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Ethical Leadership and Management Through the Lens of the Bhagavad Gita Six Enemies and the Bhagavad Gita: Root Causes of Corporate Scams

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ABSTRACT

Corporate fraud, financial misrepresentation, conflicts of interest and abuse of managerial authority pose persistent challenges to corporate governance and sustainable development in India. Although the Indian legal framework provides for directors'This study focuses duties, audit oversight, disclosure obligations and regulatory supervision, recurring governance failures demonstrate that formal compliance alone cannot secure ethical corporate conduct. This study examines the relevance of the Bhagavad Gita to the ethical and psychological dimensions of corporate misconduct, **with particular reference to Shad-Ripu : the six internal enemies traditionally identified as kama (desire), krodha (anger), lobha (greed), moha (attachment or delusion), mada (arrogance) and matsarya (envy)**. It distinguishes the Gita's explicit identification of desire, anger and greed in Chapter 16, Verse 21 from the broader Shad-Ripu framework found in Indian ethical thought. The study adopts doctrinal, analytical and comparative methods to examine the Companies Act, 2013, particularly Sections 166, 177 and 135, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and selected corporate governance failures, including Satyam and IL&FS. It argues that philosophical concepts such as **dharma, nishkama karma, self-discipline and lokasangraha** can enrich the ethical understanding of fiduciary responsibility, without replacing enforceable legal duties. The study proposes a GITA-based Corporate Ethical Governance Model - Good Governance, Integrity, Trustee Responsibility and Accountability, as a conceptual framework for strengthening institutional ethics. It concludes that sustainable corporate governance requires the combined operation of effective law, independent oversight and an organizational culture of ethical responsibility.

Keywords: Bhagavad Gita, Shad-Ripu, corporate fraud, ethical leadership, corporate governance, fiduciary duties, Companies Act, 2013, SEBI, sustainable development.

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1. INTRODUCTION

Corporations are central participants in modern economic life. They mobilize capital, provide employment, develop products and services, contribute to public revenue and influence social and environmental conditions. In India, corporate activity is closely connected with national development, infrastructure creation, technological innovation and the aspiration to achieve inclusive prosperity. The legitimacy of this economic role, however, depends not only on financial performance but also on the manner in which corporate power is exercised.

Corporate governance refers to the structures, processes and relationships through which companies are directed, controlled and held accountable. It allocates responsibilities among the board, management, shareholders and other stakeholders, and establishes mechanisms for monitoring corporate conduct. Governance failures arise where these mechanisms are ineffective, information is distorted, conflicts of interest are unmanaged or those entrusted with authority place private advantage above institutional obligations.

Corporate fraud is not a single phenomenon. It may involve falsification of accounts, diversion of funds, concealment of liabilities, fraudulent transactions, market manipulation, bribery, misuse of confidential information or deliberate

misrepresentation to investors and creditors. Such conduct can cause losses to shareholders and lenders, threaten employment, undermine confidence in markets and, in systemic cases, affect the wider financial system. The consequences are therefore legal, economic and social.

The Bhagavad Gita offers a philosophical vocabulary for examining the ethical dimension of human action. Its discussion of desire, anger, greed, duty, self-discipline, equanimity and responsibility is relevant to professions in which individuals exercise discretion and power. This study therefore examines whether these ethical insights can illuminate human motivations and institutional cultures that may contribute to corporate misconduct.

The study examines the relationship between the six-enemy framework and corporate misconduct through the lens of the Bhagavad Gita. Shad-Ripu is used as an interpretive framework for examining ethical vulnerabilities in decision-making and corporate relationships. The legal analysis remains grounded in applicable statutes, regulatory standards, facts and established principles of liability.

1.1 Statement of the Problem

India has developed a substantial corporate regulatory framework, including statutory duties of directors, audit committees, independent directors, financial reporting standards, disclosure requirements and mechanisms for reporting concerns. Nevertheless, serious governance failures have occurred. This creates a continuing problem: why may misconduct persist even where formal rules and monitoring structures exist? One part of the answer may lie in weaknesses in institutional design or enforcement and another may lie in ethical failures, conflicts of interest, excessive personal ambition and a culture in which dissent is discouraged. The research examines how law and ethical self-regulation may complement each other.

1.2 Research Questions

- What is the relevance of Shad-Ripu to an ethical analysis of corporate fraud?
- How may dharma, nishkama karma and self-discipline inform contemporary ideas of ethical leadership?
- How does Indian corporate law allocate duties and establish governance safeguards?
- What lessons can be drawn from selected Indian corporate governance failures?
- Can an integrated ethical governance framework strengthen corporate accountability and sustainable development?

1.3 Objectives of the Study

- To examine the philosophical foundations of ethical leadership in the Bhagavad Gita.
- To analyse the six-enemy framework as an interpretive lens for corporate misconduct.
- To examine relevant provisions of the Companies Act, 2013 and SEBI regulations.
- To study selected corporate governance failures and identify institutional lessons.
- To propose a value-based governance framework that complements, but does not displace, statutory regulation.

