

Ethical Means of Development and the Rhetoric of Social Responsibility of the Corporate Sector in Post-LPG Period in India

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ABSTRACT

In India of the Post-Reforms there has been a vertical mobilization of the resources both natural and machine based production. There is the organized and to a large extent restless methods of competition among the corporate for occupation of the market has been ensued to attract the consumers in different parts of the country but at the cost of grave ethical hazards to the present and future of the generations. For which the Corporate Responsibility has been forwarded as the basic policy of disciplining the conducts of the big industrial corporations who have controlled about 12% of India's GDP in 2011 and in a recent report of 2024 it has been estimated that the top five hundred companies had a combined valuation of \$3.8 trillion that actually exceeded India's total GDP of \$3.5 billion as of 2023. To do business through proper ethical practices which does mean the greater sense of consciousness towards the plight of the poor as well as in making efforts in providing the ample scope of deliverance of a proper mechanism of sustainable development. The paper would look into the context of ethical functioning of the context of business and the conditions of the corporate responsibility with proper scientific methodologies.

Keywords: Post-Reforms, Resources, Natural, Machine Based, Capital, Corporate, Profits, Business, Development etc

Introduction

The stories of growth in various branches of the economy particularly after the introduction of the liberalization of the economy of India since early 1990s has brought the level of development to a new climax when among the fastest growing economies of the world, India has secured fourth position in terms of the growth in nominal GDP of the nation by surpassing Japan with a net value of \$4.19 trillion which is behind only other three advanced economies like United States (\$30.50 trillion), China and Germany [1]. That particular milestone has been achieved in huge kind of economic reforms especially with the ability of attracting the large sum of foreign investment from the other capitalist nations in order to bring trends of industrialization and overwhelming emphasis on developing the forms of infrastructure necessary for its growth. In the early 1950s, its GDP was \$30.6 billion and in 1947 with a population of 340 million, and literacy rate of 12% there was mass prevalence of poverty and backwardness when 80% or 250 million but which has been decreased to 21.9% by 2017. It has been analyzed with much vigour in the pro-liberalization theoretical premise in respect of India, that in the crisis of the balance of payments

in 1990-91 without the fundamental transformation in the structural adjustment to the programmatic effects of the existing economy it had become just impossible to bring the conditions of recovery to the major tracts of the economy [2]. With the consequent impacts of the world economic trends on the economy of the 1990s, there was the end of the old restrictions of the trade relation with other nations as well as in production of consumer goods by different industrial concerns. It was a vast change from the Nehruvian socialist planning economy where the ideas of transferring right to determine the patterns of the prime functions of the economy was severely limited with certain restrictions upon the individual capitalists and the growth of economy had been moving to use the great term of the economist Krishna Raj 'a Hindu rate of growth' (around 3.5% of GDP) with a per capita growth 1.0 to 1.4%. The economy in its trend of GDP had been moving with a rate of growth that was felt to be deeply inadequate in sustaining the human development in terms of eradicating poverty as well as sound health and education for the majority of the people. With the shift of emphasis from the planned economy to the free trade regime where in order to attract the foreign direct investment, there has been laying importance in fundamental relaxation of the norms of earlier economic functions for the foreign companies as well as in domestic companies who has preeminent role shaping the

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finance sector of the economy in many ways of organizing its pattern of growth whether in development of infrastructure, industry or capital substitutes. The story of economic growth is not an one sided affair where only the deep structural transformation of the industrial and trade liberalization would matter more than other aspects of social development and in transferring the benefits of economic growth undertaken with the efforts of the big monopolist capitalists it has been thought ethically righteous in distributing the good effects of changes to the benefits of the downtrodden people also who has nothing to rely upon for sustaining their patterns of livelihood amidst vast structural adjustment programme. By taking into account the above viewpoint, the Indian government in 2013 promulgated the Companies Act, 2013 when the big corporations have to spend 2% of their net income towards welfare of the common citizens [3]. One of the most important aspects of the Act of 2013 in defining the specific responsibilities of the companies in respect of bringing a social communitarian approach to the logic of liberal economic order where the forms of global dominance of wealth by certain large industrial magnets have the potentiality to transform the balance of social metabolism to the benefits of the greater portion of the population if their objectives of doing business are more integrated with the rationality of freedom and justice.

