

Theme

Powering Governance - Empowering Stakeholders CS - The Governance Professional

Dates

17-18-19 November, 2016

Venue

Mahatma Mandir Convention Centre, Sector 13C, Gandhinagar, Gujarat

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Message

The President of India, Shri Pranab Mukherjee, is happy to know that the Institute of Company Secretaries of the India (ICSI) is organising its 44th National Convention of Company Secretaries on the theme "Powering Governance — Empowering Stakeholders CS - The Governance Professional" from November 17-19, 2016 at Gandhinagar.

The President extends his warm greetings and felicitations to the organisers and participants and sends his best wishes for the success of the Convention.

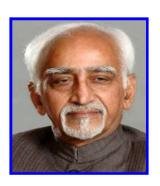
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Message

The Hon'ble Vice President of India is happy to learn that the Institute of Company Secretaries of India (ICSI) is organizing its 44^{th} National Convention on the theme 'Powering Governance - Empowering Stakeholders CS – The Governance Professional' from November 17 – 19, 2016 at Mahatma Mandir Convention Centre, Gandhinagar, Gujarat.

The Vice President extends his greetings and congratulation to the organizers and the participants and wishes the event all success.

New Delhi

10th November, 2016

(Anshuman Gaur)



प्रधान मंत्री Prime Minister



Message

I am happy to learn that the 44th National Convention of Company Secretaries is being held in Gandhinagar from 17 to 19 November, 2016.

On this occasion, I convey my best wishes for the success of the Convention.

New Delhi

04 November, 2016

(Narendra Modi)



Dt. 14/09/2016



Message

To carry out the corporate affairs in accordance with the allover development for the nation, the role of company secretaries has assumed to be of great importance. Various schemes and initiatives launched for the welfare of common men and in the interest of entire economy of the country need qualitative Governance. Effectiveness and Efficiency are the outcome of appropriate strategy. Company secretaries have to get involved enthusiastically for it.

I feel happy to know that **The Institute of Company Secretaries of India** with its large membership, is to organize **44th National Convention** on **Powering Governance, Empowering Stakeholders**, during **17-19 November, 2016** at **Gandhinagar**. I convey my best wishes for the success of the event.



अरुण जेटली ARUN JAITLEY



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FINANCE AND CORPORATE AFFAIRS MINISTER
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Message

I extend my best wishes to the Institute of Company Secretaries of India for organizing its 44th National Convention on the theme "Powering Governance-Empowering Stakeholders: CS - The Governance Professional" during November 17-19, 2016 at Gandhinagar, Gujarat.

I am hopeful that the convention will serve as a platform for the best brains from the government, industry, academics and corporate sector to discuss vivid facets of governance.

I wish the Institute, its professional fraternity, organizers and participants of this event, the very best.

(Arun Jaitley)

सुरेश प्रभु SURESH PRABHU









Message

I am glad to learn that the Institute of Company Secretaries of India is organising its 44th National Convention on the theme "Powering Governance - Empowering Stakeholders: CS - The Governance Professional" on November 17-19, 2016 at Gandhinagar, Gujarat.

The real empowerment of stakeholders is proficiently dependent of powered governance. Company Secretaries as the distinctive professionals for Governance are empanelling efficient and well organized expertise in reaching the factual insights of governance in all probable facets.

I am sure that this convention would provide a wide platform for the exchange of ideas, facts and information on the issues related to powering governance and dynamic role of professionals in reaping empowerment to the stakeholders.

I wish the National Convention of Company Secretaries a grand success.

(Suresh Prabhu)

एम. वेंकैया नायडू M. VENKAIAH NAIDU





शहरी विकास, आवास और शहरी गरीबी उपशमन एवं सूचना एवं प्रसारण मंत्री भारत सरकार

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Message

I extend my best compliments to the Institute of Company Secretaries (ICSI) for the 44th National Convention of Company Secretaries being held in Gandhinagar, Gujarat between November 17 and 19, 2016.

