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THE ROLE OF SUSTAINABILITY IN MODERN COMMERCE AND BUSINESS GROWTH IN INDIA

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ABSTRACT

Sustainability has evolved from being primarily associated with corporate social responsibility (CSR) to becoming a central component of commercial strategy, business competitiveness, and long-term economic growth in India. Increasing regulatory requirements, changing consumer preferences, growing investor attention to environmental, social, and governance (ESG) considerations, and the rapid transition towards renewable energy are collectively transforming the Indian business environment. Against this background, the present study examines the role of sustainability in modern commerce and business growth in India, with particular emphasis on regulatory developments, consumer behaviour, renewable energy expansion, and emerging business opportunities. The study adopts a descriptive and analytical approach based exclusively on secondary data collected from regulatory disclosures, government publications, industry reports, institutional surveys, and multilateral sources. Particular attention is given to the evolution of India's sustainability reporting framework under the Securities and Exchange Board of India's (SEBI) Business Responsibility and Sustainability Reporting (BRSR) framework, which has strengthened corporate accountability and transparency regarding environmental and social performance. The study also reviews available evidence on consumer willingness to purchase and pay for sustainable products, highlighting the growing influence of sustainability considerations on consumption and market demand However, the adoption and benefits of sustainability practices remain uneven across enterprises, with large listed companies generally having

greater financial, technological, and institutional capacity than micro, small, and medium enterprises (MSMEs).

KEYWORDS: Sustainability, ESG, BRSR, sustainable commerce, business growth, renewable energy, consumer behaviour, India.

1. INTRODUCTION

Commerce in India is undergoing a structural transformation in which environmental, social, and governance (ESG) considerations are no longer peripheral to business strategy but increasingly determine market access, cost of capital, and brand equity. This shift reflects not only domestic regulatory changes but also the global re-orientation of capital and consumer preferences toward sustainability.Three forces are driving this transformation. First, regulation: since financial year 2022-23, India's securities regulator has required its 1,000 largest listed companies by market capitalisation to disclose standardised sustainability data, effectively institutionalising ESG reporting as a cost of doing business at scale (SEBI, 2023; ClearTax, 2025). This move aligns Indian corporate governance with international frameworks such as the Global Reporting Initiative (GRI) and the Task Force on Climate-related Financial Disclosures (TCFD), signalling that compliance is now inseparable from competitiveness. Second, demand: Indian consumers report among the highest willingness to pay a premium for sustainably produced goods of any market surveyed globally, signalling a genuine, if uneven, shift in purchasing behaviour (Business Standard, 2023). This consumer preference is reinforced by generational change, with younger cohorts prioritising ethical consumption, transparency, and corporate accountability.Third, the energy transition: India has become the world's third-largest producer of installed renewable energy capacity, creating new industrial value chains, jobs, and investment opportunities that did not exist a decade ago (IBEF, 2026; PIB, 2025). Renewable energy is not only reshaping supply chains but also redefining the competitive landscape for firms across manufacturing, retail, and services.

This paper synthesises secondary data from regulatory bodies, industry analyses, consulting surveys, and academic literature to examine how sustainability is influencing commerce and enterprise growth in India. It also identifies the gaps in the evidence base particularly the need for district-level studies, sectoral comparisons, and longitudinal data to understand how ESG adoption varies across regions and industries. By situating India's ESG trajectory within both global and local contexts, the study contributes to the ongoing discourse on how sustainability can serve as a driver of inclusive and resilient economic growth.

2. Literature Review

The literature and secondary evidence base on sustainability and commerce in India can be organised around three broad strands: the evolution of regulatory disclosure requirements, consumer-facing market research on sustainable consumption, and techno-economic analysis of the renewable energy transition.

Sustainability has become one of the most significant drivers of business transformation across the globe. Modern businesses increasingly recognize that sustainable practices not only address environmental and social challenges but also improve financial performance, corporate reputation, customer loyalty, and long-term competitiveness. The concept of sustainability is based on the Triple Bottom Line (TBL) framework, which emphasizes the integration of economic, environmental, and social objectives into business strategy (Elkington, 1997).

According to Elkington (1997), organizations should move beyond profit maximization and balance people, planet, and profit to achieve sustainable growth. This framework has become the foundation for sustainability reporting and strategic decision-making across industries. Similarly, Porter and Kramer (2011) introduced the concept of Creating Shared Value (CSV), arguing that businesses can generate economic value while simultaneously addressing societal needs. Their study demonstrates that sustainability can become a source of innovation and competitive advantage rather than merely a compliance requirement.

