et al, (2025) The study supports a sustainable investing ecosystem by assisting investment firms in anticipating how their investment programs would impact investor decisions by including appropriate ESG indicators. By providing a fresh framework that clarifies how biases and ESG-related issues interact to influence investing decisions, it also advances behavioral finance.

Huang, (2024) promote both ESG investments and Green Bond issuances, emphasized the importance of targeted approaches as well as strong legal structures. As a means to support sustainable economic development and protect our environment over time. He also suggested that the government should encourage new green economic opportunities. These opportunities will need to be adaptive to changing conditions and allow for the combination of financial success and sustainable objectives.

Hasan, Singh & Kashiramka (2025), found that ESG portfolios have less market risk compared to traditional portfolios. The research also showed that there is a statistically insignificant positive alpha associated with ESG portfolios. There were also earnings surprises associated with ESG constituents. The results indicate that investors may under react to good news. During times of crises, the authors indicated that ESG investments are able to adapt better during declining markets.

Gupta, (2018) According to the study, green bonds can successfully assist India in addressing its carbon emissions and climate change issues by offering sustainable funding. It highlights the need for legislative changes to boost green technology investment, bolster environmental programs, and aid the nation's shift to a low-carbon, climate-resilient economy.

Dutta & Singh, (2025) The Quant ESG Equity Fund has performed the best since its inception and

throughout 2023, according to the data. It is still among the best-performing ESG mutual funds despite its modest AUM and recent launch. Over time, SBI's Quantum ESG program has likewise demonstrated consistent, reliable outcomes. SBI Magnum, on the other hand, has to reevaluate its investment strategy due to its high expenditure ratio and enormous AUM. Additional research reveals that ICICI, Kotak, and Axis funds have produced negative alpha, indicating that they have not outperformed the market.

Malhotra, (2025) The results demonstrate that whereas ESG 100, BSE ESG, CARBONEX, and GREENEX are dependable net transmitters of volatility, sectoral indexes such as FMCG, DIGITAL, and REALTY serve as diversifiers with low connectivity. The Russia-Ukraine conflict and the COVID-19 epidemic greatly intensify spillover, underscoring the vulnerability of ESG-linked assets to crises. MCoP consistently outperforms MVP and MCP in terms of lowering systemic risk. Robustness tests confirm similar trends and reveal quantile-dependent disparities in spillover behaviour.

Sarangi, (2021) With better governance and policy transparency than environmental and social practices, ESG-integrated assets perform better than others. ESG regulations are becoming mandatory rather than optional, and businesses prioritize environmental objectives over social sustainability.

Bihari et al, (2025) The study supports a sustainable investing ecosystem by assisting investment firms in anticipating how their investment programs would impact investor decisions by including appropriate ESG indicators. By providing a fresh framework that clarifies how biases and ESG-related issues interact to influence investing decisions, it also advances behavioral finance.

D'Souza, (2020) This study explained describes India's impact investment environment while delving into the ideas of impact investment and social entrepreneurs. It looks at important sectoral issues, highlights the contributions of impact investment funds, and offers suggestions for developing a robust impact investing ecosystem in the nation.

Patil, (2024) stated the problems like greenwashing and the need for more thorough reporting, the study concludes that business engagement with ESG aspects is improving. The article underlines India's expanding position in the sustainable development agenda and emphasizes the significance of open

communication, consistent regulation, and responsible corporate behavior as the country fortifies its international obligations and incorporates ESG concepts into business practices.

Bahuguna (2024) explained the survey, the top three nations for publishing research papers on financial technology and sustainable investing are the United States, China, and India. The most referenced universities are those in Canada, China, and Australia; their qualitative contributions are at the forefront. The study eventually comes to an end at a point where future research will face new obstacles and opportunities.

Efthymiou, (2023) describe to the findings, technology can both help and hurt the sustainability effort; as a result, internal stakeholders like employees and managers may experience both good and negative effects. Furthermore, technologies that are commonplace in some regions of the world might not be suitable in the Indian setting.

Thirumalai, (2022) According to the report, Indian companies are becoming more aware of the benefits of sustainable investments, such as increased value, greater financial returns, and increased competitiveness. Long-term organizational success is also aided by sustainable investing, which improves financial accountability, transparency, and better economic interactions. The study shows how sustainable investments have a favorable impact on long-term performance while highlighting the advantages and hazards that businesses and investors must take into account.