The theme of the event "**Powering Governance-Empowering Stakeholders**" is highly relevant. It is more than century now that the Indian Companies Act, 1913 first laid down rules of corporate governance in India. It has been a long journey to the Companies Act, 2013 during which corporate scene had greatly evolved in India.

Company Secretaries play a pivotal role in ensuring that companies adhered by the rules and fulfilled their obligations towards the state and people. Information \mathcal{E} Communication technologies, environment friendly initiatives and corporate social responsibilities have brought a major change in corporate functioning. The demand for competent Company Secretaries will be on rise. My best wishes are with the ICSI.

(M. Venkaiah Naidu)

अर्जुन राम मेघवाल, आई.ए.एस. (रिटायर्ड) Arjun Ram Meghwal, IAS (Retd.)



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Message

I am pleased to learn that the Institute of Company Secretaries of India (ICSI) is organising its 44th National Convention of Company Secretaries on the theme Powering Governance – Empowering Stakeholders, CS-The Governance Professional from 17-19 November, 2016 at Mahatma Mandir Convention Centre, Gandhinagar, Gujarat.

The ICSI is a Premier National Professional body which has been constituted under the Company Secretaries Act, 1980 and is actively working since its inception for developing and regulating the profession of Company Secretaries in India. A Company Secretary plays a vital role in ensuring good corporate governance of the corporate sector as well as in the financial markets, which are the two vital growth engines of the fast growing economy of our country.

I expect that the participants attending this conference will immensely benefit from its deliberations. My best wishes are there for the success of the Conference.

(ARJUN RAM MEGHWAL)

10-11.2016

New Delhi





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Practising Company Secretary
107, Gold Arcade
Opp. Curewell Hospital
3/1 New Palasia
INDORE - 452 001

8. JAIN AMIT KUMAR
Company Secretaries
S-7, IInd Floor, Gurukripa Plaza
Zone-II, M.P.Nagar
BHOPAL – 462 01 1

9. JOSHI KAMLESH Company Secretary & General Manager Khaitan Chemicals & Fertilizers Limited 639-640, Mahalaxmi Nagar Sector-R INDORE - 452 010



- KARODIA ASHISH
 Practising Company Secretary 208, Trade House 14/3 South Tukoganj INDORE 452001
- 11. LELE MAKARAND M.
 (Ex-officio)
 MR M Associates
 1st Floor Dnyansudha Apartments
 77, Vijayanagar Colony
 2147, Sadashiv Peth
 PUNE 411 030
- 12. LUNAWAT MAHAVIR
 (Ex-officio)
 Pantomath Group
 406-08, Keshava Premises
 Bandra Kurla Complex
 Mumbai 400 051
- 13. MEHTA ATUL H.
 (Ex-officio)
 Mehta & Mehta
 201-206, Shiv Smriti
 2nd Floor, 49, Dr. Annie Besant Road
 Above Corporation Bank
 MUMBAI 400 018

- 14. PATEL CHETAN B. Company Secretary A-11A, Aryaman Opp. Anand Niketan School Thaltej-Shilaj Road, Shilaj AHMEDABAD - 380 059
- 15. SONI PRAVEEN Company Secretary & Legal Manager CMS Info Systems Ltd. Silver Metropolis, 11th Floor Western Express Highway Off Jai Coach, Goregaon East MUMBAI – 400 063
- 16. VYAS RISHIKESH GAGAN
 Proprietor
 Rishikesh Vyas & Associates
 801-802, Ahimsa Town
 Ahimsa Marg, Off Link Road
 Near 5 Spice Restaurant
 Malad West
 MUMBAI 400 064

REGIONAL DIRECTOR

K.C. KAUSHIK



National Convention | Mahatma Mandir Convention Centre Gandhinagar, Gujarat of Company Secretaries 17-19 November, 2016

Chapters **Eastern Region**

Sl. Name & Address No. of the Chapter

Chairman/Chairperson

Secretary

BHUBANESWAR 1.

