



Original Article

Corporate Social Responsibility (CSR) and Ethical Business Practices in India: A Path toward Inclusive Growth

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Manuscript ID:
IBMIRJ -2025-020813

Submitted: 10 July 2025

Revised: 20 July 2025

Accepted: 10 Aug 2025

Published: 31 Aug 2025

ISSN: 3065-7857

Volume-2

Issue-8

Pp. 46-49

Aug 2025

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Quick Response Code:



Web: <https://ibrj.us>



DOI: 10.5281/zenodo.17129367

DOI Link:

<https://doi.org/10.5281/zenodo.17129367>



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Abstract

According to the New Company Law, 2012 all companies have to contribute 2% of their net profits towards CSR which made Indian companies to deliberately work towards CSR, as it is required a assumed class of companies to use a share of their profits on CSRRevents. As the companies initiate their operations in the society, for the society and from different resources provided by the society, it becomes critical for them to give something in return to the society. CSR has become a fundamental business practice and it has gained much attention from the management of various large international companies. It enables the alignment of business processes with social ethics. CSR is deemed as a point of merging of various initiatives designed at ensuring socioeconomic development of the community. As we know, today Indian corporates go beyond Philanthropy (Charity) concept and it's more focus on all the stakeholders. This research paper attempts analyse the Corporate Social Responsibility practices followed by corporates operating in India.

This study will help others in identifying the best CSR practices and to do further studies on what is best for India and what India really needs as CSR from the corporate. This study further seeks to identify the failures of companies in meeting the expectations of the society and helps to provide some suggestions to develop the CSR practices to better serve the society and the country on the loose. Corporate Social Responsibility (CSR) and ethical business practices have gained momentum in India due to increased stakeholder expectations, legal mandates, and global standards. CSR is no longer limited to philanthropy; it encompasses responsible business conduct that addresses social, environmental, and economic concerns. Ethics in business, meanwhile, demands honesty, transparency, and accountability. Indian firms are increasingly aligning CSR with their long-term strategies. Scholars argue that ethical business behaviour enhances brand reputation and stakeholder trust. However, enforcement remains weak, and there is often a gap between policy and practice. CSR and ethical business practices in India are evolving from a voluntary inventiveness to a strategic imperative. While regulatory backing has accelerated CSR adoption, ethical culture must be fostered internally for long-term impact. The future of responsible business in India lies in the synergy of law, leadership, and stakeholder engagement.

Keywords: Deliberately, Fundamental, Philanthropy, Transparency, Accountability, Expectations, Enforcement, Momentum, Accelerated, Engagement.

Introduction

Corporate social responsibility (CSR) regulates business model that is useful for a company to be publically responsible to itself, its stakeholders, and the community. By rehearsing commercial social responsibility, also entitled commercial citizenship, companies can be apprehensive of the kind of effect they're having on all aspects of society, containing profitable, social, and environmental. Commercial social responsibility means to do useful for the society and to contribute in the balanced development of the society by giving enough services to the stakeholders, for illustration, workers, guests, shareholders, suppliers, general open commercial social responsibility(CSR) is the manner by which companies manage their business practices to produce an overall positive effect on society. The stakeholders covered under CSR are Commercial social responsibility is defined as "the ethical geste of companies towards the society", patent itself in the form of similar noble programs initiated by for- profit organizations.

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How to cite this article:

Upadhye, M. S. (2025). Corporate Social Responsibility (CSR) and Ethical Business Practices in India: A Path toward Inclusive Growth. *InSight Bulletin: A Multidisciplinary Interlink International Research Journal*, 2(8), 46–49. <https://doi.org/10.5281/zenodo.17129367>

CSR has come precipitously important in the Indian Commercial script as associations have detained that besides growing their business it's also vital to make reliable and sustainable relationship with the community at large. This is one of the crucial drivers of CSR programs. U/ S 135 of the Companies Act, 2013 Companies with a net worth of Rs. 500 crore or further, or development of 1,000 crore or further, or net profit of 5 crore or further must use at least 2 of their average net profit over the last three times on CSR conditioning. Focus areas include education, healthcare, gender equivalency, and environmental sustainability, etc. 4.2 Ethical Business Practices. Ethical business practices relate to moral principles guiding business conduct, similaras translucency, responsibility, fair treatment, andante-corruption programs. In the 21st century, businesses are increasingly held accountable not just for their financial performance but also for their social, environmental, and ethical impacts. Corporate Social Responsibility (CSR) reflects a company's commitment to managing the social, environmental, and economic effects of its operations responsibly and in accordance with public expectations. Ethical practices involve adhering to moral principles such as honesty, integrity, fairness, and respect for stakeholders. This paper aims to analyse the intersection of CSR and business ethics, examining their role in sustainable development and corporate governance.