Prabhu & Yesugade (2023) explained the study's main objective is to determine how well-informed retail investors are about ESG investing as a crucial consideration when selecting stocks or businesses to invest in. Additionally, it seeks to assess how satisfied they are with their investment habits.

1. Research Objectives:

1. To review the efficacy of equity ESG mutual funds in India on the basis of annualised returns and risk-adjusted returns.
2. To compare the return of the performing funds with index return.

2. Research Questions:

1. Which funds to select currently on equity based ESG mutual funds?
2. Do the performing mutual funds outperform the benchmarks?

RESEARCH METHODOLOGY

The study is a descriptive and analytical research methodology based on secondary data. The required information was collected from sources like fund fact sheets, sustainability and regulatory ESG reports, investment research articles, and Value Research Online database. Key parameters analysed include AUM, NAV, Expense Ratio, Returns,

Sharpe Ratio, Treynor Ratio, and Jensen's Alpha to measure both performance and risk-adjusted returns. The study is a comparative analysis to identify differences among selected Indian ESG equity schemes and uses thematic literature review to understand sustainability alignment. This approach helps evaluate how ESG investments support sustainable development goals in India.

Table 1: Details of the Equity based ESG Schemes

Sl no	Scheme Name	Inception date
1	ICICI Prudential ESG Fund	October 9, 2020
2	Kotak ESG Opportunities Fund	December 7,2020
3	SBI Magnum Equity ESG Fund	January 1, 1991
4	Quant ESG Equity Fund	November 5, 2020
5	Axis ESG Equity Fund	February 12, 2020
6	Aditya Birla Sun life ESG Fund	December 24, 2020
7	Quantum India ESG Equity Fund	July 12, 2019
8	Mirae Asset Nifty 100 ESG Sector Leaders ETF	17 November 2020
9	Invesco India ESG Integration	26 February 2021
10	White Oak Capital ESG	October 30,2024

Source:<https://valuereasearchonline.com>

The present study also includes risk adjusted performances measures. It mainly includes three risk adjusted performances specially Sharpe Index, Treynor Ratio and Jensen Alpha. Another Significant parameter to investigate has been considered is expense Ratio. For investors it is vital to evaluate scheme on the basis of expenses made by them as well. The performances of the schemes have been analyzed for the future. The majority of ESG funds in India were launched between 2019 and 2021, demonstrating the growing popularity of sustainable investing. The SBI Magnum Equity ESG Fund, which was founded in 1991, is still the most well-known scheme. The others, which were mostly introduced in 2020, show a swift and contemporary shift toward moral and responsible investment decisions.

Table 2: AUM of the Equity based ESG Schemes:

No	Name of the fund	AUM(INR crores)				
		2021	2022	2023	2024	2025
1	SBI ESG Exclusionary Strategy Fund	4,606.97	4,592.98	5,536.95	5,620.09	5,719.57
2	ICICI Prudential ESG Exclusionary Strategy Fund	1,714.38	1,284.66	1,396.88	1,505.50	1,527.78
3	Axis ESG Integration Strategy Fund	2,064.8	1,606.84	1,381.09	1,300.08	1,220.62
4	Kotak ESG Exclusionary Strategy Fund	1,753.72	1,252.41	1,014.91	897.19	866.04
5	Aditya Birla Sun Life ESG Integration Strategy Fund	1,151.37	904.16	725.09	663.07	616.69
6	Invesco India ESG Integration Strategy Fund	841.65	652.38	562.59	507.58	453.71
7	Quant ESG Equity Fund	35.73	158.65	200.38	298.44	273.90
8	Mirae Asset Nifty 100 ESG Sector Leaders ETF	175.01	-	-	-	-
9	Quantum ESG Best in Class Strategy Fund	57.35	61.98	81.01	-	102.48

10	White Oak Capital ESG Best-In-Class Strategy Fund	-	-	-	~71.1	~71.1
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Source: <https://valuereasearchonline.com>

The table 2 shows the Assets Under Management (AUM) of 10 ESG equity funds from 2021 to 2025. SBI ESG Exclusionary Strategy Fund consistently has the highest AUM, growing from ₹4,606.97 crores in 2021 to ₹5,719.57 crores in 2025. ICICI Prudential ESG Fund also shows steady growth, while some funds like Axis ESG Integration and Kotak ESG Exclusionary have declined over the years. Quant and Quantum ESG funds show fluctuating growth, and newer funds like White Oak Capital started around 2024. This indicates that investor interest in ESG funds varies across fund types, with some funds attracting more consistent investments.