ICSI House Plot No. 70 VIP Colony IRC Village BHUBANESWAR 751 015

ASHOK KUMAR MISHRA Practising Company Secretary Partner, ADP & Associates Company Secretaries 98, Kharavel Nagar Keshari Talkies Complex, 1st Floor District: Khurdha BHUBANESWAR - 751 001

SURENDRA NATH MALLICK Practising Company Secretary Company Secretaries Plot No. 9. Genesis Villa At/Po: KIIT. Patia BHUBANESWAR - 751 024

DHANBAD 2.

B-14, Doctors Colony Jagjivan Nagar DHANBAD - 826 003

RITU RITOLIA (Ms.) Yadav Bhawan, J C Mallick Road Hirapur DHANBAD - 826 001

PANKAJ KUMAR SINGH Asstt. Manager Finance BCCL, Koyla Bhawan DHANBAD - 826 005

HOOGHLY 3.

Krishikunj Apartment 89/114/2, DN Banerjee Street Rishra HOOGHLY-712 248

ADITYA PUROHIT Company Secretary C-1, Flat No. 401 161 M, Jannagar Road Rishra HOOGHLY-712 249

RAJAN SINGH Practising Company Secretary 322, Shastrinagar, Konnagar Post Office - Bara Bahera HOOGHLY-712 246

JAMSHEDPUR 4.

Room No. 9. Russi Modi Centre for Excellence Jubilee Road P.O. Bistupur JAMSHEDPUR - 831 001 PRAMOD KUMAR SINGH CEO-Adityapur Auto Cluster Plot No. 41 & 45 (P) Phase - VII: Industrial Area Tata Kandra Main Road Adityapur JAMSHEDPUR - 832 109

SITAL PRASAD SWAIN Practising Company Secretary Shop No. 6, Ground Floor Mezzanine Floor, Meghdeep Tower Beside South Park Hotel Bistupur JAMSHEDPUR - 831 001

NORTH EASTERN 5. (GUWAHATI)

Ground Floor House No. 7 R G Baruah Road Jonali Bus Stand Near State Bank of India Zoo Road Branch Rodali Path GUWAHATI - 781 024

DEBNATH BIMAN

Practising Company Secretary Flat No. 402; Block C; Prakash Choudhury Housing Complex Prasanti Pride, Tarun Nagar ABC Dist. Kamrup Metro GUWAHATI - 781 005

VIVEK SHARMA

Practising Company Secretary House No. 911 Opp. of Radha Govind Baruah College Fatasil Ambari Dist. Kamrup Metro **GUWAHATI**

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Sl. No.	Name & Address of the Chapter	Chairman/Chairperson	Secretary
6.	PATNA B/27, 2nd Floor Luv Kush Towers Exhibition Road PATNA – 800 001	PUSHPA RANI (Ms.) DGM (Law), I.R.A.S. 5th Biscomoun Tower West Gandhi Maidan PATNA – 800 001	SUDHIR KUMAR Company Secretary Bihar State Electronics Development Corporation Limited PATNA
7.	RANCHI 2-C, Om Shanti Apartment O C C Bangla School Lane Main Road RANCHI – 834 001	SANJEEV KUMAR DIKSHIT Practising Company Secretary H.No. 121B, Dharamkunj Near Patel Maidan Harmu Housing Colony RANCHI –834002	SUBHASH BHARTI Flat No. 4E/B, Vijeta Enclave Itki Road, Hehal RANCHI – 834 005