1.4 Hypothesis

This study proceeds on the hypothesis that statutory regulation is indispensable but cannot, by itself, guarantee ethical corporate conduct. An organizational culture informed by self-discipline, integrity and responsibility can strengthen the preventive and corrective operation of corporate governance mechanisms.

1.5 Scope and Limitations

This study focuses on Indian corporate governance, with particular attention to directors' duties, audit oversight, disclosure, and stakeholder responsibility. The philosophical discussion is confined to selected teachings of the *Bhagavad Gita* and the broader concept of the *Shad-Ripu*. The case studies are illustrative and are not intended to determine or establish individual criminal or civil liability. The study adopts a doctrinal and conceptual approach and does not claim to be based on interviews, surveys, or original empirical data. Any empirical assessment of a causal relationship between particular personality traits and corporate fraud would require a separate evidence-based study.

2. RESEARCH METHODOLOGY

The study adopts a doctrinal, analytical and comparative methodology. The doctrinal component examines statutory provisions, regulatory instruments and relevant official materials. The analytical component evaluates the purpose and limitations of corporate governance safeguards. The comparative component places selected ethical concepts from the Bhagavad Gita alongside modern legal duties, while maintaining the distinction between philosophical guidance and enforceable law.

Primary materials include the Companies Act, 2013; the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, official government materials concerning the Satyam investigation and IL&FS intervention, and the relevant verses of the Bhagavad Gita. Secondary materials include scholarly writing on corporate governance and the Satyam failure. The research uses case studies to identify governance lessons rather than to attribute a particular scam to a particular Shad-Ripu.

The method has limitations. Corporate fraud cases involve complex facts, multiple actors and different legal proceedings. Publicly available summaries cannot substitute for a full examination of judgments, tribunal orders, investigation reports and regulatory directions. Accordingly, the case discussions are framed cautiously and should be supplemented with the complete primary documents before formal publication.

3. PHILOSOPHICAL FOUNDATIONS: THE BHAGAVAD GITA AND ETHICAL LEADERSHIP

3.1 Dharma and the Ethics of Responsibility

Dharma may be understood as a principle of right conduct, duty and moral responsibility. Its meaning is context-sensitive and cannot be reduced to a single modern legal concept. In corporate life, a dharmic approach would require a person entrusted with authority to consider the legitimate purpose of the office, the interests affected by a decision and the moral limits on the use of power.

For a director, this ethical perspective is relevant to the obligation to act in good faith, avoid conflicts and exercise independent judgment. For an auditor, it highlights professional independence and truthful reporting. For an executive, it reinforces the responsibility to avoid misleading employees, investors, lenders or regulators. Dharma does not itself create a cause of action; rather, it supplies an ethical vocabulary that can deepen understanding of duties already established by law and professional standards.

3.2 Nishkama Karma and Responsible Performance of Duty

Bhagavad Gita 2.47 is commonly understood as teaching that a person has a right to action but should not be exclusively attached to the fruits of action. In a corporate setting, this principle should not be misread as opposition to profit, remuneration, incentives or commercial success. Companies operate within an economic system in which returns and performance matter. The ethical point is narrower and more practical: the pursuit of reward must not justify dishonesty, manipulation or disregard of lawful duties. (Bhagavad Gita, 2.47)

A senior executive who falsifies results to secure a bonus, a director who supports a related-party transaction for private advantage, or a manager who suppresses safety information to meet a target acts contrary to responsible professional duty. Nishkama karma can be used to question excessive attachment to personal reward and to encourage decision-making based on the legitimate purpose of the role. The legal assessment of such conduct, however, must be made under applicable statutes, regulations and evidence.

3.3 Samatvam and Balanced Judgment

Bhagavad Gita 2.48 refers to equanimity in action. For corporate leadership, equanimity can be interpreted as the ability to make reasoned decisions in conditions of success, failure, pressure and uncertainty. It does not mean indifference to

consequences. Rather, it suggests that fear of short-term loss, desire for immediate recognition or pressure from powerful persons should not distort professional judgment. (Bhagavad Gita, 2.48)

Boards are often required to make difficult decisions about restructuring, investment, risk, employee welfare and disclosure. A balanced approach requires reliable information, adequate deliberation, attention to foreseeable consequences and willingness to record dissent. Equanimity may therefore support a culture in which directors are able to question management without hostility or personal insecurity.

3.4 Leadership by Example

Bhagavad Gita 3.21 is frequently interpreted as emphasizing that people follow the standards set by influential persons. In organizations, senior leadership has a powerful effect on conduct. Employees observe not only the written code of ethics but also how leaders respond to bad news, mistakes, whistle-blowers, conflicts of interest and pressure to meet targets. (Bhagavad Gita, 3.21)

A “tone at the top” that rewards only financial outcomes may unintentionally encourage employees to disregard compliance and ethics. Conversely, leaders who disclose conflicts, accept scrutiny, correct errors and protect good-faith reporting can make integrity part of organizational practice. Ethical leadership must therefore be visible in decisions, incentives and accountability systems rather than confined to ceremonial statements.

