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ETHICAL SOCIAL RESPONSIBILITY OF INDIAN COMPANIES, SPECULATED FROM COMPANIES ACT 2013

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ABSTRACT

It is ethical for the Indian companies to retain culture within business transactions. This ethical approach is considered effective, when ethical code of conduct is adhered to. This paper is focused on Companies Act 2013, which directs these companies to use funds rationally and logically to serve the clients and customers according to their needs. Monitoring by the board members and committees is effective for detecting the unethical acts, into which the companies might indulge. Every company in the Indian market is to indulge in fair and transparent competition, and refrain themselves from illegal acts, which can make market position vulnerable.

Keywords: Ethics, society, responsibility, India, companies, Companies Act 2013

1. INTRODUCTION

With effect from 2013, Companies Act was implemented in India. There were several chapters, concerned to different issues under the Act. In the preliminary chapter, it is stated that the Act is applicable for all the brands who have settled and established their business in the markets of India. Under the act, all companies are expected to think of social welfare within the businesses intended to achieve customer satisfaction. Policies implemented needs to clearly define the corporate social responsibility, which the companies are to take, for gaining trust, loyalty and dependence from the customers. There is a committee, where Board members supervise performance of brands regarding transactions with the partners and customers. These board panel and committee members exert supervision on the brands on using funds rationally, according to the needs. The Act also ensures that the Corporate Social Responsibility (CSR) activities are planned and executed according to the policies developed by the companies.

378ZH section of the Act states that charity and donation programs, planned by the companies, should be within 3% of the producer company's net profit. Here, ethics indicate refraining from utilizing the funds and charity collected for personal benefits or usages. It is the corporate responsibility of the Indian brands to assure the customers that their funds are secured and will nor be used for commercial benefits. After collecting the funds for charity donation, the companies are to donate them to NGOs, orphanages, and old age homes. Maintaining transparency in these donations reflects compliance with the rules, regulations, terms, conditions, clauses and policies under Companies Act 2013. One of the clauses of this Act is not to pressurize any customer for produce charity or donation. Whatever they are giving, it needs to be accepted without further questions. In this context, ethics connote fairness in the business. This fairness yields high scale of customer satisfaction for Indian companies.

2. LITERATURE REVIEW

Kumari and Goyal, (2025) brought stakeholder theory into the discussion, stating that people centric approach of Indian companies maintains balance in business. This approach is inclusive of ethical code of conduct, which helps these companies to strengthen their position in the minds of customers. Sustaining ethical approach for serving customers is effective for increasing their base, which, in turn, enriches market position. The arguments are directed towards obligations, which the companies are to follow for doing business in the right path. Barman and Mahakud, (2024) linked corporate social responsibility with financial performance. Indian companies are affiliated to CSR norms, which they are to follow. These companies, after being enlisted on National Stock Exchange, need to follow the obligations, especially the transactions which they do with partners.

Gupta, (2022) argued that business environment is created of ethics, responsibility, discipline, which helps Indian companies to gain trust from customers. Ethics, in this context, indicates following rules and regulations, like Companies Act (2013). Businesses consist of policies, socio-cultural aspects, where ethics, spreads their fame and glory into international markets. Panwar et al., (2013) proved that CSR activities of companies enhance their corporate social image. Following the rules and regulations like Companies Act (2013), in the corporate social responsibility, does not diminish firm value.

Varsha and Venkateshwarlu, (2025) mapped corporate social responsibility through Companies Act 2013. Legal obligations and voluntary practices were studied for understanding the business tactics adopted by the companies in Indian market. Compliance driven approach of these companies result in ethical businesses, which increases customer trafficking into the brands. With the enforcement of the Act, spending has been limited, binding planning. Too much restrictions are negative, stalling the plans to outreach business across borders. Adding to this, Hasan, Singh, and Kashiramka, (2022) were of the view that disclosure on corporate social responsibility activities affects the total performance of firm. Here, ethics is very much important as the officials are expected to be aware of the extent to which they disclose information related to business. Transparency is needed, but over transparency is a loss, and not intended according to the Companies Act 2013.

3. METHODOLOGY

In this study, primary quantitative method is applied for collecting data on the ways in which Companies Act 2013 is applied by the companies in India. As a matter of specification, 5 managers of reputed companies like Nestle, HDFC Bank, Samsung and Unilever are selected as samples for obtaining data. Questionnaires are prepared on corporate social responsibility, ethics, and legal obligations surrounding their business. These questionnaires are formed on the platform, Google Form. After they are completed, and verified, they are sent to the registered mail accounts of the samples, that are, managers. Along with the questionnaire, ethical consent forms are sent, to gain consent on being a part of data collection process. The responses collected from these managers are analyzed through tables, charts and graphs. These responses are explored through exploratory research design, which helped in exploring the unexplored realms of corporate social responsibility and the legal obligations on the Indian companies under Companies Act 2013. Deductive approach is used for deducing relevant aspects from previous studies, gained in literature review. Positivism philosophy is used for establishing real, scientific, epistemological knowledge on legal obligations for Indian companies under Companies Act 2013. Sources used in literature review are acknowledged, which averts plagiarism and collusion. While collecting data, researcher refrained from creating any pressure on samples for producing responses. The responses were assured that their responses are well-secured and will not be used for any commercial benefits.

4. CONCLUSION

Exploration on detailed introduction to Companies Act 2013 reveals proper people centric approach which the Indian companies are to express, while serving customers. Within the rules and regulations, these companies are to be ethical in their approach towards collecting donations for charity. Fame and glory increase when these companies disclose only that much information which is required, assuring the customers that their funds are secured and will not be used for commercial benefits. Stakeholder theory is apt for enhancing knowledge on the basic means to gain trust, loyalty and dependence from the customers. Fairness and transparency are crucial for increasing trafficking of the customers into business.

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