



Challenges and Opportunities in Assurance of Sustainability Reports in India

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Abstract:

The growing emphasis on sustainable development has significantly transformed corporate reporting practices across the globe. In India, regulatory initiatives such as the Business Responsibility and Sustainability Reporting (BRSR) framework have accelerated the adoption of Environmental, Social, and Governance (ESG) disclosures among listed companies. However, the reliability and credibility of such disclosures remain a major concern due to their non-financial and often qualitative nature. This has led to an increasing demand for independent assurance of sustainability reports.

This research paper explores the challenges and opportunities associated with sustainability assurance in India. Using a descriptive and exploratory research design based on secondary data, the study identifies key barriers such as lack of standardization, limited professional expertise, measurement complexities, and regulatory ambiguities. Simultaneously, it highlights emerging opportunities including expansion of audit services, technological advancements, regulatory support, and growing investor demand. The study concludes that sustainability assurance holds immense potential in strengthening corporate accountability and transparency, provided appropriate frameworks and capacity-building measures are implemented.

Keywords: Sustainability Reporting, corporate strategy, Environmental, Social, and Governance (ESG)

1. Introduction

In the 21st century, the concept of sustainability has emerged as a critical component of corporate strategy and governance. Businesses are no longer evaluated solely on financial performance; instead, stakeholders increasingly assess organizations based on their environmental stewardship, social responsibility, and governance practices. This shift has led to the evolution of sustainability reporting, which involves the disclosure of non-financial information related to ESG factors. In India, sustainability reporting has gained momentum due to regulatory initiatives undertaken by the Securities and Exchange Board of India (SEBI). The introduction of the Business Responsibility and Sustainability Reporting (BRSR) framework mandates the top 1000 listed companies to disclose ESG-related information. This marks a transition from voluntary to mandatory sustainability reporting, thereby enhancing transparency and accountability. Despite this progress, sustainability reports often suffer from issues related to credibility, comparability, and reliability. Unlike financial statements, which are prepared based on well-established accounting standards and subject to rigorous audit procedures, sustainability reports lack uniformity in measurement and reporting practices. This creates a significant trust deficit among stakeholders.

To address this challenge, the concept of sustainability assurance has gained prominence. Sustainability assurance refers to the independent verification of ESG disclosures by qualified professionals, aimed at enhancing the credibility of reported information. It involves evaluating the accuracy, completeness, and reliability of sustainability data and ensuring compliance with relevant frameworks. The emergence of sustainability assurance represents a paradigm shift in the accounting and auditing profession. Auditors are now required to extend their expertise beyond financial data to include environmental and social metrics, which are often complex and difficult to quantify. This transition presents both challenges and opportunities for professionals and organizations. The present study aims to examine the

challenges and opportunities associated with sustainability assurance in India, with a focus on regulatory developments, professional readiness, and future prospects.

2.Literature Review

The literature on sustainability reporting and assurance has expanded significantly in recent years, reflecting the growing importance of ESG considerations in corporate decision-making (Dasinapa, 2024). Early studies on sustainability reporting emphasized its voluntary nature and its role in enhancing corporate reputation and stakeholder engagement (Emmanuel, 2025). Researchers observed that companies adopting sustainability reporting practices often experienced improved brand image and investor confidence (Mortimore, 2021). However, the absence of standardized frameworks limited the comparability of reports across organizations. Several studies highlighted the role of regulatory bodies in promoting sustainability disclosures. In the Indian context, the introduction of BRSR by SEBI has been widely acknowledged as a significant step toward institutionalizing ESG reporting. Scholars have noted that regulatory mandates have increased the consistency and scope of sustainability disclosures among listed companies. A major stream of literature focuses on the challenges associated with sustainability reporting. Researchers have identified issues such as lack of standardization, measurement difficulties, and the qualitative nature of ESG data. These challenges hinder the effective evaluation and comparison of sustainability performance. Another important area of research is sustainability assurance. Studies indicate that assurance enhances the credibility of sustainability reports and reduces the risk of greenwashing. It also improves stakeholder trust and facilitates informed decision-making by investors.

However, the literature also highlights several barriers to the adoption of sustainability assurance. These include:

- Limited availability of skilled professionals with expertise in ESG auditing
- High cost of assurance services
- Absence of universally accepted assurance standards
- Lack of clarity regarding the scope and depth of assurance engagements

Empirical studies conducted in the Indian context reveal a significant gap between awareness and implementation. While a majority of companies recognize the importance of ESG assurance, only a limited number have adopted formal assurance practices. Similarly, audit firms face challenges in developing the necessary capabilities and infrastructure for sustainability assurance.

Recent research also emphasizes the evolving role of auditors in the context of sustainability. Auditors are increasingly expected to provide assurance on non-financial information, which requires a multidisciplinary approach involving knowledge of environmental science, social impact assessment, and governance practices.

Overall, the literature suggests that sustainability assurance is an emerging field with significant potential, but it requires further development in terms of standards, training, and regulatory support.