3.5 Lokasangraha and Stakeholder Welfare

The idea of lokasangraha, associated with the welfare, cohesion or maintenance of the social order, provides a useful ethical connection to stakeholder-oriented governance. Corporate decisions affect employees, consumers, suppliers, creditors, local communities and the environment. A governance approach that considers only immediate shareholder returns may fail to recognize wider consequences, including reputational damage, environmental harm and systemic financial risk. (Bhagavad Gita, 3.20–25)

he legal duties of directors must nevertheless be interpreted in accordance with the Companies Act, applicable case law and the company’s constitutional documents. The ethical contribution of lokasangraha is to encourage decision-makers to consider the wider social effects of corporate power.

2. SHAD-RIPU AND THE ETHICAL DIMENSIONS OF CORPORATE MISCONDUCT

Shad-Ripu is a traditional Indian ethical framework referring to six internal enemies: kama, krodha, lobha, moha, mada and matsarya. The Bhagavad Gita, Chapter 16, Verse 21, expressly identifies three destructive tendencies - kama, krodha and lobha. The six-part formulation should be presented as a broader philosophical framework and not inaccurately attributed to that single verse. This distinction is important for textual accuracy and academic credibility. (Bhagavad Gita, 16.21)

4.1 Kama – Excessive Desire

Kama, in this analytical context, means uncontrolled desire rather than every form of aspiration. Ambition, innovation and the desire to grow are legitimate features of enterprise. The ethical risk arises when desire becomes detached from lawful means and proportionate judgment. It may be reflected in an executive’s determination to achieve unrealistic growth targets, obtain excessive personal rewards or dominate a market through deceptive practices.

The governance response is not to suppress ambition but to discipline it through realistic performance metrics, transparent incentive structures, independent review and clear consequences for misrepresentation. Boards should examine whether remuneration systems encourage sustainable performance or reward short-term results regardless of the means used to achieve them.

4.2 Krodha – Anger and Retaliatory Power

Krodha may be relevant where anger, resentment or intolerance of criticism affects managerial behavior. In an organization, this may appear as retaliation against employees who raise concerns, intimidation of subordinates, suppression of professional disagreement or punishment of those who refuse to approve questionable transactions.

The legal and institutional response includes a functioning grievance process, anti-retaliation safeguards, independent investigation and a culture in which employees can raise concerns in good faith. Section 177 of the Companies Act, 2013, together with applicable rules and company policies, provides a statutory setting for vigil mechanisms in prescribed companies. The ethical objective is to ensure that authority is exercised with restraint and that disagreement is not treated as disloyalty.

4.3 Lobha - Greed and Unlawful Personal Gain

Lobha is particularly relevant to the study of corporate fraud because greed may motivate diversion of assets, false accounting, concealment of liabilities, bribery, market abuse or misuse of confidential information. However, the presence of financial gain does not automatically establish fraud. The elements of the relevant offence or civil wrong must be proved. The philosophical framework helps identify a possible motive or ethical risk, while the legal process determines liability.

Section 166(5) of the Companies Act, 2013 prohibits a director from achieving or attempting to achieve undue gain or advantage for the director or specified connected persons. This provision offers a direct statutory point of comparison with the ethical warning against greed. Effective enforcement requires disclosure, scrutiny of related-party dealings, documentation of board decisions and recovery or sanction where the law so provides.

4.4 Moha – Attachment and Distorted Judgment

Moha may be understood as attachment, delusion or impaired discernment. In corporate decision-making, it may be reflected in excessive loyalty to a founder, reluctance to challenge a dominant chief executive, refusal to acknowledge a failing strategy or concealment of adverse information to protect institutional reputation. Such attachment can weaken board independence and delay corrective action.

The governance response includes independent directors who are adequately informed, access to professional advice, transparent minutes, periodic evaluation of board effectiveness and clear procedures for escalation of serious concerns. Ethical detachment does not mean lack of commitment to the organization; it means the ability to distinguish the organization's legitimate interests from the personal interests or image of particular office-holders.

4.5 Mada – Arrogance and Abuse of Authority

Mada refers to pride or arrogance. A corporate leader who assumes that personal success places them beyond scrutiny may disregard internal controls, professional advice and regulatory requirements. Excessive concentration of decision-making power can discourage challenge and create a culture in which employees hesitate to report errors or misconduct.

The corrective principles are humility, accountability and institutional checks. Board committees, independent audit, risk management, external assurance and transparent reporting can reduce the risk that personal authority becomes unreviewable. Ethical leadership recognizes that power is entrusted for a corporate purpose and remains subject to law.

4.6 Matsarya – Envy and Unethical Competition

Matsarya refers to envy or jealousy. In organizations, unhealthy rivalry may lead to sabotage, manipulation of performance assessments, withholding of information, suppression of innovation or unfair treatment of colleagues. Competition can be constructive when it encourages quality and innovation; it becomes destructive when individuals undermine others through dishonest means.

A fair performance management system, objective promotion criteria, transparent allocation of responsibilities and respectful channels for resolving disputes can reduce such risks. The ethical emphasis is on cooperation and institutional purpose rather than personal rivalry.

