

# Indian Knowledge System And Ethical Practices In Indian Corporates: An Analytical Perspective

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## Abstract

Values, principles and morality are the essence of ethics in business practices. Business ethics define the character of any business entity. Indian Knowledge System has always emphasized on good corporate governance. However, in the contemporary business world, several instances can be witnessed where corporates have failed in maintaining and upholding ethics in their ways of doing business. Ancient Indian texts, particularly the Vedas, the Upanishads, the Bhagwat Gita, Arthashastra, etc. provide insights into the principles of business ethics that were prevalent in India in ancient times. One of the central tenets of business ethics in ancient India was the concept of dharma, which refers to ethical duty or righteousness. The study undertaken by the researcher attempted to understand if the ancient wealth of principles that Indian texts provide can provide solutions that can help address many of the ethical issues that are prevalent in the modern-day world. In the last three decades, the country has witnessed several cases of corporate fraud and bad corporate governance like the Satyam scandal, Harshad Mehta scam, Sarada Chit Fund scam, Sahara Fraud case, ICICI Bank-Videocon Scam, Nirav Modi fraud case, etc. When India is aiming to be a global leader in the world of business, such cases of negative business ethics scar the image of the nation internationally. The study conducted was exploratory in nature and found that if the ethics and principles mentioned in Indian knowledge System are applied in letter and spirit, Indian corporate houses can build their goodwill and be more accountable ethically to different stakeholders. By applying these principles in the business world and in society as a whole, ethical behaviour can be promoted and a more just and sustainable world can be created.

**Keywords:** Business, Ethics, Corporate Governance, Indian Knowledge System, Stakeholders

## 1. INTRODUCTION

The Indian Knowledge System (IKS) refers to the vast intellectual traditions of India developed over thousands of years in fields such as philosophy, economics, governance, ethics, education, ecology, health, and social conduct. These knowledge traditions—rooted in texts such as the *Vedas*, *Upanishads*, *Arthashastra*, *Bhagavad Gita*, *Tirukkural*, and numerous regional literature—provide a strong foundation for ethical conduct and societal well-being.

In the modern corporate sector, especially since the 1991 economic reforms, Indian companies have been operating in a dynamic globalized environment. This has increased the need for an ethical foundation in business practices. Integrating IKS principles into business ethics provides a culturally relevant framework that can promote responsible governance, sustainable growth, and inclusive development.

Business ethics focuses on moral principles that guide how organizations interact with stakeholders, while corporate governance establishes systems and policies to direct and control the company, ensuring the alignment of stakeholders' interests. Effective corporate governance helps prevent scandals and promotes long-term sustainability by establishing accountability and oversight. In essence, business ethics provide the "what" (moral principles), while corporate governance provides the "how" (systems and structures) to ensure ethical and

responsible business practices are implemented and upheld. Business ethics and corporate governance are distinct but intertwined concepts crucial for a company's success and reputation. Ethical behaviour is a cornerstone of sound corporate governance. Corporate governance provides the framework within which ethical principles can be applied. Strong ethical practices, supported by robust corporate governance, lead to a more sustainable and trustworthy organization.

Ethics is closely connected with trust. Trust in turn leads and improves predictability and efficiency of business. Thus, business ethics is needed to develop trust and maintain it in such a way that business can earn profit and reputation both. The business unit needs to follow the ethics of business because business ethics involves:

- The need of **Compliance** of legal enactments, principle of morality and customs of community together with policy of the company.
- The **Contribution** which business makes towards the society by providing goods, services and employment, creating wealth, carrying out social and welfare activities.
- Bearing the **Consequences** of business activities towards environment, various stakeholders and good public image.

Good corporate governance begins with a company's own internal practices and policies. While corporate governance issues are common across organizations, each company requires governance principles that are unique in their approach. Good governance is, ultimately, the sine qua non for continued growth and prosperity. Corporate governance ensures that long term strategic objectives and plans are established and that the proper management structure is in place. Companies that provide good governance, both in terms of practices and results can expect the backing not only of investors but of customers too. Corporate Governance represents the moral framework, the ethical framework and the value framework under which an enterprise takes decisions. In the long run ethical behaviour has a positive impact on the company's performance.