Methodology

The methodology of the paper is primarily based around the qualitative research and with the help of secondary sources. The sources like the books, articles, sources published in online has been used in preparation of the research paper.

Growth, Inequality and forms of Social Development

With a Gini coefficient of 0.38 in 2019-20 there has been a large gap between the rich and the poor which is also reflected in Per capita income of the Indians which is now stands at \$2,934 that actually much lower in terms of the other big economies like United States (\$89,105), China (413,657), Germany (\$55,911), Japan (\$33,955) etc. The last one which has been recently surpassed in total sum of GDP is much more higher in per capita income in comparison with the Indian context of growth as also in respect of human development index where it has occupied an advanced position with the HDI value of 0.925 .In contrast, as a typical developing nation which is on the forward movement of economic growth concomitant with the vast changes In use of technology induced progress whether in field of education and health. It has been mentioned in international survey reports about the progress of human conditions of living in respect of India that the HDI value has been increased sine 1990s by over 53% growing faster than the many other nations through continuous importance on the sustaining the norms of the economic growth as well as in provisions of social protection and welfare for marginalized section of the society [4]. It has secured 130th position at par with the neighbouring country Bangladesh but it falls less than China, Sri Lanka and Bhutan and against the other developed nations like Japan and Germany those have occupied 23 rd and 5th position globally in terms of their high development index in the related fields of socially inclusive categories of growth .Life expectancy in India has been rising from 58.6 years in 1990 to 72 years in 2023 through the government programmes like National Rural

Health Mission, Ayushman Bharat ,Janani Suraksha Yojana and Poshan Abhiyan.It is not only in health but also in education, the Indian efforts of increasing the students' years of staying in schools which is a great improvement from 8.2 years in 1990 to 13 years in 2023. There has been also a marked improvement in per capita rising over four time that is from \$2167.22 in 1990 to \$9046.76 (2023) and another significant variation of the reduction in rate of poverty occurs when around 135 million people has been enabled to escape from the multidimensional poverty since 2015 to 2021 [4].But the real challenge has come up in the human conditions of living when the persistent economic and social inequality has paused a serious concern to the domain of well being in terms of availability of certain forms of liberty to choose the varied notion of rights with capabilities in well ordered functioning realm of power. The impacts of inequality on the forms of human development has a definite cause of reducing the rate of progress by 30.7% [3]. In respect of maintaining a standard of sustainable goals as determined through the UN environmental programme concerning report on Sustainable Development 2025, India's position has been in 99th out of 167 countries on the Sustainable Development Goals Index scoring 67 that in fact the first case of inclusion in the top hundred group of nations which is a great step forward from the position of 109th in the previous year 2024 [5].On the other serious complexities of human development , the Global Hunger Index is highly important in determining the level of human standard of living where the question of inequality plays a huge part and in this context India's position is 102th out of the 123 countries with a score of 25.8 in 2025 that is said to be quite serious when it has been emphasized by taking into account the number of undernourished people which is 12.0 and again the per centage of stunted children that is 32.9% and 2.8% die before their fifth birthday (GHI,2025).This makes a contrast with the continuous growth of the billlionaires with their contribution to the trajectories of economic activities in the country.

Rising Trend of the Class of the Billionaires

The Post-LPG story in India is the story of unprecedented acceleration of the process of accumulation of wealth in the hands of the richest Indians who has the enough resources to invest in several sectors of the economy thus making substantial hold over the finance of the nation. There is the rapid ascent of wealth creation which has enabled in development of the 358 dollar-billionaires as well as the existence of 1,687 business tycoons who has the net worth of US\$112.7 million or above Rs.1,000 crore of worth of wealth according to a report published by the M3M Hurun India Rich List 2025[7].The Reliance Industries Chairman and Managing Director Mukesh Ambani has topped the list with net wealth of US\$107 billion and next to him is the Chairman of the Adani group Gautam Adani with the net worth of US\$91.8 billion .One of the important features of the list of the billionaires is that the emergence of the growth of the class of those richest corporate based on technological innovations, the real estate builders and the self-made entrepreneurs and this has been great shift from the traditional business families like the Tatas or the Birla even in the heydays of planning. The new business friendly environment sustained by the successive governments since the beginning of the 1991 has led to the addition of one billionaire per week in the list of 2025 and the combined wealth of those richest Indians has reached at the