4.7 Analytical Relationship Between Shad-Ripu and Governance Risk

The six-enemy framework is best used as a reflective tool for identifying ethical vulnerabilities. It is not a taxonomy of legal offences and cannot explain every corporate failure. Corporate misconduct may also arise from weak internal controls, complex group structures, inadequate supervision, poor audit quality, information asymmetry, regulatory gaps, market pressure or deliberate collusion. A rigorous analysis must therefore combine individual ethics with institutional and structural explanations.

The following matrix is a conceptual contribution. It maps possible ethical tendencies to governance risks and preventive responses; it does not assert a proven causal relationship in any individual case.

Shad-Ripu	Possible governance risk	Ethical / institutional response
Kama	Unrealistic targets; excessive personal rewards	Balanced incentives; dharma; realistic performance measures
Krodha	Retaliation; intimidation; suppression of dissent	Self-restraint; safe reporting; independent investigation
Lobha	Undue gain; diversion; financial misstatement	Integrity; disclosure; audit and conflict controls
Moha	Attachment to leaders; biased judgment	Independent review; evidence-based decisions
Mada	Abuse of authority; resistance to scrutiny	Humility; board oversight; accountability
Matsarya	Unethical rivalry; sabotage; unfair treatment	Fair processes; cooperation; transparent evaluation

5. INDIAN LEGAL FRAMEWORK FOR CORPORATE ACCOUNTABILITY

5.1 Companies Act, 2013: General Framework

The Companies Act, 2013 provides the principal statutory framework for incorporation, management, governance, disclosure and accountability of companies in India. It includes provisions concerning directors, board composition, independent directors, audit committees, auditors, related-party transactions, corporate social responsibility and investigation. The Act seeks to balance commercial autonomy with safeguards for members, employees, creditors, investors, the community and the environment.

The legal framework does not guarantee that fraud will not occur; rather, it creates duties, procedures and enforcement powers intended to reduce risk, detect misconduct and provide remedies. Its effectiveness depends on implementation, regulatory capacity, quality of professional services, board independence, timely disclosure and the willingness of persons within companies to report wrongdoing.

5.2 Section 166: Duties of Directors

Section 166 is central. It requires directors to act in accordance with the company's articles, act in good faith to promote the company's objects and act in the best interests of the company, its employees, shareholders, community and the protection of the environment. It further requires due and reasonable care, skill and diligence and independent judgment. Directors must avoid situations involving conflicts of interest and must not achieve or attempt to achieve undue gain or advantage for themselves or specified connected persons. (Companies Act, 2013, s. 166)

The provision creates a strong point of comparison with dharma and nishkama karma. Good faith and the promotion of legitimate corporate objects resonate with duty-oriented ethical action. Independent judgment reflects the importance of discernment. The prohibition on undue gain is particularly relevant to the ethical critique of lobha. Nevertheless, Section 166 is a legal obligation whose scope and consequences must be determined by statutory interpretation and judicial decisions; the Gita does not replace or amend it.

The Supreme Court's decision in Dale & Carrington Investment (P) Ltd. v. P.K. Prathapan (2005) 1 SCC 212 is relevant to the fiduciary character of directors' powers. The case concerned the use of share allotment powers for a collateral purpose and is commonly cited for the proposition that directors must not use their powers for self-serving ends. It predates the Companies Act, 2013, and should be cited as a judicial articulation of fiduciary principles rather than as an interpretation of Section 166 itself. (Dale & Carrington Investment (P) Ltd. v. P.K. Prathapan, 2005)

5.3 Section 177: Audit Committee and Vigil Mechanism

Section 177 provides for an Audit Committee in prescribed classes of companies and sets out its composition and functions. The committee's responsibilities include scrutiny of financial statements and auditors' reports, approval or modification of related-party transactions where applicable, evaluation of internal financial controls and risk management systems, and monitoring the auditor's independence and performance. The statutory framework also provides for a vigil mechanism in prescribed companies. (Companies Act, 2013, s. 177)

The vigil mechanism is important because employees and directors may be the first to become aware of irregularities. A reporting channel that exists only on paper will not be effective if the reporting person fears retaliation, if complaints are diverted to implicated managers or if investigations lack independence. The mechanism should provide confidentiality to the extent legally permissible, fair investigation, protection against victimization and a clear route for escalation to the Audit Committee chairperson in appropriate cases.

From the Gita-based perspective, the mechanism gives institutional expression to courage, truthfulness and restraint in the exercise of authority. Its legal effectiveness, however, depends on compliance with the Act, applicable rules and the company's governance obligations.

5.4 Section 135: Corporate Social Responsibility

Section 135 establishes a statutory corporate social responsibility framework for companies meeting the thresholds specified in the Act. It requires constitution of a CSR Committee in the circumstances prescribed and adoption of a CSR policy and expenditure framework. CSR connects corporate activity with wider social responsibility, although its legal requirements must be distinguished from voluntary philanthropy or general ethical aspiration. (Companies Act, 2013, s. 135)

The philosophical concept of lokasangraha may enrich the ethical understanding of social responsibility by emphasizing the wider effects of individual and institutional action. It does not, however, determine the statutory scope of Section 135. Compliance must be assessed by reference to the Act, the rules and applicable amendments.