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Northern Region

Sl. No.	Name & Address of the Chapter	Chairman/Chairperson	Secretary
1.	AGRA 3A, 4 Nehru Nagar Silver Point Near Anjana Talkies M. G. Road AGRA	AKASH JAIN B-6 Shalimar Enclave Kamla Nagar AGRA	PRIYANKA (Ms.) Priyanka & Associates Company Secretaries 10 Tagore Nagar, Dayal Bagh AGRA
2.	AJMER 270/9, Pokharna House Near Old Ice Factory Hathi Bhata AJMER – 305 001	MEENU GARG (Ms.) Company Secretary 441/9, Balu Goma Road Street Agra Gate AJMER – 305 001	PRIYANKA MAHESHWARI (Ms.) Company Secretary Priyanka Maheshwari & Associates Daulat Bagh Near Pvt. Bus Stand AJMER – 305 001
3.	ALLAHABAD 30A/9/2-A, Cooper Road Near Hari Masjid In front of HT Media Office (2nd Floor), Civil Lines ALLAHABAD – 211 001	SHAMBHUVESH D TRIPATHI Practising Company Secretary 192-A, B H S Allapur ALLAHABAD – 211 006	MANISH KUMAR AGRAHARI Practising Company Secretary 1048 Mutthiganj ALLAHABAD – 211 003
4.	ALWAR 2nd Floor, Rajat Tower Main Road, Ashok Vihar Near Cross Point Mall Alwar Bhiwadi National Highway ALWAR – 301 001	JAY PRAKASH LODHA Company Secretary & Compliance Officer Vijay Solvex Ltd. Bhagwati Sadan Swami Dayanand Marg ALWAR – 301 001	POONAM DATA (Ms.) 30, ITI Road, OIA ALWAR – 301 001
5.	AMRITSAR 3, M.M. Malviya Road Near Adarsh Cinema AMRITSAR – 143 001	NEERAJ SHARMA Company Secretary 3, M. M. Malviya Road AMRITSAR – 143 001	KANIKA NEVTIA (Ms.) Company Secretary Chamanlal Setia Exports Ltd. Mira Court Road, Post-Central Jail AMRITSAR – 143 002
6.	BAREILLY Flat No. 7, Ist Floor BDA Shopping Complex Opp. Nice College Near Sood Dharam Kanta Pilibhit Road BAREILLY – 243 005	SAGAR AGARWAL Practising Company Secretary 14 BDA, Shopping Complex Near Sood Dharam Kanta Pilibhit Road BAREILLY – 243 005	ANKUR GUPTA Kailash Medical Store Nawabganj BAREILLY – 262 406

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SI. No.	Name & Address of the Chapter	Chairman/Chairperson	Secretary
7.	BHILWARA "ICSI House", Sector - 8 Institutional Area Ring Road, Patel Nagar BHILWARA – 311 001	V S TAPADIA Practising Company Secretary 7-J-11, R C Vyas Colony BHILWARA – 311 001	NITIN MEHTA Practising Company Secretary B-156, Bapu Nagar BHILWARA – 311 001
8.	BIKANER In front of CMHO Office Tyagi Vatika Biscuit Gali Station Road BIKANER - 334 001	SURENDRA HARSH S K Harsh & Associates OutsideNathusar Gate Near Lali Bai Baghechie Opp. G D Memorial School BIKANER - 334 001	NITESH RANGA Near Narsingh Ji Temple Daga Chowk BIKANER - 334 005
9.	CHANDIGARH GGDSD College Sector 32-C CHANDIGARH – 160 047	GSSARIN Practising Company Secretary Sharma Sarin & Associates SCO: 186-188, Ist Floor Sector 17-C CHANDIGARH	NITIN KUMAR Practising Company Secretary Nitin Kumar & Associates #1362-63, First Floor Sector 22 B CHANDIGARH
10.	DEHRADUN Shop No. 3, First Floor Opp. of District Court Near by Prince Chowk DEHRADUN – 248 006		
11.	FARIDABAD 'ICSI House', Institutional Plot No. 1A, Sector-16A FARIDABAD – 121 002	PRAVEEN RANKA Practising Company Secretary House No. 950 Sector - 16 FARIDABAD – 121 002	VANITA ARORA (Ms.) Practising Company Secretary B-519-520 Nehru Ground NIT FARIDABAD
12.	GHAZIABAD 23-B, Nehru Apartments Nehru Nagar GHAZIABAD – 201 001	KAPIL KUMAR Era Infra Engineering Limited C-56/41, Sector 62 NOIDA - 201 303	NEHA JAIN (Ms.) H. No. 255 Sector 4, Chiranjiv Vihar GHAZIABAD – 201 002
13.	GURGAON First Floor Deenbandhu Sir Chhoturam Bhawan Jharsa Road, Behind Shiv Mandir, Sector - 32 GURGAON – 122 002	RAJIV SUNARIA Practising Company Secretary 508, Sector - 47 GURGAON	VINAY SHUKLA Principal Consultant Whitespan Advisory Co-founder & Director- Whitespan Group LGF-152P, Sector - 38 GURGAON – 122 002