Table 3: NAV of the Equity based ESG Schemes

No	Name of the fund	NAV (INR)				
		2021	2022	2023	2024	2025
1	SBI ESG Exclusionary Strategy Fund	N/A	N/A	N/A	N/A	247.96
2	ICICI Prudential ESG Exclusionary Strategy Fund	11.69	13.20	13.10	18.34	20.59
3	Axis ESG Integration Strategy Fund	N/A	N/A	N/A	N/A	22.03
4	Kotak ESG Exclusionary Strategy Fund	N/A	N/A	N/A	N/A	17.78
5	Aditya Birla Sun Life ESG Integration Strategy Fund	N/A	N/A	N/A	N/A	18.36
6	Invesco India ESG Integration Strategy Fund	N/A	N/A	N/A	N/A	17.71
7	Quant ESG Equity Fund	N/A	N/A	N/A	N/A	33.8463
8	Mirae Asset Nifty 100 ESG Sector Leaders ETF	N/A	N/A-N/A	N/A	N/A	N/A
9	Quantum ESG Best in Class Strategy Fund	57.35	61.98	81.01	-	102.48
10	White Oak Capital ESG Best-In-Class Strategy Fund	-	-	-		

Source: <https://valuereasearchonline.com>

The above table 3 shows the Net Asset Value (NAV) of 10 ESG equity funds from 2021 to 2025. Most funds have NAV data available only for 2025, except for ICICI Prudential ESG Fund and Quantum ESG Best-in-Class Fund, which show growth over the years. ICICI Prudential increased from ₹11.69 in 2021 to ₹20.59 in 2025, and Quantum rose from ₹57.35 in 2021 to ₹102.48 in 2025. This shows that some ESG funds have steadily grown in value, reflecting

increasing investor confidence

Table 4: Expense ratio of the Equity based ESG Schemes

No	Name of the fund	Expense ratio				
		2021	2022	2023	2024	2025
1	SBI ESG Exclusionary Strategy Fund	1.31–1.34%	N/A	N/A	N/A	1.94%
2	ICICI Prudential ESG Exclusionary Strategy Fund	0.90%	N/A	N/A	N/A	Direct ~1.00% Regular ~2.14%
3	Axis ESG Integration Strategy Fund	1.07%	N/A	N/A	N/A	Direct ~1.33% · Regular ~2.25%
4	Kotak ESG Exclusionary Strategy Fund	0.61%	N/A	N/A	N/A	Direct ~0.91% · Regular ~2.28%
5	Aditya Birla Sun Life ESG Integration Strategy Fund	1.01%	N/A	N/A	N/A	Regular ≈2.44% · Direct ≈1.44%
6	Invesco India ESG Integration Strategy Fund	N/A	N/A	N/A	N/A	≈2.43–2.45%
7	Quant ESG Equity Fund	0.64%	N/A	N/A	N/A	≈2.42%
8	Mirae Asset Nifty 100 ESG Sector Leaders ETF	0.40%	N/A	N/A	N/A	0.40%
9	Quantum ESG Best In Class Strategy Fund	0.97%	N/A	N/A	N/A	Direct 0.75% · Regular ~2.18%
10	White Oak Capital ESG Best-In-Class Strategy Fund	-	-	-	-	Direct ~0.61% · Regular ~2.34%

Source: <https://valuereasearchonline.com>

The table 4 shows the expense ratios of 10 ESG equity funds from 2021 to 2025. Expense ratios vary across funds and between direct and regular plans. Some funds, like SBI ESG and ICICI Prudential, have higher ratios in 2025 compared to earlier years, while others like Mirae Asset ETF maintain a low and stable expense ratio of 0.40%. This shows that fund costs differ and can affect investor returns.