In a study done by Collins and Porras between 1926 and 1990—published in their book ‘Built to Last’, 18 visionary companies achieved a growth in shareholder value 15 times greater than the general market. Studies have also proved that there is a direct co-relation between ethical conduct and job satisfaction. It is in fact one of the greatest motivating factors. Wherever the top management gives strong support to ethical conduct, it increases an employee’s identification with the company. Today, many Indian companies are restructuring, raising capital overseas and listing their shares on foreign stock exchanges and all this ferment has led towards a sharper focus on Corporate Governance. Many of the international best practices have been adopted - and adapted - and encapsulated in a SEBI code, which is statutory and applicable to all listed companies.

## 2. STATEMENT OF THE PROBLEM

There are a number of reasons why businesses should act ethically. As behaviour is based on values priorities, a mutual effort at all levels to deal with corporate ethics begins with a clear understanding of core values, both individually and organizationally. Good corporate governance begins with a company's own internal practices and policies. While corporate governance issues are common across organizations, each company requires governance principles that are unique in their approach. For this initiative to be successful, the guiding principles should be clearly understood and put into practice at every level within the company. This code should be adhered to in letter and in spirit.

### 3. REVIEW OF LITERATURE

In the words of Kenneth Kernaghan “Ethics is concerned not only with distinguishing right from and good from but also with commitment to do what is right or what is good. The concept of ethics is inextricably linked to that of value, that is enduring belief that influence the choices we make from available means and ends.”

According to R.E. Freeman, A.F. Stoner is defined as “Ethics broadly and simply is the study of how our decisions affect other people. It is also the study of people’s rights and duties and of the rules that people apply in making decisions.”

According to Wiley “Ethics reflects the character of the individual and more contemporarily, perhaps the character of the business firm, which is a collection of individuals”.

According to Baumhart “Ethical standards are principles of ideals of human conduct”.

Mueller (2006) examined the strengths and weaknesses of various CG framework in eliminating problems of principle/agent and analyzed the relevant observational evidences to survey their performance in context of German, Japanese and Anglo Saxon. The German or probably Japanese framework of CG is found to be the best and the development of a robust base for “Corporate governance” which encourages huge equity markets has been recommended.

Javed and Iqbal (2006) analyzed how “Corporate governance” relates with performance of the firms publicly registered in Karachi Stock Exchange (KSE) by taking 50 firms in consideration for the years from 2003 to 2005. It has been noted that management and leadership of the firms get improved by the code of “Corporate governance” and inefficient management practices can be safeguarded by the transparency standards and disclosures.

Premuroso and Bhattacharya (2007) explored the association of “Corporate governance” with the performance of the firm in context of financial numbers due to the impact of development of technology committee in 23 firms from S&P 500 for which information has been observed through binary and logistic regression technique and discriminant analysis and has been further analyzed using multiple regression method. The results suggest that the “Corporate governance” of firms has been positively and significantly associated with the intentionally framed technology committees.

Sam (2008) contextually analyzed the understanding the way of “Corporate governance” of holding organization by taking Temasek Holdings limited of Singapore into consideration which is state-owned holding organization. It has been said that from the study SOHs like THL can play a significant role in privatization by coordinating the whole procedure, predominantly when the resources of the state are partly-privatized.

Li and Nair (2009) illustrated the “Corporate governance” in Asian countries in special context of India and China. It has been underlined that keeping in mind the narrated religious base, ways of development and the huge size of India and China, the pattern of “Corporate governance” and its relationship with key ideas immensely stands exclusive against that has been built and developed in existing theories.

Hansson, Liljeblom and Martikainen (2010) examined the impact of family on performance of firms in Finland for which data have been gathered from family SMEs through organized questionnaire and relevant association has been analyzed using 2SLS and 3SLS regression method. It has been found that board size of family and number of family employees are negatively associated with firms' performance while outer board individuals and outer block holders have not been identified associated with firms' performance.