Objectives of the Study

1. To examine the role of CSR in Indian corporate strategy.
2. To evaluate the ethical business practices followed by Indian firms.
3. To assess the impact of CSR initiatives on stakeholders and society.
4. To analyse the challenges in implementing ethical and responsible business practices.

Research Methodology

The data needed for this study is secondary data which have been collected from different sources similar as sanctioned websites like department of Corporate Affair ministry, Newspaper Articles, journals, Research Papers, media reports and Magazine papers.

The Role of CSR in Indian Corporate Strategy

Corporate Social Responsibility (CSR) has evolved into a vital component of corporate strategy in India, especially after the implementation of the Companies Act, 2013, which made CSR activities mandatory for certain companies. Today, CSR is not just a compliance obligation but a strategic tool for brand building, stakeholder engagement, and sustainable development. The Legal Framework and Mandate Section 135 of the Companies Act, 2013 requires companies with: Net worth $\geq$ ₹500 crore, or Turnover $\geq$ ₹1000 crore, or Net profit more than ₹5 crore, to use 2% of their average net profits of the last 3 years on CSR activities. Activities must align with Schedule VII, which includes areas such as education, gender equality, healthcare, environment, and rural development. This helps in corporate planning like CSR enhances a company's public image and fosters trust among consumers and stakeholders. Companies that adopt sustainable and ethical practices gain long-term advantages in both domestic and global markets. Addressing social and environmental issues proactively can prevent reputational and operational risks. Effective CSR practices build stronger relations with employees, customers, local communities, and investors. Aligning business goals with national development priorities such as Skill India, Swachh Bharat Abhiyan, and Digital India helps companies contribute meaningfully to the country's growth. CSR initiatives are increasingly aligned with UN Sustainable Development Goals (SDGs). Tata Group: Invests heavily in education, healthcare, and community development. Infosys: Focuses on digital literacy, environment sustainability, and rural development. ITC: Known for its e-Choupal initiative that empowers rural farmers. Shifting from philanthropy to integrated, long-term strategic goals, Integration with Environmental, Social, and Governance (ESG) reporting, Use of technology and analytics to measure CSR impact and efficiency these are emerging trends of CSR. CSR in India has matured from being a charitable obligation to becoming a strategic business function. By embedding CSR into their core strategies, Indian corporates are not only complying with legal requirements but also building a resilient and responsible brand that contributes to inclusive growth and national development.

5. Customers
6. Suppliers
7. Employees
8. Business partners
9. Shareholders/Investors
10. Governme

The Ethical Business Practices Followed By Indian Firms.

Ethical business practices Relate to the principles and norms that guide geste in the world of business, icking fairness, translucency, responsibility, and respect for all stakeholders. In India, with growing mindfulness of commercial responsibility and governance, numerous enterprises are laboriously enforcing ethical practices. icking safe working conditions, fair stipend, and prohibition of child labour. Numerous Indian IT and manufacturing companies follow International Labour Organization (ILO) norms. Wipro and Godrej are known for ethical HR practices and inclusive plant programs. Enterprises are taking way to reduce carbon vestiges, manage waste, and borrow renewable energy. ITC Limited runs sustainability programs fastening on afforestation, water harvesting, and solid waste recycling. Mahindra Group has committed to achieving carbon impartiality by 2040. Espousing commercial governance practices to insure translucencyin fiscal reporting and decision- timber. Independent boards, whoosh- cracker programs, and regular exposures are followed by enterprises like Larsen &Toubro (L&T) and Reliance diligence. Perpetration ofanti-bribery programs, compliance with the Prevention of Corruption Act, and internal check-ups. Transnational companies operating in India (e.g., Hindustan Unilever, PepsiCo India) apply strict canons of conduct. Companies avoid misleading announcementsand insure quality assurance. Amul and Asian maquillages are known for honest and consumer-centric advertising strategies. Promotion of equal openings anyhow of gender, estate, religion, or background. Infosys, TCS, and Biocon laboriously support women in leadership places and have DEI- concentrated programs. Indian enterprises, especially large corporates, are decreasingly feting the significance of ethical business conduct. These practices not only make trust among

stakeholders but also enhance the brand image, insure long-term sustainability, and contribute appreciatively to society. still, challenges like corruption and lack of enforcement in lower enterprises still remain and need nonstop sweats for enhancement.