figure of US\$1.88 trillion or Rs.1,67,000 crore that accounts around half of the Gross Domestic Product and globally India ranks 3rd in the position of the countries with highest number of billionaires [8]. In the mid 1990s there were two billionaires in India with the net worth of \$3.2 billion in India but in 2012 the list of billionaires had been jumped to 46 with a net worth of \$176.3 billion and the ratio of total wealth of those Indians in the GDP had rose from about 1% in mid 1990s to 22% in 2008 [9].

Corporate Social Responsibility as a Medium of Harnessing Progress with the Equities

The theoretical premise of the corporate social duties has been integrated with the ideas of developing a society of people with good information which means the disciplining the unrestrained expansion of the finance power of the monopolists those have been controlled to look into the actual conditions of the society where a vast majority of the common masses have to live in poverty stricken conditions or deprivations in terms of the lack of social security and grave environmental hazards brought through the incessant attack on the balance of nature. In a process of democratic functioning of the social elements, of course, the due information regarding the real happenings of the economy and polity could be interrupted and badly interpreted if the ideas of circulating good and proper information is methodically looked down upon as not necessary in the wave of senseless expansion of the hold of the monopolistic conduct of the corporate when all the mediums of transference of the ideas of human conditions are monopolized for the purpose of extraction of more wealth from the living social conditions of labour and capital. In that sense, the cult of corporate ethics has been tried to bring into the space of negation through the forms of intervening powers like the political essence of the state. There is an undeniable fact that the political essence of the state caters to a great length in the interests of the people based on the principles of social democratic imperatives and it points towards the galvanization of the spirit of an informed citizenship for the specific orientation of a conscious political attitude regarding 'the abuses of the special corporate and financial interests that have so dominated the globalization process' [10]. The forms of globalization which has been unleashed in India with efforts in open organization of the markets where diverse elements of capital formation have a big role to play in terms of the basic values of a society that comes into conflict with the proper role of the government and its agency of power in determining the routes of the expansive networks of trade and commerce. After the introduction of the Goods and Services Tax (GST) which has not only makes the tax framework simple and transparent but the creation of the Special Economic Zones (SEZ) has provided sufficient infrastructural facilities to the rising network of foreign investment. The Foreign Direct Investment in key sectors like Insurance, Automobiles and Railways have been confirmed through legislative promulgation of the acts and the total flow of FDI since 2000 (April) to 2025 (September) has been estimated at Rs.50,72,333 crore or US\$764.06 million with investment from 175 countries which have invested across 33 states and Union Territories on 63 sectors of the economy of India. The cumulative FDI flows in to India between the period of FY01 to FY25 has been Rs.99,08,749 crore (US\$1.12 trillion) because of the government's emphasis on ease of doing business and relaxation in FDI norms (IBEF, 2026). In this context domestic

capital investment has been contributing a great amount to the country's progress which has been a catalyst of India's rise in Global Innovation Index to 38 rank in 2025 from the previous rank of 66th in 2023 [11].