Renders, Gaeremynck and Sercu (2010) identified the existence of relationship amongst ratings in context of CG and company performance which came out to be positive by taking a sample of two EU companies for the five years from 1999 to 2003, for which the data have been analyzed through OLS regression, Heckman procedure, 2SLS and 3 stage model. The findings suggest that the CG ratings undoubtedly have been associated with better

company performance and “Corporate governance” in Europe appears to be voluntary which has been expected to increase over the time.

Uadiale (2010) analyzed the aftermath of the structure of the board on the performance of the Nigerian companies expressed financially through OLS regression method. The size of the board, outside CEOs, CEO duality (with ROCE) relate positively with corporate financial performance while a negative relationship observed between director's stockholding and CEO duality (with ROE) and corporate financial performance.

Haque, Arun and Kirkpatrick (2011) investigated the effect of “Corporate governance” carried out at the level of firm on the capital structure of 101 non-monetary Bangladeshi firms registered in Dhaka stock exchange for the year 2004-05. It has been proven that better “Corporate governance” results in decreasing agency cost which improves confidence of investors thus leading to upgradation of firm's capacity to acquire equity finance.

Grove, Patelli and Victoravich (2011) intended to investigate the consequence of CG mechanisms on the performance of 236 US commercial banks in financial crisis in the period from 2005 to 2008 through multiple regression method. There has been a positive association of block ownership, board meetings and incentive executive pay while a negative association with rest of the factors with the performance of banks.

#### **4. RESEARCH QUERIES**

- 4.1 Why is business ethics significant for good corporate governance in India?
- 4.2 What are the major corporate governance failures in India?
- 4.3 How can IKS provide viable solutions for robust ethical practices in Indian corporate houses?

#### **5. OBJECTIVES OF THE STUDY**

The present study has been carried out in order to fulfil the following objectives:

- i)To examine the role of ethics in corporate governance of business
- ii)To identify the prominent cases of corporate governance failures in India
- iii)To study the ethical considerations in the Indian Knowledge System

#### **6. RESEARCH METHODOLOGY**

The researcher has used facts and information already available. These were analyzed to make a critical evaluation of the existing business ethics scenario in India. It involves the in-depth study and evaluation of available information in an attempt to explain the relationship between IKS and business ethics towards stakeholders. First, the research question were determined. Thereafter data was collected from secondary sources. Once the data was gathered, analysis was done. Only qualitative methods were used to derive meaningful insights from the collected data. After analyzing, interpretation of the results was done.

## 7. ANALYSIS OF FINDINGS AND DISCUSSION

### 7.1 IMPACT OF BUSINESS ETHICS AND CORPORATE GOVERNANCE ON STAKEHOLDERS

Ethics are central to the concept of corporate governance, which, according to the [Organisation for Economic Co-operation and Development \(OECD\)](#), "guides how a company is directed." OECD reveals that, if done right, this "enables companies to create an environment of trust, transparency, and accountability, which promotes long-term patient capital and supports economic growth and financial stability."

Strong business ethics and effective corporate governance practices positively impact various stakeholders in the following ways:

- **Shareholders:** Increased confidence in the company's management and operations, leading to enhanced shareholder value.
- **Customers:** Trust in the company's products or services, resulting in customer loyalty and repeat business.
- **Employees:** A positive and ethical work environment that attracts and retains talented individuals, fostering employee engagement and productivity.
- **Suppliers and Business Partners:** A reputation for ethical dealings attracts reliable suppliers and business partners, strengthening the company's supply chain.
- **Society:** A positive contribution to the community and the environment, enhancing the company's reputation and social licence to operate.

### 7.2 PROMINENT CASES OF CORPORATE GOVERNANCE FAILURE IN INDIA

Several well-documented examples of bad corporate governance in India include the Satyam scam, the IL&FS crisis, the Nirav Modi fraud, and the case of Vijay Mallya and Kingfisher Airlines. These cases highlight failures in transparency, accountability, and ethical conduct, leading to financial losses and erosion of investor confidence.

