

SHUBH LABH: INTEGRATING ETHICS, GOVERNANCE, AND SUSTAINABLE DEVELOPMENT THROUGH BHARTIYA ARTHASHASTRA

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Abstract

Economic progress is often gauged through indicators such as Gross Domestic Product (GDP), industrial output, and financial growth. While these measures reflect material advancement, they frequently overlook the ethical, environmental, and social dimensions of development. Western economic thought, grounded in Greco-Roman rationalism and Enlightenment individualism, prioritizes competition, efficiency, and shareholder wealth. In contrast, Indian economic philosophy has historically envisioned, "Shubh Labh"- prosperity as a moral and social pursuit, deeply intertwined with dharma (duty, justice, righteousness) and collective welfare. This paper reinterprets economic development through indigenous Indian frameworks—Gandhian Economics, which advocates self-sufficiency, non-violence, and trusteeship; Frugal Innovation (Jugaad), emphasizing affordability, inclusivity, and resourceful problem-solving for marginalized communities; and the ethical prescriptions of both Kautilya Artha Shastra and the Manu Smriti, which foreground fairness, moderation, and social responsibility in governance. Together, these models converge with modern global frameworks like B Corporations and ESG (Environmental, Social, and Governance) principles to present a value-driven approach to sustainable growth. Through an integrative conceptual framework built on the triad of Ethics, Governance, and Development—with Sustainability as its core—the paper proposes an Indian paradigm for value-based economic progress. It demonstrates how ancient wisdom, when harmonized with contemporary sustainability imperatives, can yield a holistic development model that balances innovation with equity, growth with environmental stewardship, and prosperity with moral responsibility.

Keywords: *Arthaśāstra, Gandhian Economics, Shubh labh, Jugaad, , Ethics, Governance, Value-based Development, Sustainable Economy*

गच्छध्वं संवदध्वं सं वो मनांसि जानताम्। देवा भागं यथा पूर्वे संजानाना उपासते॥ *Rig Veda (10.191.2-4)*

Meaning : "Move together, speak together, let your minds be in harmony;
as in the beginning, the gods shared their portion in unity."

1. Introduction

The western parameters of economic development, conventionally measured through metrics such as Gross Domestic Product (GDP), industrial output, and financial expansion, has long been equated with material progress and market efficiency. However, such indicators often fail to capture the moral, social, and ecological dimensions of true prosperity. The western economic paradigm is rooted in individualism and utilitarian rationality, has delivered unprecedented

innovation and wealth creation, but it has also intensified inequality, environmental degradation, and the erosion of ethical accountability in business and governance. In contrast, the Indian tradition envisions economic life as inseparable from ethical and moral order, dharma, embedding Artha - wealth creation, within the larger goals of social justice, sustainability, and human welfare.

This study proposes a reorientation of developmental thinking through an indigenous Indian lens, integrating

ancient ethical wisdom with contemporary sustainability frameworks. It builds upon a triadic conceptual model—Ethics, Governance, and Development—with Sustainability as its core, emphasizing that long-term prosperity must harmonize material growth with moral purpose and collective welfare.

Indian economic philosophy has historically recognized that economic activity must be guided by moral values and governed by social responsibility. Ancient texts such as the Manu Smriti and Kautilya's Arthaśāstra articulate a coherent vision where governance, ethics, and economic management are interdependent. According to the Manu Smriti, wealth is not condemned but contextualized within dharma, it must be acquired ethically, used moderately, and shared justly.

Further, Manu Smriti's notion of *rajanīti* (ethical ruler ship) underscores the principle that governance must prioritize justice and the protection of the weak. These insights, when adapted to contemporary contexts, suggest that businesses and states alike must internalize ethical governance not as an external constraint but as a foundational value for enduring success. Manu prescribes fairness in taxation, the prohibition of exploitation, and the duty of rulers to safeguard public welfare. Similarly, in Kautilya's Arthaśāstra, advocates ethical governance *raja dharma*. The king must ensure prudent resource management, environmental conservation, and public accountability. Kautilya's emphasis on *onyogakshema* (the welfare and security of the people) resonates closely with the modern notion of stakeholder capitalism, where state and corporate actions must serve the broader societal good.