To make sufficient level of investing a sum of amount for the welfare of the common citizens it has been thought out at the government level in 2013 about the Corporate Social Responsibility as the first initiative in the World and it has been made mandatory for eligible companies to follow the Section 135 of the Companies Act which deals with the subject of Corporate Social Responsibility and lays down the qualifying criteria based on net worth, turnover and profit during the preceding financial year for companies which are required to undertake CSR activities' [8]. The Act has been amended time to time by the Ministry of Corporate Affairs considering the certain challenges pointed out by the World Bank and accordingly the Act has been brought into process of revision in 2015, 2017, 2019 and 2020. For the legal appropriation of the corporate disputes it has been thought safe enough of constituting the National Company Law Tribunal (NCLT) and National Company Law Appellate Tribunal (NCLAT) under Section 410 of the Companies Act 2013. The big Companies and which have come under the jurisdiction of the Act must spend 2% of their average net profits on national priorities like public health, education, livelihood, water conservation, natural resource management' and the medium sized companies have to 'build a strategic fit with the community and environment in which they operate' [9,10]. The Companies which have the net worth of more than Rs. 1000 crore and the Companies which have been benefited with the net turnover of Rs.500 crore and net profit more than Rs.5 crore has been made eligible to spend on corporate social responsibility [12]. All companies must have to oblige the provisions of the Act where it has been outlined about the 'constitution of CSR Committee, formulation of CSR policy and spending of prescribed amount on CSR activities' those were come into force in 2014, April. There are also the provision of making audit assessment of the total activities of the companies under the Act of 2013 and Companies (CSR) Rules, 2014. Total number of companies registered under the Act during the FY2023-24 has been 28,52,449 and among those registered companies 'more than one lakh companies each were registered in States such as Maharashtra (5,49,655), followed by Delhi (4,27,136), West Bengal (2,46,961), Uttar Pradesh (2,09,515), Tamil Nadu (2,08,365), Karnataka (1,92,977), Telangana (1,69,407) and Gujarat (1,53,480) as on March, 2025' [9]. The Companies registered under the Act has been predominant base on Services (72.02%) and following it comes Community, Social and Personal Services (26.72%), next to it comes the Industry with a share of 24.61%, manufacturing deals with the share of 14.27% and agriculture and allied activities occupies the share of 3.37% [12].

In the following table the details of the amount spent in the financial years since 2019-20 to 2023-24.

Table 1: CSR Expenditure Data (2019-20 to 2023-24)

Nature of companies	FY2019-20		FY2020-21		FY2021-22		FY2022-23		FY2023-24	
	Total cos	Amount Spent	Total cos	Amount Spent	Total Cos	Amount Spent	Total cos	Amount Spent	Total cos	Amount spent
PSU	483	5,310.12	448	4,486.27	400	4,407.17	437	4,112.08	374	4,773.17
Non-PSU	22,502	19,655.70	20,392	21,724.68	19,834	22,734.28	25,940	26,819.99	26,814	30,135.59
Total	22,985	24,965.82	20,840	26,210.95	20,234	27,141.45	26,377	30,932.07	30,932.07	34,908.75

(Source: Corporate Data Management Cell -2025,p.45)

In respect of spending of amount under the Act of the corporate social responsibility most of the amount has been spent on the heads of education (Rs.12,134.57 in 2023-24), healthcare (Rs.7,150.81 in 2023-24), environmental sustainability (Rs.2,429.97 in 2023-24), poverty, eradicating hunger, malnutrition (Rs.1,233.93) and other 25 heads [13].

Challenges Ahead before the CSR in Meeting up the Goals of Social Development

Since the beginning of the economic reforms in 1991 onwards there is a great increase in inequality graph specializing the fact that the class which is at the top of income has been able to accumulate about 40% to 60% of the nation's wealth and top 10% holds control over 60-65% of the country's total wealth and the bottom 50% holds only 15% of national income to the global average of 49% and which manifests itself with the fact that 'concentration of wealth among India's ultra-rich is worse than in the US, Brazil & South Africa' [14]. Although in the World Bank's report on Poverty & Equity Brief has placed India fourth among the equal nations of the world in terms of 'consumption expenditure' but the World Inequality Report placed India's inequality 'among the highest in the world' that showed little improvement in recent years [14]. The research done by Ricardo Comez-Carreera and Thomas Piketty has proved that the inequality has been a global trend and 'the top 0.001% of the world's ultra-rich fewer than 60,000 individuals-owns three times more wealth than the entire bottom half of the world population combined. These 60,000 people own 6% of global wealth' [15]. The effects of inequality are highly disastrous in terms of its mode of obstruction in enhancing the broadly articulated phenomenon of growth as well as creating difficulties in moving to the socio-economic progress which in turn gets entrenched in unequal opportunity that becomes reflected in deteriorations in health and education those eventually blocks the living communities into a state of 'intergenerational disadvantage'. In long terms of its effects, extreme kind of inequalities are responsible for harming the democratic functioning of the society where the economic power controls the process of decision making benefitting the few richest persons only. That kind of findings have been corroborated by the fact of increasing rate of inequality more in United States than Europe since 1980s and which has been proved in the works of Piketty In the global growth records between the period of 1980-2018, 'the sixth to ninth deciles of global income (comprising people who belonged to neither the bottom 60 per cent nor the to 10 per cent of the income distribution or, in other words, the global middle class) did not benefit much at all from global economic growth in this period' and the opinion is that the 'a growth model only slightly less beneficial to those at the top would have permitted a much more rapid reduction in global poverty and could still do so in the future' [16].