5.5 SEBI LODR Regulations, 2015

For listed entities, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 establish obligations relating to disclosures, board composition, committees, related-party transactions, shareholder rights and corporate governance. Regulation 4 sets out principles governing disclosures and obligations of listed entities, including timely and accurate dissemination of information and protection of investor interests. The precise requirements should be read with the current consolidated text and subsequent amendments issued by SEBI. (SEBI, 2015, reg. 4)

The ethical relevance is straightforward: investors and markets depend on truthful, timely and complete information. Misleading disclosure undermines the ability of investors to assess risk and value. The principle of satya, understood as

truthfulness, provides a philosophical parallel, while the binding disclosure obligations arise from securities law and the applicable listing framework.

5.6 Legal Compliance and Ethical Compliance

Legal compliance establishes minimum enforceable standards. Ethical compliance asks whether decisions are fair, responsible and consistent with the legitimate purpose of corporate authority, including in situations where the law leaves room for judgment. The two are connected but not identical. A company may comply formally with disclosure requirements while cultivating an incentive culture that encourages aggressive or misleading conduct. Conversely, ethical aspiration without legal controls may be too weak to prevent abuse.

The appropriate model is therefore complementary: law defines duties, processes and consequences, ethical leadership shapes organizational behavior and supports compliance. A code of ethics cannot excuse a statutory breach, and a philosophical principle cannot substitute for evidence or legal procedure. The value of ethical philosophy lies in prevention, reflection and institutional culture.

6. SELECTED INDIAN CORPORATE GOVERNANCE FAILURES: CASE STUDY ANALYSIS

6.1 Satyam Computer Services

The Satyam episode became a defining example of financial reporting fraud and corporate governance failure in India. In January 2009, the company's founder and chairman disclosed serious falsification of the company's accounts. Subsequent investigations by public authorities and professional bodies revealed significant weaknesses in financial reporting, audit oversight and corporate governance. The U.S. Securities and Exchange Commission subsequently alleged substantial overstatement of revenue, income and cash balances through false invoices and forged bank statements. These allegations form part of the SEC's enforcement record and should be distinguished from the broader Indian criminal and regulatory proceedings. (U.S. Securities and Exchange Commission, 2011)

The Government of India's 2009 parliamentary response records the involvement of the Serious Fraud Investigation Office, Central Bureau of Investigation, SEBI, the Institute of Chartered Accountants of India and other authorities, as well as the suspension of the existing board and appointment of new directors. Scholarly analysis has also identified weaknesses in accounting practices, audit committee functioning, ownership structure and governance controls (Sharma, 2010; Ministry of Corporate Affairs, 2009).

The principal governance lessons from Satyam concern the reliability of financial information, professional skepticism in auditing, effective board and audit committee oversight, independent verification of financial information, prompt investigation of anomalies and timely regulatory intervention. The case demonstrates that formal governance structures cannot function effectively when information provided to oversight bodies is unreliable or when those responsible for supervision fail to adequately challenge management.

From a Gita-based perspective, lobha may provide an ethical lens for examining excessive attachment to wealth or reputation, while mada may illuminate the risks associated with unchecked authority. These concepts, however, should remain interpretive rather than factual conclusions about individual motives. The Shad-Ripu framework therefore complements, rather than replaces, the legal and governance analysis of the case.

6.2 IL&FS Crisis

The IL&FS crisis illustrates how governance failures and financial distress within a large corporate group can have consequences beyond the individual company. In October 2018, the Ministry of Corporate Affairs approached the National Company Law Tribunal under Sections 241(2) and 242 of the Companies Act, 2013, stating that the affairs of the holding company and group companies were being conducted in a manner prejudicial to public interest. The NCLT suspended the existing board and approved the induction of a new board. The Government's contemporaneous press release records the intervention and the public-interest basis advanced for it. (Ministry of Corporate Affairs, 2018)

The principal governance lesson from IL&FS is the importance of group-level risk monitoring, transparent reporting, realistic assessment of liabilities, effective board oversight, sound liquidity management and timely regulatory intervention. The crisis demonstrates that corporate governance in a systemically significant group may have implications for creditors, investors, financial institutions and the wider financial system.

The Gita's concepts of swadharma and samatvam may provide an ethical lens for examining responsible decision-making and balanced judgment in risk oversight. This philosophical perspective should remain distinct from the legal and financial causes of the crisis. The case involved complex group structures, financing arrangements, defaults and regulatory responses and should therefore not be reduced to a single moral failing.

6.3 Kingfisher Airlines: Financial Distress and Stakeholder Responsibility

The Kingfisher Airlines episode illustrates the governance challenges associated with corporate financial distress, borrowing, personal guarantees and creditor exposure. The relevant proceedings include recovery actions by banks and litigation concerning guarantees and claims over assets. Importantly, commercial failure, insolvency, inability to repay debt and legally established fraud are distinct concepts and should not be conflated.