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Sl. No.	Name & Address of the Chapter	Chairman/Chairperson	Secretary
14.	JAIPUR "ICSI HOUSE" A-5/A, Institutional Area Jhalana Doongri JAIPUR – 302 004	MAHENDRA P KHANDELWAL Practising Company Secretary 4A, Chandra Nagar Near Gopalpura Phatak Tonk Road JAIPUR – 302 018	SUSSHIL DAGA Partner Amicus Legal Advocates & Consultants D-175, Amar Villa Apartment Bhargu Marg, Banipark JAIPUR
15.	JALANDHAR DAV College Dayanand Nagar JALANDHAR – 144 008	SUNNY CHADHA Practising Company Secretary 121, MBD Market Near Naaz Cinema JALANDHAR	AMIT VINAYAK Advocate 340, Adarsh Nagar JALANDHAR
16.	JAMMU 213A, First Floor Shastri Nagar JAMMU – 180 004	SUDHIR ANAND Company Secretary Chenab Valley Power Project (P) Ltd. JKPCC Building 2nd Floor, Rail Head Complex Panama Chowk JAMMU - 180 006	SAHIL GUPTA Company Secretary Narbada Steels Ltd. SIDCO Industrial Complex Bari Brahmana JAMMU - 181 133
17.	JODHPUR First Floor, Plot No. 15-A City Tower, Opp. Dalda Bldg. 7th Chopasani Road JODHPUR – 342 003	MADAN GOPAL VYAS Partner Deepak Joshi & Associates 312, Rai Bahadur Bazar M G H Road JODHPUR – 342 008	JAI PRAKASH PRAJAPAT Director Varaha Infra Ltd. H-157, Pratap Nagar JODHPUR
18.	KANPUR 118/90, "Gumti Plaza" 2nd Floor, Kaushal Puri Gumti No. 5 KANPUR – 208 012	VAIBHAV SHUKLA Company Secretary & Compliance Officer Premier Pipes Ltd. Som Biz-Ness Xquare 4th Floor, 1, The Mall KANPUR – 208 001	VAIBHAV GUPTA Proprietor C/o Manni Lal Sarju Prasad Co. 54/27, Nayaganj KANPUR – 208 001
19.	KARNAL-PANIPAT 1st & 2nd Floor 6, Geeta Market Geeta Mandir Road Opp. Galaxy Hotel PANIPAT – 132 103	LALITA BANSAL Practising Company Secretary G-3, Industrial Area Saraswati Vihar PANIPAT - 132 103	PRATEEK MITTAL Practising Company Secretary H. No. 663, Sector 13-17 HUDA PANIPAT - 132 103