Here's a look at how corrupt business practices led to some of the biggest corporate governance failures in India.

#### Tata-Mistry fallout

Cyrus Mistry was a director of Tata Sons Ltd. since 2006. The majority of shareholding was held by trusts of the Tata family. This was to ensure that the control remains with the family even when Cyrus Mistry joined. The Board frequently disagreed with the decisions of Mistry and ousted him during one such meeting. Mistry alleged that there was dominant control by the nominee directors of the trust, including Ratan Tata, who were the "shadow directors" of Tata Sons Ltd.

Mistry said that he was never provided with a free hand by the promoters to manage the company and that the promoters were stubborn regarding their own projects. He also alleged that there was no independence in the working of the independent directors. Nusli Wadia, who was an independent director was also fired for standing up for Cyrus Mistry to maintain his chairmanship in group companies. This shows the clear abuse of power by the promoters.

### **ICICI Bank-Videocon bribery case**

The Enforcement Directorate had apprehended Deepak Kochhar in September 2020 after it filed a criminal case for money laundering basis an FIR registered by the Central Bureau of Investigation (CBI) against the Kochhars, Videocon's Dhoot, and others.

The federal probe agency alleged that Rs. 64 crore out of a loan amount of Rs. 300 crore sanctioned by a panel of ICICI Bank headed by Chanda Kochhar (wife of Deepak Kochhar) to Videocon International Electronics Limited was wired to Nupower Renewables Pvt Ltd (NRPL) by Videocon Industries on September 8, 2009. The money was transferred a day after the disbursement of the loan. NRPL, earlier known as Nupower Renewables Limited (NRL), is owned by Deepak Kochhar.

### **PNB-Nirav Modi Scam**

The Punjab National Bank (PNB), one of the country's largest public-sector lenders, found itself in the middle of a Rs. 11,400 crore transaction fraud case in February 2018. The bank had detected and informed the Bombay Stock Exchange about some "fraudulent and unauthorised transactions" in one of its branches in Mumbai to the tune of \$1771.69 million (approx). The CBI then received two complaints from PNB against billionaire diamantaire Nirav Modi and a jewellery company alleging fraudulent transactions worth about Rs. 11,400 crore. This was in addition to the Rs. 280 crore fraud case that Nirav Modi was already under investigation for, again filed by PNB. Modi is facing two sets of criminal proceedings. The Central Bureau of Investigation case relates to the large-scale fraud upon PNB through the fraudulent obtaining of "Letters of Understanding", while the Enforcement Directorate is investigating the laundering of the proceeds of that fraud.

### **The Satyam scandal**

Satyam was a public-listed company and ironically enjoying a good reputation, even winning the Golden Peacock Global Award for corporate governance at one point. However, the company colluded with auditors in fraudulent accounting practices to mislead the investors, regulators, board and other stakeholders. The scandal was unravelled when the company's Chairman Ramalinga Raju confessed about the misrepresentation in the accounting practices and thereafter regulators like SEBI stepped in and started taking action.

The issue started with Satyam's attempt to invest Rs. 7,000 crores in Maytas Properties and Maytas Infrastructure. These firms were owned by the family members of Raju. The investments were cleared by the board on 16th December 2008 but were opposed by the investors. The accounts of the firm were manipulated by assets like cash and bank deposits being overstated, debts being understated. As a result, the investors filed various lawsuits against Satyam.

Following the Maytas deal and subsequent lawsuits, the decision of Satyam board was reversed. The World Bank banned Satyam for 8 years to conduct any kind of business while four independent directors resigned.

The Satyam case sparked a reaction from various corners of corporate India, calling for urgent change in policy measures. Several agencies like CII (Confederation of Indian Industries), National Association of Software and Services committee, SEBI Committee on disclosure and accounting standards etc. started looking into the policy changes regarding the Audit Committee, Shareholder Rights, Whistle-blower policy etc. These committees prepared various kinds of suggestions which were later dealt with by the legislature.