The governance questions include whether risks were adequately assessed, whether lenders received reliable information, whether financial discipline was maintained and how the interests of employees and creditors were addressed during distress. The ethical principles of self-restraint and responsible action provide a useful lens for examining decisions concerning expansion, leverage and risk-taking, but they do not by themselves determine legal liability.

6.4 Comparative Lessons

The three cases reveal different dimensions of corporate governance risk and demonstrate that governance failures may arise through different institutional weaknesses. Taken together, they highlight the importance of independent and effective boards, reliable financial information, robust audit and oversight mechanisms, responsible risk management, transparent dealings with stakeholders and timely corrective action.

The cases also demonstrate that corporate governance must be responsive to the nature and scale of the risk involved. Financial reporting failures, group-level financial distress and corporate borrowing may require different forms of oversight and intervention, but each underscores the importance of accountability, transparency and responsible decision-making.

Ethical philosophy may reinforce these institutional requirements by encouraging decision-makers to examine their motives, resist personal advantage, exercise self-restraint and recognize the wider consequences of corporate decisions. In this sense, the ethical framework complements the legal and regulatory architecture without replacing it.

7. NISHKAMA KARMA AND FIDUCIARY RESPONSIBILITY: A COMPARATIVE ANALYSIS

Fiduciary responsibility arises where a person is entrusted with powers to act for another or for a defined institutional purpose. Company directors occupy a position of trust because they exercise powers affecting corporate assets, strategy and stakeholder interests. Their duties are shaped by statute, company law principles, the company's constitution and relevant judicial decisions.

Nishkama karma and fiduciary duty are not identical. Fiduciary duties are legally enforceable obligations, whereas nishkama karma provides an ethical principle of performing one's duty without excessive attachment to personal gain

or outcomes. The comparison is therefore one of ethical orientation: both support the principle that an office-holder should exercise entrusted authority in accordance with the legitimate purpose of the role rather than for selfish personal advantage.

7.1 Duty of Loyalty and Avoidance of Undue Gain

Section 166(5) prohibits a director from achieving or attempting to achieve undue gain or advantage for the director or specified connected persons. This rule addresses a central fiduciary risk; the use of corporate authority for private benefit. The ethical principle of nishkama karma can reinforce the importance of performing duties without allowing personal reward to dominate judgment. It does not eliminate lawful remuneration or commercial incentives, it questions improper gain and the manipulation of corporate decisions for private advantage.

7.2 Independent Judgment and Viveka

Independent judgment requires directors to assess proposals on their merits, seek necessary information and resist improper influence. The ethical concept of viveka, or discernment, offers a useful parallel. A director should not approve a transaction merely because it is proposed by a powerful founder, controlling shareholder or senior executive. Independent judgment requires reasoned scrutiny, awareness of conflicts and willingness to dissent where necessary.

7.3 Conflict of Interest and Swadharma

Section 166(4) addresses situations in which a director has a direct or indirect interest that conflicts or may conflict with the company's interests. Related-party transaction provisions and disclosure requirements provide further safeguards. Swadharma can be used as an ethical analogy for performing the duties attached to one's office rather than allowing personal relationships or external loyalties to displace professional responsibility. The legal test for disclosure, abstention or approval must nevertheless be taken from the applicable statute and regulations.

7.4 Trusteeship and Stakeholder Responsibility

The idea of trusteeship can be used to describe the responsible exercise of entrusted corporate power. Directors do not own corporate assets merely because they control decisions concerning them. They must act within their legal authority and consider the interests recognised by law. A trusteeship perspective encourages stewardship, care and accountability, particularly where corporate decisions affect employees, creditors, communities and the environment.

7.5 Comparative Matrix

Corporate law principle	Ethical-philosophical parallel
Good faith and proper purpose	Dharma and duty-oriented action
Independent judgment	Viveka and self-discipline
No undue personal gain	Nishkama karma and restraint
Conflict-of-interest management	Swadharma and role integrity
Stakeholder-sensitive decisions	Lokasangraha and social welfare
Board accountability	Responsibility for action

8. THE PROPOSED GITA-BASED CORPORATE ETHICAL GOVERNANCE MODEL

The principal conceptual contribution is the proposed GITA Model. It translates selected ethical values into four governance dimensions: Good Governance, Integrity, Trustee Responsibility, and Accountability. The model is not an

existing statutory standard, certification, or regulatory framework. It is a research framework proposed to explore how philosophical reflection may inform secular corporate governance practices.

8.1 G - Good Governance

Good governance requires clear allocation of authority, transparent decision-making, effective internal controls, independent board oversight and reliable disclosures. The relevant legal mechanisms include board and committee structures, audit requirements, risk management, related-party transaction controls and SEBI obligations for listed entities. The ethical foundation is dharma: authority should be exercised for a legitimate corporate purpose and with due regard to those affected by corporate decisions.