The Impact of CSR Initiatives on Stakeholders and Society

Corporate Social Responsibility (CSR) has evolved as a powerful tool for companies to align their operations with social, environmental, and economic concerns. CSR initiatives significantly influence various stakeholders including employees, customers, investors, suppliers, and communities as well as society at large. For employees CSR initiatives, especially those related to employee welfare, diversity, and development, boosts morale and job satisfaction. Companies with strong CSR reputations are more likely to attract and retain top talent. Employees feel more engaged and motivated when they see their organization making a positive social impact. For customers CSR builds transparency and trust, which are critical for long-term customer relationships. Consumers progressively choose brands that are environmentally and socially responsible. Numerous guests are ready to pay a decoration for products services from publically responsible companies. Investor's Ethical practices and sustainability attract responsible investors and reduce business risks. Companies with strong CSR programs are seen as more stable and future-oriented, CSR performance is increasingly considered in ESG (Environmental, Social, and Governance) metrics, influencing investment decisions. For suppliers & business partners Ethical sourcing and fair trade initiatives foster loyalty and trust in the supply chain, Encouraging CSR in supply chains helps reduce reputational and operational risks. CSR has enormous influence on society as well. CSR includes education, skill development, and health care which contribute to economic and social upliftment. Local development programs help build infrastructure, promote entrepreneurship, and improve living standards, CSR ensures benefits reach marginalized and disadvantaged groups. Initiatives like waste reduction, renewable energy adoption, and sustainable packaging protect the environment. Many firms invest in carbon offsetting and green technologies, aiding in the fight against climate change. CSR programs can stimulate local economies through training, funding, and direct employment. CSR often encourages innovation in product design, resource use, and processes. CSR is not an optional initiative but a strategic imperative. When implemented effectively, it creates a win-win situation—enhancing stakeholder value while promoting sustainable and equitable societal development. The long-term impact of CSR fosters a more inclusive, ethical, and environmentally responsible global economy.

The Challenges in Implementing Ethical and Responsible Business Practices.

Lack of mindfulness among companies about CSR policy alignment. Tokenism and compliance-only approach. Ethical dilemmas in balancing profit and responsibility. Inadequate monitoring and impact assessment. Enforcing ethical and responsible business practices is essential for long-term sustainability and stakeholder trust. Still, associations frequently face a range of challenges in doing so. Businesses may face pressure to maximize gains, leading to negotiations on ethical norms (e.g., cost-cutting at the expenditure of labour rights). Workers and indeed top operation may not completely understand ethical guidelines or CSR liabilities. Lack of training programs leads to inconsistent operation of ethical principles. In numerous regions, laws related to commercial ethics, environmental protection, or labour rights are moreover outdated or inadequately executed. This can enable unethical practices to go unbounded. What's considered ethical in one country might not be in another. Transnational companies frequently struggle to maintain invariant ethical norms across regions. Companies driven by daily results may ignore long-term ethical enterprises. Ethical investments frequently yield benefits in the long run, making them less seductive to intolerant stakeholders. In some diligence or requests, corruption is wide. Challengers engaging in unethical practices may have brought advantages, obliging others to follow suit to survive. Enforcing responsible business practices may bear changing long-standing practices or structures. Workers and leadership may rebel these changes due to vexation or fear of losing competitive edge. Ethical sourcing, pollution control, fair stipend, and translucency measures bear investments. Small businesses may warrant the fiscal coffers to apply them completely. Weak leadership or lack of commitment at the top situations can ail ethical enterprise. Ethical leadership is pivotal but not always present. It's challenging to define and measure ethical performance objectively. Without clear KPIs, it becomes hard to track growth and apply responsibility.

Conclusion

From the above study it's fulfilled that the Government has initiated CSR because it wants companies to come more responsible for its stockholders and society at large as they are social objects. Numerous large pots are now taking way to develop their environmental and social performance through the operation of levy creativities. The ultimate end of any business is to feed the society without harming our environmental and community life support system by furnishing safe and high quality products and services that ameliorate for the weal of society. So, a business should clarify and reorient its determination to help and support the society. Eventually, it's instructed that, Indian pots divert their CSR sweats towards the current need of the society.

Acknowledgment

The author sincerely expresses gratitude to the Department of Commerce & Management, V.P. Institute of Management Studies & Research, Sangli (Affiliated to Shivaji University, Kolhapur) for providing continuous academic support and encouragement in the completion of this research work. Special thanks are due to colleagues and peers whose valuable feedback and suggestions enriched the quality of this study.

The author also acknowledges the contributions of various researchers, scholars, and institutions whose works on CSR and ethical business practices served as essential references for this paper. Finally, heartfelt appreciation is extended to family and well-wishers for their constant motivation, patience, and support throughout the research journey.

Financial support and sponsorship: Nil

Conflicts of interest

The authors declare that there are no conflicts of interest regarding the publication of this paper.

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