For the developing nations like in India, the challenges are heavy in fulfilling the norms of creating an equal society full of the provisions of sustainable development goals where the many forms of social differences exists even after the seventy five years of the country's independence from the colonial rule In giving practical ideology to the realm of CSR we will have to take into account the aspects of regional disparity where the CSR spending is quite high in the case of the states like Maharashtra, Gujarat, Karnataka and Tamil Nadu in comparison to the states like Assam and Bihar. In terms of sectoral disparity also there are differences when the CSR spending on education, health and sanitation are quite appreciative but in respect of spending on environmental issues between the years of 2014-18 it has not been greatly influencing the vast low earning people. The lack of transparency and information regarding the actual process of trust building between the corporate bodies and communities have been effecting in providing a transparent way of dealing with the problems faced by the common masses and on the other hand, the feeling of consideration of the CSR activities only as statutory obligations thereby disregarding the real spirit of the Act has brought discredit to the efforts and their concept of 'greenwashing' has been proved detrimental to the larger interests of the people. There are also lack of consensus and cooperation between the local communities and the corporate bodies in fulfilling the tasks of a sustainable development objective when on the one hand, the lack of community participation has brought a process of disconnection when the real interests of the people has been left out for the purpose of positioning the corporate interests more strongly. Another challenge which has been quite important is the lack of proper policy and strategic orientation of identification of the real issues faced by the marginalized section of the society and in absence of such identification of the real issues of the day, the corporate social responsibility has not been able to bring real fruits to the standard of living of the poor common people (Forum IAS,2023).

Conclusion

The world has the forms of inequality recorded since the nineteenth century and which was truly one of the greatest causes of depriving the vast numbers of the workers and the other poor section of the people in the West European countries particularly in countries like France (80-90%) or Great Britain (85% (1810-1870) to 90% (1910-1920) during the pre-First World War period and it was only during the post-Second War period 1945-1980 there was a major emphasis by the developed or developing countries due to the ideological expansion of the social egalitarianism and the growth of the socialist principles of economy influenced primarily by the teachings of Marx, Lenin and Mao [17]. In India the introduction of the, systematic programme of liberalization, privatization and globalization of

the basic features of the economy no doubt there has been logical argument in context of its role in reducing the rate of poverty back in 1983 when the rate of poverty was a huge 44.5% but which has been decreased to the rate of 27.5% in 2004 (in 20024 which is 4-4%) and consideration of the social security as one of the objectives of economic policies [18]. To achieve the total transfer real benefits of welfare to the common citizens of India ,it is essential to lay importance in deeper level of ‘institutional reforms to strengthen capacity and impart accountability at all levels-politicians ,policymakers, administration, and front line providers’ where the huge sum of money in budget allocation ‘better designated schemes ‘would remain unfructifying in deliverance of the real objectives of CSR policy or other major policy reforms [19]. In order to accelerate the conditions of growth not only in respect of economic reforms led development but also in bringing growth with much empirical logic of equity that becomes possible through substantial private and government undertaking in the forms of social transformation in the realm of mass literacy, ‘a fair degree of female empowerment and quite radical land reforms’ [20].

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