8.2 I - Integrity

Integrity requires consistency between stated corporate values and actual conduct. It is reflected in truthful financial reporting, fair procurement, honest communication with investors, responsible treatment of employees and compliance with law. Organizations should not measure integrity solely by the existence of a code of conduct. They should examine whether incentives, promotion practices, investigation procedures and leadership behaviour support ethical conduct in practice.

8.3 T - Trustee Responsibility

Trustee responsibility recognizes that corporate authority and resources are entrusted for defined purposes. Directors and executives should protect assets, assess risks, disclose conflicts and consider the consequences of their decisions. The idea of trusteeship can also encourage a longer-term view of corporate sustainability, while the precise legal duties remain those imposed by company law and applicable regulations.

8.4 A - Accountability

Accountability requires decision-makers to explain and justify their actions and to face appropriate consequences where duties are breached. It depends on accurate records, audit trails, independent investigation, accessible reporting channels, regulatory supervision and effective remedies. The ethical dimension is the willingness to accept scrutiny and correct wrongdoing rather than conceal it.

8.5 Implementation of the Model

- **Board-level ethical risk review**: include conflicts of interest, incentive risks, retaliation risks and financial reporting integrity in periodic board discussions.
- **Ethics-linked remuneration**: avoid reward structures that incentivize short-term results without regard to compliance, risk and sustainability.
- **Protected reporting**: maintain accessible, confidential and independent channels for employees and directors to report genuine concerns.
- **Independent assurance**: strengthen internal audit, external audit quality, risk management and audit committee access to information.
- **Scenario-based training**: use realistic dilemmas involving financial disclosure, related-party transactions, procurement, data privacy and workplace retaliation.
- **Transparent decision records**: record material assumptions, conflicts, dissenting views and the reasons for significant board decisions.

- **Stakeholder impact review**: assess material effects on employees, consumers, creditors, communities and the environment.
- **Periodic evaluation**: review whether the organisation's culture and incentives align with its stated ethical commitments.
- The model should be implemented in a secular and inclusive manner. It does not require employees to subscribe to any religious belief or participate in religious instruction. Its proposed application is limited to universal ethical principles such as integrity, self-restraint, responsibility, fairness, and concern for social consequences, which can be discussed within a pluralistic workplace.

9. ETHICAL LEADERSHIP, SUSTAINABILITY AND VIKASIT BHARAT @2047

The vision of Vikasit Bharat @2047 has direct relevance to corporate governance because sustainable economic development depends on responsible corporate institutions. Companies contribute through investment, employment, infrastructure, technology and supply chains, but these contributions are sustainable only when corporate power is exercised with accountability, integrity and regard for wider stakeholder consequences. Ethical leadership can therefore strengthen the governance practices that support long-term corporate and economic development.

9.1 Ethical Leadership and Investor Confidence

Investors depend on reliable information and confidence that corporate resources are managed responsibly. Transparent reporting, independent oversight and fair treatment of minority shareholders can reduce information asymmetry and strengthen market credibility. Ethical leadership reinforces these mechanisms by fostering a culture in which adverse information is reported promptly and decisions are not distorted by personal interests.

9.2 Stakeholder-Oriented Governance

Corporate decisions may affect employees, creditors, consumers, communities and other stakeholders. Employees depend on safe working conditions and fair treatment; creditors depend on reliable financial information; consumers depend on product safety and honest communication; and communities may bear environmental or social costs. A stakeholder-sensitive approach does not alter the legal rights and duties established by company law, but it encourages decision-makers to consider the wider consequences of corporate actions.

9.3 Environmental and Social Responsibility

Environmental harm, unsafe production and irresponsible resource use may create long-term costs for both communities and businesses. CSR under Section 135 of the Companies Act, 2013, together with applicable environmental and labour laws, forms part of the legal framework governing corporate responsibility. The ethical principle of lokasangraha can complement this framework by encouraging consideration of broader social welfare. Corporate sustainability should therefore be integrated into strategy, risk management and measurable governance practices rather than treated merely as a public-relations exercise.

9.4 Digital Corporate Governance

Digitalisation and artificial intelligence create new governance challenges. Companies increasingly rely on data analytics, automated decision-making, digital payments and algorithmic systems, creating risks relating to privacy, cybersecurity, discriminatory outcomes, opaque decision-making and digital fraud. Ethical leadership therefore requires responsible data use, appropriate human oversight, security controls, transparency and compliance with applicable data-protection and sectoral requirements.

The Bhagavad Gita does not prescribe technical rules for artificial intelligence or cybersecurity. Its relevance lies in providing an ethical orientation towards responsible exercise of power, self-restraint and consideration of consequences.

The applicable technical and legal requirements must continue to be derived from contemporary law and recognized standards.