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Sl. No.	Name & Address of the Chapter	Chairman/Chairperson	Secretary
20.	KOTA B-382 Talwandi KOTA – 324 005		KALPANA JAIN (Ms.) Company Secretary Goyal Proteins Ltd. NH-12, Kasar KOTA
21.	LUCKNOW 1/157, Vivek Khand Gomti Nagar LUCKNOW – 226 010	GEETIKA KESWANI (Ms.) Company Secretary & Compliance Officer Motor & General Sales Ltd. 11-Mahatma Gandhi Road LUCKNOW	RISHI TANDON Company Secretary & Manager - HR C-105, Rajajipuram LUCKNOW
22.	LUDHIANA 11B, 2nd Floor Pheruman Complex Gurudwara Saheedan Opp. Manju Cinema, G. T. Road LUDHIANA – 141 003	DEPESH KUMAR Company Secretary Happy Forgings Ltd. B-XXIX, 2254/1, Kanganwal Roa P.O. Jugiana LUDHIANA – 141 120	GAURAV SHARMA Rythm Textile & Apparels Park Ltd. d 274, Dhandari Khurd GT Road LUDHIANA
23.	MEERUT 111, First Floor Hari Lakshmi Lok, Shivaji Marg Eves Crossing MEERUT – 250 001	MANISH AGARWAL Proprietor 707, Saket Road MEERUT – 250 001	SWATI KOCHHAR (Ms.) Practising Company Secretary CL-16, Pallam Puram, Phase-I MEERUT – 250 110
24.	MODINAGAR Prakash Bhavan, First Floor Opp. M M Printers Delhi-Meerut G T Road MODINAGAR – 201 204	S K SHARMA Company Secretary Gali No. 1/8, Krishna Nagar MODINAGAR – 201 204	PC GAUTAM Company Secretary & Legal Officer 28, Barakhamba Road NEW DELHI
25.	NOIDA "ICSI House" C-37, Sector-62 NOIDA – 201 301	RAVI BHUSHAN KUMAR C-55, First Floor Sector 8 NOIDA – 201 301	MANSI AWANA (Ms.) B-70, Sector-56 Gautambudh Nagar NOIDA
26.	SHIMLA Shardia Complex Bye-Pass Road Near CID Office Kasumpti SHIMLA – 171 009	SMRITI SUD (Ms.) H P State Forest Corporation Ltd. SDA Commercial Complex SHIMLA – 171 009	KANWAL ARORA Block No - 5, Sector No. 6 Phase - III, BCS NEW SHIMLA – 171 009



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Sl. No.	Name & Address of the Chapter	Chairman/Chairperson	Secretary
27.	SONEPAT 22/16, Kathmandi Near Hindu Girls College SONEPAT – 131 001	SKPARASHAR Practising Company Secretary Kumar Satish & Associates Shop No. 102 PP Tower, Atlas Road SONEPAT – 131 001	ARVIND KUMAR CHAUHAN Company Secretary Fiem Industries Ltd. 32 Milestone, G. T. Road Kundli SONEPAT – 131 001
28.	SRINAGAR S P College M. A. Road SRINAGAR – 190 001	MIR MOHAMMAD SHAFI Company Secretary JKB Financial Services Ltd. Boulevard Road SRINAGAR – 190 001	GHULAM JEELANI RESHI Practising Company Secretary Maharaja Bazar Near Dabla Commercial Complex SRINAGAR – 190 001
29.	UDAIPUR C/o M V Shramjeevi College Department of Business Management Studies Shakti Nagar Corner Town Hall Road UDAIPUR – 313 001	S N MAHESHWARI (Dr.) "Sai Kiran" 457, Ambamata Scheme UDAIPUR – 313 004	PAWAN TALESARA Practising Company Secretary P Talesara & Associates 213, Anand Plaza, University Road UDAIPUR – 313 001
30.	VARANASI 'J' Block, IInd Floor Gurukripa Complex Opp. Taksal Theatre Nadesar VARANASI – 221 002	RAMESH KUMAR SINGH Banaras Beads Ltd. A-1, Industrial Estate VARANASI – 221 106	AJAY KUMAR JAISWAL M/s Ajay Jaiswal & Co. B-21/33, Flat No. 7, Ist Floor Raj Apartment, Kamachha VARANASI – 221 010
31.	YAMUNANAGAR D.A.V. College for Girls Academic Block - 4 Jagadhri Road YAMUNANAGAR – 135 001	JASBIR SINGH Company Secretary House No. 1, Shyam Nagar Model Town YAMUNANAGAR – 135 001	UPASANA THAKRAL (Ms.) H.No. 1594, Sector - 17 Huda Colony, Jagadhri YAMUNANAGAR – 135 003