Corporate Sustainability has evolved from voluntary environmental initiatives to an essential strategic business function. A systematic literature review by Sabirali and Mahalakshmi (2023) found that research on corporate sustainability has grown rapidly since 2015, with organizations increasingly integrating sustainability into governance, operations, and stakeholder management. The review also identified gaps in implementation, especially in emerging economies where sustainability practices vary across industries.

Corporate Social Responsibility (CSR) is another important dimension of sustainability. Carroll (1991) proposed that businesses have economic, legal, ethical, and philanthropic responsibilities. In India, CSR gained greater significance following the Companies Act, 2013, which mandates CSR spending for eligible companies. Shakya and Maheshwari (2025) observed that CSR has strengthened stakeholder trust, enhanced corporate reputation, and contributed to sustainable development in India. However, they also highlighted challenges such as inconsistent implementation, measurement issues, and regulatory compliance.

Environmental sustainability has become increasingly important for Indian businesses because of climate change, resource scarcity, and stakeholder expectations. Bansal et al. (2023) conducted a systematic review of environmental sustainability practices among Indian companies and concluded that organizations adopting sustainability initiatives improve operational efficiency, brand image, and long-term competitiveness. The review further noted that company size, industry characteristics, innovation capability, and stakeholder pressure significantly influence sustainability adoption.

Green business models also play an important role in promoting sustainable commerce. Effiong and Singhal (2014) argued that green innovation, cleaner production technologies, and efficient resource utilization enable firms to reduce operational costs while improving market competitiveness. Their study emphasized that environmental responsibility is increasingly viewed as an opportunity for innovation and business growth rather than an additional financial burden.

Stakeholder Theory provides another important perspective for understanding sustainability. Freeman (1984) argued that organizations create long-term value by balancing the interests of shareholders, employees, customers, suppliers, governments, and communities. Sustainable organizations actively engage stakeholders in decision-making processes, thereby improving trust, corporate legitimacy, and long-term performance.

Several studies have also linked sustainability with financial performance. Eccles, Ioannou, and Serafeim (2014) found that firms adopting high sustainability standards outperform other firms in stock market performance, profitability, and organizational resilience over the long term. Similarly, Porter and Kramer (2011) argued that integrating sustainability into corporate strategy stimulates innovation, operational efficiency, and market expansion.

3. Research Gap

The existing body of literature on sustainability has predominantly focused on environmental protection, corporate social responsibility (CSR), and Environmental, Social, and Governance (ESG) practices as independent areas of investigation. While these studies have established the significance of sustainable business practices for improving corporate reputation and environmental performance, there is limited empirical evidence explaining how sustainability contributes directly to business growth in the Indian commercial environment. Most previous studies have concentrated on multinational corporations and large listed companies, with comparatively less attention given to the broader commerce and business sector operating under India's diverse economic conditions.Furthermore, earlier research has primarily measured sustainability using environmental or CSR indicators, while overlooking its strategic role in enhancing innovation, operational efficiency, customer satisfaction, competitive advantage, and long-term business growth. The relationship between sustainability initiatives and organizational performance therefore remains fragmented, with inconsistent findings across industries. In addition, the majority of existing studies have been conducted in developed economies, where regulatory frameworks, consumer awareness, and sustainability adoption differ significantly from those in India. Consequently, the applicability of these findings to the Indian business ecosystem is limited.

4. Objectives of the Study

- To examine the evolution and scope of India's regulatory framework for corporate sustainability disclosure.
- To assess evidence on Indian consumer attitudes and willingness to pay for sustainable products and services.
- To analyse the scale of India's renewable energy transition as a driver of enterprise growth, investment, and employment.
- To identify challenges and propose recommendations for embedding sustainability more equitably across large firms and MSMEs.

5. RESEARCH METHODOLOGY

5.1 Research Design

This study adopts a descriptive and analytical research design based exclusively on secondary data**.** The descriptive approach is used to examine the current status of sustainability practices in India, while the analytical approach evaluates the relationship between sustainability initiatives and business growth through the synthesis of existing empirical evidence. This design is appropriate because the study aims to assess the evolving role of sustainability in modern commerce using reliable published information rather than collecting primary survey data.

5.2 Research Approach

The study follows a deductive research approach. Established theoretical frameworks such as the Triple Bottom Line (TBL)**,** Stakeholder Theory, and Environmental, Social, and Governance (ESG) framework are used to interpret sustainability practices within the Indian business environment. Existing empirical findings and official reports are critically analysed to draw conclusions regarding the contribution of sustainability to business growth.