10. FINDINGS OF THE STUDY

- Corporate misconduct is not solely a regulatory problem; it also involves ethical choices, organisational incentives and institutional culture.
- The Shad-Ripu framework offers a useful reflective lens for considering tendencies that may increase governance risk, but it cannot independently establish causation or legal liability.
- The Bhagavad Gita's teachings on dharma, nishkama karma, self-discipline, equanimity and lokasangraha can enrich the ethical understanding of corporate leadership.
- Section 166 of the Companies Act, 2013 provides a significant statutory foundation for directors' good faith, care, independent judgment and avoidance of undue gain.
- Section 177's audit committee and vigil mechanism provisions are important safeguards, but their effectiveness depends on independence, accessibility and protection against retaliation.
- Section 135 and SEBI's listing framework connect corporate activity with social responsibility, disclosure and investor protection.
- The Satyam and IL&FS examples demonstrate the importance of reliable information, independent oversight, risk management and timely institutional response.
- Business failure, financial distress and fraud are legally distinct and must not be conflated in case analysis.
- Ethical leadership is most effective when reflected in incentives, board practice, reporting channels and accountability rather than in declarations alone.
- The proposed GITA Model offers a conceptual bridge between philosophical values and practical governance mechanisms, while leaving statutory duties intact.

11. SUGGESTIONS AND RECOMMENDATIONS

First, institutionalize ethical risk oversight at the board level. Boards should periodically assess ethical risks arising from conflicts of interest, financial-reporting pressures, retaliation against whistle-blowers and the conduct of senior management. Significant ethical risks should be documented, assigned to responsible officers and incorporated into the company's broader risk-management framework.

Second, strengthen the practical independence and effectiveness of directors and audit committees. Directors should receive continuing education on fiduciary duties, related-party transactions, disclosure obligations, risk oversight and independent judgment. Audit committees should have adequate expertise, direct access to internal and external auditors, authority to obtain independent advice and a defined process for escalating material concerns to the board.

Third, make vigil mechanisms credible and accessible. Companies should establish clear procedures for receiving, assessing and investigating complaints, protect good-faith whistle-blowers from retaliation and ensure that complaints involving senior management are handled independently of the persons concerned. Periodic reporting to the audit committee should assess the functioning of the mechanism without compromising confidentiality.

Fourth, align remuneration and performance evaluation with long-term governance objectives. Executive incentives should consider not only financial performance but also compliance, risk management, customer welfare, employee safety and sustainability. Material misconduct or serious control failures should have appropriate consequences within performance and remuneration frameworks.

Fifth, improve the quality and accountability of board decision-making. Material decisions should be supported by adequate information, documented assumptions, disclosure of conflicts and meaningful consideration of alternative views. Board evaluation should assess whether directors receive sufficient information and are able to exercise independent judgment and challenge management when necessary.

Sixth, integrate sustainability and responsible digital governance into corporate risk management. Companies should identify material environmental, social, data-protection and cybersecurity risks and incorporate them into strategy, internal controls and board oversight. Ethical considerations relating to artificial intelligence and automated decision-making should be addressed through appropriate human oversight, transparency and accountability.

Seventh, develop and empirically test the proposed GITA Model. Ethical training based on the Bhagavad Gita or other philosophical traditions should remain voluntary, secular and inclusive, with emphasis on universal values such as integrity, self-restraint and responsibility. Further empirical research should examine whether such interventions, together with board culture, whistle-blower confidence and incentive design, are associated with measurable improvements in governance outcomes. This would allow the proposed GITA Model to be evaluated and refined rather than assuming its effectiveness in advance.

12. CONCLUSION

Corporate governance is fundamentally concerned with the responsible exercise of power. Laws and regulations establish enforceable duties, allocate institutional responsibilities and provide mechanisms for investigation and remedy. Yet the existence of a legal framework does not automatically ensure that every person entrusted with corporate authority will act honestly or exercise sound judgment. Effective governance therefore requires both external accountability and an internal culture that values integrity.

The Bhagavad Gita contributes to this discussion by examining the relationship between human tendencies, duty and action. Its explicit warning against kama, krodha and lobha in Chapter 16, Verse 21 offers a relevant ethical starting point. The broader Shad-Ripu framework adds moha, mada and matsarya as further categories for reflecting on attachment, arrogance and envy. These concepts provide an ethical lens through which vulnerabilities in decision-making and organizational relationships may be examined.

The analysis of the Companies Act, 2013 and SEBI's listing framework demonstrates that Indian corporate law already recognizes the importance of good faith, independent judgment, avoidance of undue gain, audit oversight, disclosure and stakeholder responsibility. Effective governance therefore depends not only on the existence of legal duties and regulatory mechanisms, but also on the ethical culture through which those requirements are understood and implemented.

The proposed GITA Model - Good Governance, Integrity, Trustee Responsibility and Accountability - offers a conceptual framework for translating ethical reflection into institutional practice. It does not replace statutory compliance or require religious conformity. Its purpose is to encourage companies to embed universal ethical values in board processes, incentives, reporting mechanisms, risk management and stakeholder engagement.

As India advances towards Vikasit Bharat @2047, corporate success should be measured not only by profitability and expansion, but also by the trust it earns, the fairness it upholds, and the long-term consequences of its decisions. A developed economy requires strong laws and capable regulators; it also requires leaders who recognize that authority is a responsibility. The central argument of this study is therefore that law establishes the enforceable boundaries of corporate conduct, while ethical leadership strengthens the character and culture of corporate institutions through which those boundaries are respected.

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