Southern Region

Sl. No.	Name & Address of the Chapter	Chairman/Chairperson	Secretary
1.	AMARAVATHI 1st Floor, North Block Hindu College & High School Opposite Gandhi Park GUNTUR – 522 003	K SRINIVASA RAO Company Secretaries D.No. 6-13-14A 13/3 Arundelpet GUNTUR – 522 002	NAGENDRA KUMAR SAGI Dr. Ramesh Cardiac and Multi- speciality Hospital, Ward 33D Ring Road, ITI Bus Stop VIJAYAWADA - 520 008
2.	BENGALURU No. 5, 1st Main Road KSSIDC Industrial Estate West of Chord Road 6th Block, Rajajinagar BENGALURU – 560 010	HARI BABU THOTA Partner HBTS & Associates, LLP No-9, 9th Main, 2nd Block Jayanagar BENGALURU – 560 011	REKHA K. KAMATH (Ms.) Company Secretary A001, Renaissance Park 3 Subramanyanagar Malleswaram West BENGALURU – 560 055
3.	CALICUT 29/2084, A-3, 2nd Floor Rahiyan Building K T Gopalan Road Kotooli CALICUT – 673 016	BABU A RIYAS Practising Company Secretary 3rd Floor, Husna Complex Near English Church Kannur Road, Nadakkav (W) CALICUT – 673 011	KVARUN Assistant Secretary The Mathrubumi Printing & Publishing Co. Ltd. MJ Krishnamohan Memorial Building, KP Kesava Menon Road KOZHIKODE – 673 001
4.	COIMBATORE 209, KSG Complex II Floor, Door No. 1&3 Sasthri Road, Ram Nagar COIMBATORE – 641 009	RAMASUBRAMANIA RAJA A.R. 19, 3rd Street P. N. Pudur, Gokulam Colony COIMBATORE – 641 041	R. MAHESWARAN Vice President (Finance & Infra.) Coimbatore Hitech Infrastructure Private Limited 365, KGISL Campus Saravanampatti COIMBATORE – 641 035
5.	HYDERABAD #6-3-609/5 Anand Nagar Colony Khairatabad HYDERABAD – 500 004	MAHADEV TIRUNAGARI Flat No. 201, Lake View Towers Safari Nagar, Near Hitech City Kothagudu, Kondapur HYDERABAD – 500 084	SAKHAMURI KAVITHA RANI (Ms.) B-4, 4th Floor, M G Residency Beside St. Mary's College Near Yousuf Guda Check Post HYDERABAD – 500 045
6.	KOCHI ICSI House No. 65/635 Judges Avenue RBI Quarters Road Behind Indian Express Kaloor, Ernakulam KOCHI – 682 017	R. SYAM KUMAR Company Secretary & Head Governance Muthoot Capital Service Limited 3rd Floor, Muthoot Towers M G Road KOCHI – 682 035	MITHUN B. SHENOY Company Secretary Kitex Childrenswear Limited P. B. No. 5 Kizhakkambalam KOCHI – 683 562