### **Malvinder and Shivinder Singh Case**

The now infamous Singh brothers Shivinder and Malvinder, who were under the scanner of the Economic Offence Wing (EoW) of the Delhi police for a fraudulent loan from Laxmi Vilas Bank, are accused of siphoning nearly \$2 billion from their corporate empire that spanned across listed companies including pharma major Ranbaxy, hospital chain Fortis Healthcare and financial services company Religare Enterprises Ltd (REL).

Malvinder and Shivinder have been accused of diverting the money of Religare Finvest Limited (RFL), an REL subsidiary. The broad allegations are that Malvinder and Shivinder, along with other officials of REL, took loans in the name of RFL and diverted the money to other companies. This caused the company losses of Rs. 2,387 crore! These allegations against Malvinder and Shivinder Singh are just the tip of the iceberg. According to a Business Today report from 2018, the brothers inexplicably managed to squander a whopping Rs. 22,500 crore over just one decade.

In a complaint Malvinder accused his younger brother, Shivinder, the Dhillon family and Sunil Godhwani (former head of REL) of criminal conspiracy, cheating and fraud for allegedly siphoning off thousands of crores from RHC Holdings, the group's holding company that once promoted Fortis Hospitals and Religare. Meanwhile, SEBI has accused the Singh brothers of diverting Rs. 403 crores from Fortis Healthcare to RHC.

- **IL&FS Scandal:**

Infrastructure Leasing & Financial Services (IL&FS) was a major infrastructure financing company that defaulted on its debt obligations. The scandal revealed a web of irregularities and fraudulent activities, contributing to a liquidity crisis in the Indian financial system.

- **Vijay Mallya and Kingfisher Airlines Scam:**

The collapse of Kingfisher Airlines, owned by Vijay Mallya, exposed mismanagement, failure to repay loans, and unethical treatment of employees.

- **CG Power and Industrial Solutions Case:**

This case involved allegations of overstating profits, understating liabilities, and siphoning off funds, further demonstrating weaknesses in corporate governance practices.

### 7.2.1 THESE CASES HIGHLIGHT SEVERAL COMMON PROBLEMS:

- **Lack of Transparency:**

Companies failed to provide accurate and complete information to shareholders and the public, leading to misrepresentation of financial performance.

- **Weak Internal Controls:**

Insufficient checks and balances within companies allowed fraudulent activities to go undetected for extended periods.

- **Ethical Failures:**

Many of these cases involved deliberate deception, misappropriation of funds, and a disregard for the interests of stakeholders.

- **Failure of Auditors:**

In some cases, auditors were unable to detect or report fraudulent activities, raising questions about their independence and effectiveness.

- **Poor Risk Management:**

Companies failed to adequately assess and manage risks, leading to financial losses and reputational damage.

## 7.3 ETHICAL CONSIDERATIONS IN THE INDIAN KNOWLEDGE SYSTEM

### 7.3.1 Business Ethics in Arthashastra:

Arthashastra is an ancient Indian text that provides a comprehensive account of the principles and practices of governance, including economic and business practices. The text provides insights into the principles of business ethics that were prevalent in ancient India. One of the central themes of Arthashastra is the importance of dharma, or ethical duty, in business practices. The text emphasizes the importance of honesty, fairness, and transparency in business dealings, and warns against engaging in corrupt or unethical practices. Arthashastra also stresses the importance of social responsibility in business practices. The text encourages business owners to engage in philanthropic activities and to contribute to the welfare of the community. Another important principle of business ethics in Arthashastra is the concept of sustainability. The text emphasizes the importance of using resources wisely and promoting environmental sustainability and warns against engaging in practices that harm the environment or deplete natural resources. Arthashastra also stresses the importance of ethical leadership in business. The text emphasizes the importance of leaders who are honest, fair, and transparent in their dealings, and who prioritize the welfare of the community over their own self-interest. Overall, Arthashastra provides insights into the principles of business ethics that were valued in ancient India, and continues to influence modern business practices in India today .