Building on this IKS economic thought, Mahatma Gandhi articulated an economic philosophy that redefined the purpose of wealth and enterprise. His concept of trusteeship proposed that wealth should not be hoarded for personal gain but held in trust for the benefit of society. Gandhian Economics stresses *Swadeshi* (self-reliance), *Sarvodaya* (welfare of all), and non-violence (*ahimsa*) in production and consumption patterns. Gandhi's vision of

decentralized, community-based economies anticipated modern movements for sustainable local development, circular economies, and ethical entrepreneurship.

These Indian frameworks represent a proto-form of what today is discussed under ESG (Environmental, Social, and Governance) principles—where governance is not merely regulatory compliance but a moral commitment to transparency, fairness, and sustainability. In this light, Gandhian thought offers not only a moral critique of capitalist excess but also a practical framework for inclusive development. It aligns with contemporary models like B Corporations, which voluntarily adopt higher standards of social and environmental performance, accountability, and transparency—essentially operationalizing Gandhi's ideal of trusteeship in a modern corporate context.

The rise of ESG frameworks in the 21st century—where companies are assessed based on their environmental stewardship, social responsibility, and governance practices—marks a global return to values long embedded in Indian philosophy. The ethical duties of kings and administrators in the Arthaśāstra mirror today's ESG imperatives: ensuring social equity, ecological balance, and transparent governance. Kautilya's insistence on public accountability and his moral injunction against corrupt practices parallel the governance standards modern corporations strive to achieve.

Complementing these philosophical frameworks is India's culture of *Jugaad* or Frugal Innovation, the ability to create affordable, efficient solutions with limited resources. This approach reflects ethical stewardship in action: maximizing social value while minimizing waste and cost. It aligns with both Gandhian simplicity and ESG sustainability, emphasizing accessibility over profit maximization. Frugal innovation embodies the ethical imperative of serving marginalized communities and promoting equitable growth.

2. Rationale for the Study

The contemporary world faces a moral deficit in

economic governance—manifested in environmental crises, corporate misconduct, and widening inequality. The Indian intellectual tradition offers profound resources to address these challenges. By revisiting Manu Smriti and Kautilya's Arthaśāstra alongside modern frameworks like Gandhian Economics, B Corporations, and ESG models, this study seeks to construct a holistic framework for value-based economic development.

The rationale of this research lies in demonstrating that ethics and governance are not peripheral to development but its very foundation. Integrating ancient Indian wisdom with contemporary global standards can lead to a sustainable, inclusive, and morally anchored model of economic progress—where prosperity coexists with justice, innovation with compassion, and governance with integrity.



Fig.1 : Triadic Model of Value-Based Economic Development

3. Conceptual Framework of the Present Study

The Ethics–Governance–Development Triadic Model offers a holistic Indian framework for value-based economic development, integrating ancient wisdom with modern sustainability practices. It positions Ethics, Governance, and Development as three interdependent pillars, with Sustainability at the core—symbolizing balance among moral responsibility, institutional accountability, and material prosperity.

Ethics, rooted in Dharma, Gandhian trusteeship, and the Manu Smriti, ensures that Shubh Labh- wealth

creation aligns with justice, fairness, and social welfare. Governance, inspired by Kautilya's Arthaśāstra and reflected in modern B Corporation and ESG frameworks, emphasizes transparency, accountability, and the moral duty of leadership to safeguard collective welfare. Development, guided by the principle of Artha within ethical limits, focuses on inclusive and innovative growth—seen in India's Frugal Innovation (Jugaad) movement that creates affordable, sustainable solutions for marginalized communities.

At their intersection lies sustainability, which is inclusive and morally grounded and is achieved through ecological balance, equity, and ethical conduct.

The triadic model presents a **fusion of ancient wisdom and modern frameworks**.

- *Ethics* guides intentions,
- *Governance* institutionalizes values, and
- *Development* delivers tangible outcomes.

4. Source Material and Methods

This study adopts an interpretive research approach, drawing upon both primary and secondary sources. It includes the source materials include ancient Indian texts such as the Manu Smriti, Artha Shastra and their commentaries. They provide the ethical and governance foundations of the proposed framework. Secondary data comprise books, scholarly articles, corporate sustainability reports, and credible online databases documenting case studies of Amul, Tata Group, and Excel Industries.