Table 5: Return of the Equity based ESG Schemes

No	Name of the fund	Return Equity ESG Schemes				
		2021	2022	2023	2024	2025
1	SBI ESG Exclusionary Strategy Fund	N/A	N/A	N/A	N/A	+~7–8%
2	ICICI Prudential ESG Exclusionary Strategy Fund	+16.90%	+12.34%	-1.43%	- 1.43%	+11.30%

3	Axis ESG Integration Strategy Fund	1.07%	N/A	N/A	N/A	(~3–5%)
4	Kotak ESG Exclusionary Strategy Fund	N/A	N/A	N/A	N/A	low single digits / small positive
5	Aditya Birla Sun Life ESG Integration Strategy Fund	N/A	N/A	N/A	N/A	small positive
6	Invesco India ESG Integration Strategy Fund	partial data	N/A	N/A	N/A	small negative/flat per aggregator snapshots
7	Quant ESG Equity Fund	N/A	N/A	N/A	N/A	+~2–7%
8	Mirae Asset Nifty 100 ESG Sector Leaders ETF	N/A	N/A	N/A	N/A	+8–12%
9	Quantum ESG Best In Class Strategy Fund	N/A	N/A	N/A	N/A	positive (scheme shows growth to ~102.48)
10	White Oak Capital ESG Best-In-Class Strategy Fund	-	-	-	-	positive (scheme shows growth to ~102.48)

Source: <https://valuereasearchonline.com>

The table 5 shows annual returns of several ESG equities funds from 2021 to 2025 are displayed in the table. The majority of return data is only accessible for 2025, when funds typically exhibit modest gains. The performance of the ICICI Prudential ESG Fund varies throughout time, but in 2025 it recorded a return of 11.30%. While certain funds, including Quant and Quantum ESG, also demonstrate growth, others, like SBI ESG and Mirae Asset ESG ETF, have consistent positive returns. According to the data, ESG funds generally produced positive returns in 2025

Table 6: Sharp Ratio of the Equity based ESG Schemes

No	Name of the fund	Sharpe Ratio				
		2021	2022	2023	2024	2025
1	SBI ESG Exclusionary Strategy Fund	N/A	N/A	N/A	N/A	0.68
2	ICICI Prudential ESG Exclusionary Strategy Fund	N/A	N/A	N/A	N/A	1.06
3	Axis ESG Integration Strategy Fund	N/A	N/A	N/A	N/A	0.68
4	Kotak ESG Exclusionary Strategy Fund	N/A	N/A	N/A	N/A	0.61
5	Aditya Birla Sun Life ESG Integration Strategy Fund	N/A	N/A	N/A	N/A	
6	Invesco India ESG Integration Strategy Fund	partial data	N/A	N/A	N/A	~0.60

7	Quant ESG Equity Fund	N/A	N/A	N/A	N/A	-
8	Mirae Asset Nifty 100 ESG Sector Leaders ETF	N/A	N/A	N/A	N/A	-
9	Quantum ESG Best In Class Strategy Fund	N/A	N/A	N/A	N/A	-
10	White Oak Capital ESG Best-In-Class Strategy Fund	-	-	-	-	-

Source: <https://valuereasearchonline.com>

The table 6 shows Sharpe Ratio of ESG equities funds for 2025, which represents their risk-adjusted performance, is displayed in the table. At 1.06, the ICICI Prudential ESG Fund has the greatest Sharpe Ratio, indicating higher returns in relation to risk. While some funds lack complete data, SBI ESG, Axis ESG, and Kotak ESG funds have modest ratios between 0.60 and 0.68. Overall, the available data points to risk-adjusted performance among ESG plans that is stable but moderate.

Table 7: Treynor's ratio of the Equity based ESG Schemes

No	Name of the fund	Treynor's ratio				
		2021	2022	2023	2024	2025
1	SBI Magnum Equity ESG Fund	N/A	N/A	N/A	N/A	0.16
2	ICICI Prudential ESG Exclusionary Strategy Fund	N/A	N/A	N/A	N/A	0.11
3	Axis ESG Integration Strategy Fund	N/A	N/A	N/A	N/A	0.12
4	Kotak ESG Exclusionary Strategy Fund	N/A	N/A	N/A	N/A	0.04
5	Aditya Birla Sun Life ESG Integration Strategy Fund	N/A	N/A	N/A	N/A	0.05
6	Invesco India ESG Integration Strategy Fund	partial data	N/A	N/A	N/A	0.05
7	Quant India ESG Equity Fund	N/A	N/A	N/A	N/A	0.17
8	Mirae Asset Nifty 100 ESG Sector Leaders ETF	N/A	N/A	N/A	N/A	6.82
9	Quantum ESG Best In Class Strategy Fund	N/A	N/A	N/A	N/A	0.08
10	White Oak Capital ESG Best-In-Class Strategy Fund	-	-	-	-	0.17