### 7.3.2 Bhagavad Gita and Business

Ethics The Bhagavad Gita is an ancient Hindu text that provides guidance on ethical behaviour and spiritual principles. While it is not a business-specific text, it contains several principles that can be applied to business ethics. One of the key principles of business ethics in the Bhagavad Gita is the concept of karma yoga. This involves performing one's duties in a selfless manner, without being attached to the results of one's actions. This principle emphasizes the importance of performing ethical actions without being motivated by personal gain or self-interest. Another important principle of business ethics in the Bhagavad Gita is the concept of dharma, or ethical duty. The text emphasizes the importance of acting in accordance with one's dharma, and avoiding actions that go against ethical principles. The Bhagavad Gita also emphasizes the importance of treating others with respect and compassion. This principle encourages individuals to act with kindness and empathy towards others, and to avoid engaging in practices that harm others. Finally, the text emphasizes the importance of pursuing knowledge and self-improvement. This principle encourages individuals to constantly strive for self-improvement and to seek out knowledge that can help them make ethical and responsible decisions. Overall, the Bhagavad Gita provides insights into the principles of business ethics that emphasize selflessness, ethical duty, compassion, and self-improvement. These principles can help guide ethical decision-making in the business world.

### 7.3.3 Business Ethics in Ramayana and Mahabharata

The Mahabharata and Ramayana are two of the most important ancient Indian epics, and they provide insights into the principles of business ethics and human relations. In the Mahabharata, the character of Yudhishtira embodies the principles of ethical conduct in business. He is known for his honesty, fairness, and sense of duty towards his employees and customers. Yudhishtira also emphasizes the importance of building trust with stakeholders, and avoiding deceitful practices that harm others. The Ramayana, on the other hand, emphasizes the importance of interpersonal relationships in business. The character of Rama is known for his compassion, empathy, and respect for others, which helps him to build strong relationships with his employees, customers, and suppliers. Rama also emphasizes the importance of treating employees with dignity and respect, and recognizing their contributions to the success of the business. Both epics also emphasize the importance of social responsibility in business. Yudhishtira and Rama both prioritize the welfare of their communities, and work to promote the well-being of others through philanthropic activities and ethical business practices. Overall, the Mahabharata and Ramayana provide important lessons on the principles of business ethics and human relations.

By following these principles, individuals and organizations can build strong relationships with stakeholders, promote ethical behaviour, and contribute to the well-being of society as a whole.

### 7.3.4 Folklore Traditions and Business Ethics

Folklore traditions of India, including fables, tales, and legends, are replete with stories that illustrate the importance of ethical behaviour in business and commerce. Many of these stories are rooted in the principles of dharma and karma, which emphasize the importance of acting in accordance with moral and ethical principles, and taking responsibility for one's actions.

One example of a folktale that illustrates the importance of ethical behaviour in business is the story of the merchant and the mouse. In this story, a mouse is caught in a merchant's trap, but the merchant spares the mouse's life after it promises to repay his kindness. Later, the mouse saves the merchant's life by gnawing through the ropes that bind him to a tree, demonstrating the importance of treating others with compassion and respect.

Another folktale that emphasizes the importance of ethical behaviour in business is the story of the honest woodcutter. In this story, a woodcutter finds a purse of gold in the forest, but instead of keeping it, he turns it over to the local king. The king is so impressed by the woodcutter's honesty that he rewards him with the purse of gold, illustrating the importance of honesty and integrity in business.

Many other folktales in Indian folklore emphasize the importance of ethical conduct, including the story of the farmer and the snake, the story of the lion and the mouse, and the story of the three fish.

Overall, Indian folklore traditions provide a rich source of wisdom and guidance on the principles of ethical behaviour in business and commerce. By following these principles, individuals and organizations can build strong relationships with stakeholders, promote ethical behaviour, and contribute to the well-being of society as a whole.