5. Main Body and Discussion

India's economic journey presents a compelling narrative of growth intertwined with ethical dilemmas, social responsibilities, and sustainable innovation. While globalization and liberalization have accelerated material prosperity, they have also underscored the need to re-anchor development within moral and ecological boundaries. In this context, Indian economic thought—rooted in dharma, trusteeship, and collective welfare—offers enduring principles that can reshape the trajectory of development. We document and summarize four caselet of Indian organization which

demonstrate the Triad model of Economic Development.

A. Amul: A Living Model of Gandhian Trusteeship

Amul, the Gujarat-based dairy cooperative, founded in 1946 under the guidance of Sardar Vallabhbhai Patel and Tribhuvandas Patel, and Shri. Verghese Kurien, operationalizes Gandhian ideals of self-sufficiency and cooperative ownership. Its structure embodies the principle that economic power should rest with producers rather than middlemen or capitalists. Over 3.6 million small farmers collectively own the cooperative, sharing profits, decision-making, and responsibility. Amul's management model aligns with Gandhi's vision of decentralized production and local empowerment. It uplifts rural livelihoods, promotes gender equity by involving women in dairy operations, and reinvests surpluses into community development projects. By linking local production with national distribution, Amul exemplifies Sarvodaya—the welfare of all—and Swadeshi—the use of local resources for national prosperity.

Moreover, Amul's ethical business practices—fair pricing, transparency, and social reinvestment—reflect the trusteeship principle. Its profits are redistributed to farmers, educational trusts, and social welfare schemes, ensuring that wealth circulates within the community rather than accumulating in a few hands. Thus, Amul demonstrates that Gandhian Economics is not a utopian ideal but a sustainable business philosophy.

B. The B Corp certification movement

This was started in the United States in 2006 by Jay Coen Gilbert, Bart Houlahan, and Andrew Kasoy, who founded B Lab, the non-profit organization, in USA, that awards the B Corp certification. The movement aims to redefine business success by measuring and managing social and environmental performance, ensuring companies balance profit with purpose.

B Corp certification emerged as a global movement to redefine business success by integrating social and environmental performance alongside profit. The B Corp ethos resonates strongly with Indian traditions that regard enterprise as a moral institution. Both

Gandhian thought and Indian scriptures emphasize that business must serve societal welfare (lokasangraha) rather than personal gain. In this light, several Indian organizations have adopted practices consistent with B Corp principles—transparency, stakeholder engagement, and social impact. BARE NECESSITIES is India's first FMCG Company to be B CORP certified. They focusing on zero-waste personal care and home essentials. Founded by Sahar Mansoor, the company was India's first FMCG brand to achieve B Corporation status, emphasizing sustainability and ethical practices in its waterless, plastic-free products and operations. Sahar Mansoor, an Cambridge alumni, trained in environmental policy and having worked at the World Health Organization in Geneva, Sahar realized it wasn't enough to study sustainability—she needed to live it. Determined to align her lifestyle with her values, she embarked on a personal zero-waste journey. Upon achieving the organization is responsible to all their stakeholders involved in the process, from our employees to shareholders to customers to our suppliers and more.

C. Tata Group: The Indian Archetype of ESG Integration

The Tata Group, one of India's oldest conglomerates, exemplifies long-term commitment to ESG principles rooted in ethical governance and social responsibility. From its inception, Jamsetji Tata emphasized that the community is not just another stakeholder in business, but “the very purpose of its existence.” This philosophy remains central to Tata's operations even today. Following aspects of Tata group can be highlighted.

- **Environmental:** Tata Power has invested heavily in renewable energy, pledging carbon neutrality and leading large-scale solar and wind projects.
- **Social:** The Tata Trusts—which hold two-thirds of the Group's equity—channel profits into philanthropy, healthcare, and education, benefiting millions annually.
- **Governance:** The Tata Code of Conduct (TCoC) ensures integrity, transparency, and accountability across all subsidiaries.