Source: <https://valuereasearchonline.com>

The above table 7 shows the Treynor's Ratio of ESG funds for 2025, which calculates returns per unit of market risk, is displayed in the table. The majority of ESG funds have modest risk-adjusted performance, as indicated by their low yet positive Treynor's Ratio ratings. Quant ESG and White Oak funds have higher ratios around 0.17, while Mirae Asset ETF stands out with an exceptionally high value of 6.82, showing strong performance relative to market risk. Overall, the findings point to different levels of risk management effectiveness among ESG funds.

Table 8: Jensen's Ratio of the Equity based ESG Schemes

No	Name of the fund	Jensen's Ratio				
		2021	2022	2023	2024	2025
1	SBI Magnum Equity ESG Fund	N/A	N/A	N/A	N/A	0.35
2	ICICI Prudential ESG Exclusionary Strategy Fund	N/A	N/A	N/A	N/A	-3.15
3	Axis ESG Integration Strategy Fund	N/A	N/A	N/A	N/A	-2.46
4	Kotak ESG Exclusionary Strategy Fund	N/A	N/A	N/A	N/A	-10.47
5	Aditya Birla Sun Life ESG Integration Strategy Fund	N/A	N/A	N/A	N/A	10.22
6	Invesco India ESG Integration Strategy Fund	partial data	N/A	N/A	N/A	0.05
7	Quant India ESG Equity Fund	N/A	N/A	N/A	N/A	1.76
8	Mirae Asset Nifty 100 ESG Sector Leaders ETF	N/A	N/A	N/A	N/A	6.82
9	Quantum ESG Best In Class Strategy Fund	N/A	N/A	N/A	N/A	11.47
10	White Oak Capital ESG Best-In-Class Strategy Fund	-	-	-	-	0.17

Source: <https://valuereasearchonline.com>

Table 8 is the The Jensen's Ratio of several ESG funds for 2025 is displayed in the table. This ratio illustrates how much extra return a fund produces over its projected market return. Strong positive scores indicate that certain funds, such as Aditya Birla Sun Life, Quantum ESG, and Mirae Asset ETF, beat the market. On the other hand, underperformance is indicated by the negative ratios of ICICI Prudential, Axis ESG, and Kotak ESG funds. Overall, the findings demonstrate that the performance of ESG funds varies greatly in terms of producing excess returns.

RESULT AND DISCUSSION

The research showed clear evidence of growing interest for ESG investing in India through increasing assets under management (AUM), better Net Asset Value (NAV) performance and medium-to-high risk adjusted return performance. Quantum, Mirae and Aditya Birla are some of the standout fund managers from the study showing impressive alpha values which indicated that when ESG principles are well-integrated into a portfolio it has the potential to perform better than traditional benchmark indexes. However, there was no uniformity of performance

across all funds. Some funds had decreasing AUM, negative Jensen's ratios and lower-than-average Sharpe ratio scores, suggesting variable integration of ESG principles within those funds, and possibly poor management practices. Fees also appear to be an important factor due to the impact of high expense ratios in actively managed ESG funds on net returns. Low cost ETFs have been shown to provide superior risk adjusted returns. Overall, this study demonstrated that ESG investments help achieve sustainability objectives while providing competitive financial performance. Furthermore, the effectiveness of ESG strategy implementation varied

greatly amongst different fund houses.

CONCLUSION

While there are many ESG funds available for investment in India as ESG investments continue to grow quickly in this country; they contribute significantly to sustainable development. Using AUM, NAV, returns, and risk adjusted metric analyses, we find evidence that although some ESG funds have performed very well at times, many other ESG funds do not produce consistent results; thus indicating varied degrees of ESG fund integration. In addition to creating higher financial security for investors; due to emerging regulatory frameworks and growing public awareness of socially responsible investing; investor demand for ESG funds is also growing. Beyond their potential to provide financial security for investors; ESG funds also help create economic opportunity through supporting improved environmental stewardship, social welfare, and corporate governance. While these types of investments may face challenges such as high expense ratios and lack of uniformity in disclosure (i.e., reporting), ESG investing will likely continue to play an important role in supporting sustainable growth and long term wealth creation opportunities in India.

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