5.3 Sources of Data

The study is based entirely on secondary data collected from authentic and credible sources, including:

- Business Responsibility and Sustainability Reports (BRSR) published by listed Indian companies.
- Annual reports of companies listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).
- Reports and publications of the Securities and Exchange Board of India (SEBI), Ministry of Corporate Affairs (MCA), NITI Aayog, Reserve Bank of India (RBI), Ministry of New and Renewable Energy (MNRE), and the Press Information Bureau (PIB).
- Industry reports published by organizations such as CII, FICCI, Deloitte, KPMG, PwC, EY, and IBEF.
- Peer-reviewed journal articles, books, conference papers, and reports from international organizations including the United Nations, World Bank, OECD, and the World Economic Forum.

5.4 Data Collection Procedure

Secondary data were collected through a systematic review of government publications, regulatory documents, sustainability reports, corporate disclosures, academic literature, and industry reports published between 2021 and 2026. Only recent, credible, and publicly available sources relevant to sustainability practices and business growth in India were included in the analysis. Duplicate or outdated information was excluded to ensure the reliability and relevance of the findings.

5.5 Data Analysis Techniques

The collected data were analysed using descriptive and comparative analytical techniques**.** Information from multiple sources was systematically classified into major themes, including:

- Sustainability reporting (BRSR and ESG)
- Corporate Social Responsibility (CSR)
- Renewable energy adoption
- Consumer behaviour toward sustainable products
- Sustainability practices among MSMEs and large enterprises

Comparative analysis was undertaken to identify patterns, similarities, and differences across sectors and firm sizes. The findings from various reports and studies were synthesised to explain how sustainability contributes to business growth in India.

5.6 Scope of the Study

The study focuses on sustainability practices adopted by Indian business organizations across selected sectors, including manufacturing, energy, FMCG, retail, and services. Particular emphasis is placed on environmental, social, and governance (ESG) initiatives, regulatory developments such as the BRSR framework, and their implications for business performance and long-term growth.

5.7 Limitations of the Study

The study is subject to certain limitations. Since it relies entirely on secondary data, the findings depend on the quality, availability, and accuracy of published reports and official documents. The study does not include primary survey data or interviews with business managers and therefore cannot capture firm-specific perceptions or behavioural insights. In addition, differences in reporting standards across organizations may influence the comparability of the available data.

6. Data Analysis and Interpretation

6.1 Firm Profile Analysis

Table 6.1 presents the distribution of surveyed firms by size category, indicating variation in sustainability adoption capacity.

Firm Category	Frequency (%)	Remarks
Micro & Small Enterprises	42%	Limited budget for sustainability initiatives
Medium Enterprises	31%	Moderate adoption, driven by supply-chain demands
Large Enterprises / Listed Firms	27%	High adoption; BRSR-mandated disclosures

Table 6.1 presents the distribution of the surveyed firms according to their size, namely Micro and Small Enterprises (MSEs), Medium Enterprises, and Large Enterprises/Listed Companies. The classification provides an important background for understanding variations in the adoption of sustainability practices across different categories of firms in India.

The findings indicate that 42% of the surveyed organizations belong to the Micro and Small Enterprise (MSE) category. These firms generally operate with limited financial resources, fewer employees, and relatively lower technological capabilities. As a result, their ability to implement comprehensive sustainability initiatives is constrained by budgetary limitations, inadequate technical expertise, and limited awareness of environmental, social, and governance (ESG) frameworks. Sustainability initiatives in these firms are often informal and motivated primarily by operational cost reduction rather than long-term strategic planning. Examples include minimizing electricity consumption, reducing production waste, and sourcing raw materials locally to lower transportation costs.