## 7.5 APPLICATION OF IKS IN INDIAN CORPORATE SECTOR

The following areas of business ethics may be borrowed from Indian Knowledge System and applied in Indian corporate houses:

1. **Preservation of Traditional Knowledge:** Ethical considerations involve recognizing the cultural significance of traditional knowledge and ensuring its preservation for future generations.
2. **Fair Recognition and Benefit Sharing:** There's a need to ensure that traditional knowledge holders receive fair recognition and benefit from their contributions, aligning with principles of equity and justice.
3. **Respect for Indigenous Rights:** Ethical frameworks prioritize the protection of indigenous rights, including rights to traditional knowledge, land, and cultural practices.
4. **Balanced Intellectual Property Rights (IPR) Regime:** Ethical IPR policies aim to strike a balance between protecting the rights of traditional knowledge holders and promoting access to knowledge for educational and innovative purposes.
5. **Cultural Sensitivity and Inclusivity:** Ethical considerations emphasize the importance of cultural sensitivity and inclusivity within the education system, acknowledging diverse knowledge systems and perspectives.
6. **Community Participation and Empowerment:** Initiatives should involve meaningful participation and empowerment of indigenous communities as stakeholders in the knowledge system, fostering collaboration and mutual respect.
7. **Promotion of Integrity and Accountability:** Ethical conduct among educators, researchers, policymakers, and other stakeholders is crucial for maintaining integrity and accountability in the dissemination and utilization of knowledge.

8. Addressing Power Imbalances: Ethical frameworks aim to address power imbalances within the knowledge system, ensuring that marginalized communities have a voice and agency in decision-making processes.

9. Promotion of Sustainable Development: Ethical considerations extend to promoting sustainable development practices that respect the environment.

10. Education and Awareness: There's a need for education and awareness initiatives to promote ethical behaviour and values within the knowledge system, fostering a culture of respect, responsibility, and collaboration. These points highlight the complex interplay between ethics, culture, and governance in shaping the Indian knowledge system and underscore the importance of adopting inclusive and responsible practices.

## 7.6 SUGGESTIONS

In a welfare-oriented democratic polity like ours, the government cannot remain a mere spectator. A system of online filing of complaints will improve complaint registration and empower unorganised customers against unethical business practices.

Further, India needs tough regulators for high complaint sectors, like real estate and travel and tourism. Tightening tort laws and providing for class action suits will dent fraudulent business practices.

However, tough regulation alone will not be enough. Attitudinal changes are needed if one wants value for one's money. Aggrieved customers must raise their voice against deficiency in services at all forums, starting from social media to consumer courts.

Above all, businesses must realise that the key to sustained growth in top and bottom line is ethical business practice. They can ignore it at their own peril in an intensely competitive business environment.

Business ethics can be promoted through these five steps as observed after analyzing facts and information collected during the research:

1. Honestly assess the business's needs and resources.
2. Establish a strong foundation.
3. Build a culture of integrity — from the top down.
4. Keep a “values focus” in moments big and small.
5. Re-evaluate and revise as needed.

## CONCLUSION

The Indian Knowledge System provides a timeless ethical compass that can guide modern corporate behavior. As Indian businesses become globally competitive, integrating IKS-based values—such as Dharma, Satya, and Seva—can foster ethical governance, sustainable development, and responsible leadership. This synthesis of ancient wisdom and modern business practices can position Indian corporates as global models of ethical excellence.

Indian ethics – moral rules and conduct of life go back to several millennia, The Vedas, The Upanishads, Puranas and Smritis continued the tradition of ethical practices in society. The values enshrined in the great epics of Mahabaratha and Ramayana are relevant for business ethics even today. Even the Arthashastra and Folklores are rich sources of ethics in economic activities. Businesses need to ensure they remain disciplined, transparent,

independent, accountable for their actions, responsible, and fair. In the absence of effective governance, companies will no doubt feel the consequences either financially, legally, or incur reputational harm. Good corporate governance plays a key role in enhancing the integrity and efficiency of companies, as well as the financial markets in which the company operates. Poor corporate governance weakens a company's potential and can open the way for financial difficulties and fraud. Adopting IKS in true sense can incorporate the culture of good governance and business ethics in Indian corporate sector.

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