Tata Steel's Responsible Steel™ certification and Tata Motors' emphasis on electric mobility further reinforce ESG integration. Through public disclosures, sustainability reports, and community engagement, Tata exemplifies how corporate governance can align seamlessly with ethical and environmental mandates.

Just as Kautilya urged rulers to uphold *Rajadharma*—ethical duty to citizens—modern corporations must adhere to ESG obligations toward stakeholders. ESG, in this context, is not merely compliance but a continuation of India's moral governance tradition. Tata's legacy demonstrates that ethical governance, when institutionalized, yields not only reputation and resilience but also long-term value creation.

D. Excel Industries Ltd.: Waste to Wealth through Jugaad

Excel Industries Ltd., founded by C.C. Shroff in 1941, stands as a pioneer of green chemistry and waste management in India. The company's evolution from a chemical manufacturer to a sustainability-driven enterprise illustrates how frugal innovation can transform environmental challenges into business opportunities.

Excel's philosophy aligns deeply with Gandhian values of simplicity, self-reliance, and environmental harmony. Its landmark innovation, the Organic Waste Converter (OWC), is a decentralized, low-cost machine that converts biodegradable waste into compost within 24 hours. This compact, energy-efficient system has been adopted by over 300 municipalities, corporate campuses, and residential complexes across India.

By addressing urban waste challenges through scalable, affordable technology, Excel demonstrates how innovation can coexist with ethical responsibility. The OWC system promotes circular economy principles—reducing landfill use, lowering greenhouse gas emissions, and generating compost that supports local agriculture. Excel's research and development approach is grounded in frugality—leveraging local resources, minimal capital investment, and inclusive

community partnerships. It consciously avoids high-cost, high-maintenance Western technologies, preferring contextually relevant solutions. This embodies the essence of Jugaad: doing more with less, while serving broader societal needs.

Excel Industry's initiatives—such as Eco Bins, biodegradable agrochemicals, and green catalysts—represent an ecosystem of sustainability. Excel Industries not only provides technical solutions but also promotes behavioral change toward waste segregation and environmental responsibility. Thus, Excel Industries exemplifies how Indian enterprises can achieve economic competitiveness while maintaining social and environmental ethics. It reaffirms that frugal innovation is not merely about cost efficiency—it is about ethical efficiency, ensuring that innovation uplifts people and preserves the planet.

6. Discussion: Ethical Roots and Contemporary Relevance

The examined models reflect a broader philosophical continuum from ancient Indian texts to modern corporate governance. Manu Smriti emphasized fairness in taxation, moderation in consumption, and social responsibility in economic behavior. Kautilya's *Arthashastra* articulated *Rajadharma*—ethical statecraft—focusing on the welfare (*yogakshema*) of citizens. Gandhi translated these ethical imperatives into modern socio-economic thought, advocating simplicity and community-centered production.

Contemporary frameworks such as B Corporations and ESG standards are, in many ways, a global rearticulating of these timeless principles. By embedding sustainability within governance structures and corporate accountability, they echo the Indian view that economics cannot be separated from ethics.

Bare necessities B Corp certification, Excel Industries' frugal innovations, Tata's ESG leadership, and Amul's cooperative model collectively showcase the continuing vitality of India's ethical heritage. Each case reflects how value-based business practices lead to resilient development models that are socially inclusive and environmentally sound.

7. Conclusion: Toward Value-Based Economic Development

The convergence of Gandhian Economics, B Corporation principles, Frugal Innovation, and ESG frameworks within Indian enterprises illustrates *Shubh Labh*—a renewed paradigm of development—one that redefines prosperity beyond financial metrics. These models show that profitability, sustainability, and morality need not be conflicting goals but can reinforce one another within an ethically governed ecosystem.

India's indigenous philosophies—emphasizing *Dharma (ethics)*, *Artha (wealth)*, *Shubh Labh* (promoting ethical, holistic business practices that lead to material and spiritual prosperity) by considering all stakeholders value maximization rather than profit maximization. The four case studies prove that ethical business is not only viable but also vital for long-term success.

As global economies grapple with inequality, climate change, and corporate accountability crises, India's ethical-economic synthesis offers an alternative vision—one where development is measured not just by GDP but by the moral and ecological balance it sustains.

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