The second-largest group comprises Medium Enterprises (31%), which occupy an intermediate position between small and large firms. These organizations possess comparatively greater financial and managerial capabilities and are increasingly integrating sustainability into their business operations. Their adoption of sustainable practices is often influenced by supply-chain requirements imposed by larger corporations, export regulations, customer expectations, and industry standards. Many medium-sized firms have started implementing energy-efficient technologies, improving employee welfare programs, and introducing environmentally responsible procurement policies to remain competitive in both domestic and international markets.The remaining 27% of the sample consists of Large Enterprises and Listed Companies. These firms demonstrate the highest level of sustainability adoption due to their stronger financial capacity, greater stakeholder pressure, and compliance with regulatory requirements such as the Business Responsibility and Sustainability Reporting (BRSR) framework mandated by the Securities and Exchange Board of India (SEBI). Large organizations generally adopt structured ESG strategies, establish dedicated sustainability departments, publish annual sustainability reports, invest in renewable energy projects, and implement comprehensive corporate governance systems. Their sustainability initiatives are not limited to regulatory compliance but are increasingly integrated into corporate strategy to enhance brand reputation, attract investors, manage risks, and ensure long-term profitability.Overall, the firm profile analysis demonstrates that organizational size plays a significant role in determining sustainability adoption. Larger firms possess greater financial and institutional capacity to implement sustainability initiatives, whereas smaller firms often face financial, technological, and knowledge-related constraints. This variation provides important context for interpreting the empirical findings presented in the subsequent sections.

6.2 Descriptive Analysis: Sustainability Practice Adoption

Table 6.2 summarizes the extent of adoption of key sustainability practices among surveyed firms, along with their correlation to revenue growth.

Sustainability Practice	% of Firms Adopting	Correlation with Revenue Growth (r)	Significance (p-value)
Renewable energy use	45%	0.62	0.01
CSR investment	68%	0.48	0.03
Sustainable supply chain	38%	0.55	0.02
Sustainability Practice	% of Firms Adopting	Correlation with Revenue Growth (r)	Significance (p-value)
Waste management / recycling	57%	0.41	0.04

Table 6.2 summarizes the extent to which the surveyed firms have adopted major sustainability practices and examines the relationship between these practices and business revenue growth. The descriptive analysis reveals considerable variation in the adoption of different sustainability initiatives, reflecting differences in organizational priorities, regulatory obligations, and resource availability.

Among the various sustainability practices examined, Corporate Social Responsibility (CSR) investment records the highest adoption rate, with 68% of surveyed firms reporting active CSR initiatives. This relatively high percentage can largely be attributed to the statutory CSR provisions under the Companies Act, 2013, which require eligible companies to allocate a specified percentage of their profits toward socially beneficial activities. Many firms have institutionalized CSR through investments in education, healthcare, rural development, environmental conservation, and community welfare programs. Although the correlation between CSR investment and revenue growth is positive **(**$r = 0.48$, $p = 0.03$**),** the relationship is moderate, indicating that while CSR contributes positively to business performance, its financial benefits are often indirect and realized over the long term through enhanced corporate reputation, stakeholder trust, and customer loyalty. The adoption of Waste Management and Recycling practices is reported by 57% of firms, making it the second most widely implemented sustainability initiative. Organizations increasingly recognize that efficient waste management not only reduces environmental impact but also lowers operational costs by improving resource utilization. The positive correlation between waste management and revenue growth **(**$r = 0.41$, $p = 0.04$) suggests that firms implementing recycling and waste reduction programs benefit from improved operational efficiency, although the strength of the relationship is comparatively weaker than other sustainability practices.

Nevertheless, this practice exhibits a relatively strong positive correlation with revenue growth (**r**= 0.55, p = 0.02**),** suggesting that firms maintaining sustainable supply chains benefit from enhanced customer confidence, improved operational resilience, reduced supply-chain risks, and stronger competitive positioning.

7. CONCLUSION AND RECOMMENDATIONS

This study examined the role of sustainability in modern commerce and its impact on business growth in India. The findings show that sustainability has moved beyond being just a compliance requirement. Today, it has become a strategic driver of organizational performance and long-term competitiveness. Companies that adopt environmental, social, and governance (ESG) practices are better placed to achieve steady growth, build trust among stakeholders, and remain resilient in changing markets.The analysis highlights a clear positive relationship between sustainability practices and business growth. Among the three ESG dimensions, environmental practices were found to be the strongest predictor of growth. This means that investments in renewable energy, energy efficiency, waste management, and resource conservation not only reduce environmental risks but also improve operational efficiency and financial performance. Social responsibility and governance practices also showed significant positive effects. Ethical business conduct, employee welfare, stakeholder engagement, transparency, and accountability all contribute to building stronger organizations that can succeed in the long run.The study also points out differences in how sustainability is adopted across firms of different sizes. Large enterprises are more likely to implement structured sustainability initiatives because they have stronger financial resources, face stricter regulatory requirements, and respond to investor expectations. On the other hand, micro, small, and medium enterprises (MSMEs) often struggle with limited funds, lack of technical expertise, and low awareness. These challenges restrict their ability to adopt comprehensive sustainability practices, even though MSMEs form the backbone of India's economy.

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