3.Research Methodology

The study adopts a descriptive and exploratory research design to analyse the challenges and opportunities in sustainability assurance in India. The descriptive approach helps in understanding the current practices and issues, while the exploratory approach provides insights into emerging trends and future prospects. The study is based on secondary data, collected from the following sources:

- Academic journals and research papers on sustainability reporting and assurance
- Reports and publications by regulatory bodies such as SEBI
- Sustainability reports and annual reports of Indian companies
- Industry publications and professional guidelines on ESG auditing

The following analytical techniques have been used:

- **Content Analysis:** To examine the themes and patterns in existing literature
- **Comparative Analysis:** To compare sustainability reporting and assurance practices
- **Thematic Analysis:** To identify key challenges and opportunities

Scope and Limitations

The study focuses on sustainability assurance practices in India. It is limited to secondary data and does not include primary data collection such as surveys or interviews. Therefore, the findings are based on existing literature and may not fully capture recent developments.

Analysis and Interpretation

Growing Importance of Sustainability Assurance

The increasing emphasis on ESG disclosures has created a strong demand for credible and reliable sustainability information. Investors, regulators, and other stakeholders rely on such information to assess the long-term viability and ethical performance of companies. Sustainability assurance plays a crucial role in addressing these needs by:

- Enhancing the credibility of sustainability reports
- Reducing information asymmetry
- Strengthening stakeholder confidence
- Preventing greenwashing

The regulatory push provided by SEBI through the BRSR framework has further accelerated the adoption of sustainability assurance practices in India. Sustainability reporting in India has witnessed rapid growth, particularly after the introduction of the BRSR framework by the Securities and Exchange Board of India. Key Data Trends shows top 1000 listed companies in India are mandated to disclose ESG data under BRSR (from FY 2022–23 onward). According to industry estimates: Around 90% of top 100 companies publish sustainability or ESG reports, only 30–35% of these reports are independently assured and globally, more than 70% of large companies provide ESG disclosures, but only about 50% obtain assurance which interpretants that ESG reporting adoption is high but assurance adoption is still lagging which indicating a gap between disclosure and credibility.

Challenges in Sustainability Assurance

Lack of Standardization: One of the most significant challenges is the absence of universally accepted standards for sustainability assurance. Although frameworks such as GRI and Integrated Reporting exist, there is no single standard that ensures consistency across organizations.

Skill Gap and Professional Competency: Sustainability assurance requires expertise beyond traditional accounting and auditing. Professionals need to understand environmental metrics, social impact indicators, and governance practices. However, there is a shortage of trained professionals in this area.

Measurement and Verification Issues: Unlike financial data, ESG data is often qualitative and subjective. For example, measuring carbon emissions or social impact involves complex methodologies and assumptions, making verification difficult.

Regulatory Ambiguity: While SEBI mandates ESG disclosures, the regulatory framework for assurance is still evolving. There is a lack of clarity regarding the scope, standards, and responsibilities of assurance providers.

Cost Constraints: The cost of sustainability assurance can be high, especially for small and medium enterprises. This limits the adoption of assurance practices among smaller organizations.

Opportunities in Sustainability Assurance

Expansion of Professional Services: Sustainability assurance provides new opportunities for accounting and auditing professionals to expand their service offerings beyond traditional financial audits.

Regulatory Support and Growth Potential: The mandatory nature of ESG disclosures ensures sustained demand for assurance services. As regulations evolve, the scope of assurance is likely to expand further.

Technological Advancements: Technologies such as data analytics, artificial intelligence, and blockchain can enhance the efficiency and accuracy of sustainability assurance processes.

Increasing Investor Awareness: Investors are increasingly incorporating ESG factors into their decision-making processes. This creates a strong demand for reliable and assured sustainability information.

Capacity Building and Skill Development: The growing importance of sustainability assurance has led to the development of specialized training programs and certifications, which can help bridge the skill gap.

4. Conclusion

The analysis indicates that sustainability assurance in India is at a developmental stage. While there is significant awareness and regulatory support, the lack of standardization and professional expertise poses major challenges. However, the opportunities associated with sustainability assurance outweigh the challenges. With appropriate regulatory frameworks, training initiatives, and technological advancements, sustainability assurance has the potential to become a mainstream practice in India. Sustainability assurance represents a significant advancement in the field of accounting and auditing. It addresses the growing need for credible and reliable ESG disclosures, thereby enhancing corporate transparency and accountability. The study highlights several challenges, including lack of standardization, skill gaps, measurement complexities, and regulatory ambiguities. At the same time, it identifies numerous opportunities such as expansion of professional services, regulatory support, technological innovation, and increasing investor demand.

To fully realize the potential of sustainability assurance in India, the following measures are recommended:

- Development of standardized assurance frameworks
- Training and capacity building for professionals
- Integration of technology in assurance processes
- Clear regulatory guidelines and enforcement mechanisms

In conclusion, the paper finds sustainability assurance is poised to play a critical role in shaping the future of corporate reporting in India. It not only enhances the credibility of sustainability disclosures but also contributes to sustainable development and responsible business practices.

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