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Sl. No.	Name & Address of the Chapter	Chairman/Chairperson	Secretary
7.	MADURAI C-3, III Floor, AR Plaza 16/17, North Veli Street MADURAI – 625 001	P. RAJAVEL 1st Floor, Door No. 14B A A Road MADURAI – 625 016	T. NAGASUNDARAM Assistant Manager (Legal I/C) Tamilnadu State Transport Corporation, By-pass Road MADURAI – 625 013
8.	MANGALORE Grace Towers, 2nd Floor Bejai MANGALORE – 575 004	PV RAI Practising Company Secretary Vamanshram Building GHS Cross Raod MANGALORE	S BHAT ULHAS Practising Company Secretary D. N. 1-N-32/14(4) 5th Floor, Rameshwar Arcade Near Urwa Police Station MANGALORE
9.	MYSORE ICSI House, #125, NHCSL Layout Off. KRS Road Opp. Vikrant Tyres Metagalli MYSORE – 570 016	MAHAVIR CHAND BHANSALI Practising Company Secretary #1491, 2nd Floor Sreenivasa Complex Shivrampet MYSORE – 570 001	M PRACHETA (Ms.) Practising Company Secretary LIG 83, First Floor Kuvempunagar M Block Nrupanpunga Road MYSORE – 570 023
10.	PALAKKAD 1st Floor, Shree Krishna Bldg. Nurani PALAKKAD - 678 004	NN KRISHNAN Senior Manager United Breweries Limited 25/252, 'Shivkami' Near Nurani School Nurani PALAKKAD - 678 004	LAKSHMI PRADEEP (Ms.) Practising Company Secretary First Floor, Chethan Agencies CBE Road, Near Stadium Stand PALAKKAD - 678 001
11.	SALEM 173, Pearl Villa 1st Floor, 3rd Cross Near Co-operative Marriage Hall New Fairlands SALEM - 636016	N SANTHANAM Senior Manager (F & A)-(Retd.) SAIL - Salem Steel Plant 288, Rajarajan Nagar Alagapuram Periya Pudur SALEM – 636 016	A SANTHANAKRISHNAN (Ms.) Practising Company Secretary Flat No. A 1 Sri Saraswathy Apartments Ramakrishna Road SALEM – 636 007
12.	THIRUVANANTHAPURAM T.C. 3/2342, Padmasree (1st Floor) Behind Indian Bank Pattom THIRUVANANTHAPURAM 695 004	JEEVAN VARGHESE Company Secretary MPG Hotels and Infrastructure Ventures Private Limited STN Chambers-II Floor Vazhuthacaud Near Ganapathi Kovil Road THIRUVANANTHAPURAM 695 014	RAKESH RAJAN Company Secretary MPG Hotels and Infrastructure Ventures Private Limited STN Chambers-II Floor Vazhuthacaud Near Ganapathi Kovil Road THIRUVANANTHAPURAM 695 014

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Sl. No.	Name & Address of the Chapter	Chairman/Chairperson	Secretary
13.	THRISSUR Room No. 17, 3rd Floor Devamatha Tower Near St. Thomas College THRISSUR – 680 001	K SREEKRISHNA KUMAR Practising Company Secretary TC 35/4165 "Krishnasree" Pazhazshanadakkavu Behind Pandi Samooha Madom THRISSUR – 680 001	M VASUDEVEN Practising Company Secretary Surya Gardens Paliyam Road THRISSUR – 680 001
14.	VISAKHAPATNAM D No 49-26-6, Ist Floor Opp. Pollocks Little Scholar School Near JK Tyre Show Room Sankaramatam Road Madhuranagar VISAKHAPATNAM – 530016	SUBBA RAO DV Practising Consultant - Indirect Taxation Plot No. LIG 46 D.No. 1-90-12, Sector 5 MVP Colony VISAKHAPATNAM – 530 017	JAGADEESWARA R MABAGAPU Deputy Manager - Company Secretarial Room D- 11, Block - D, 2nd Floor Co. Affairs, Adm. Building RINL Visakhapatnam Steel Plant VISAKHAPATNAM



Near Old Post Office Madan Thakre Chowk DOMBIVLI (E) – 421 201

Western Region

Sl. Name & Address Secretary Chairman/Chairperson No. of the Chapter AHMEDABAD TUSHAR SHAH 1. ANKURBHAI K. SHAH Maneklal Mills Complex Company Secretary Practising Company Secretary S-2, B-Tower Sadbhav Engineering Ltd. Ankur Shah & Associates Chinubhai Towers Corp. office: "Sadbhav" SF - 203, Shangrila Arcade Near Havmor Restaurant Nr. Shyamal Cross Road Opp. Handloom House B/H. Navrangpura Bus Stand 100ft Road, Satellite Ashram Road AHMEDABAD – 380 009 Navrangpura AHMEDABAD – 380 015 AHMEDABAD - 380 009 2. AURANGABAD RUPESH KAMLAKAR KHOKLE VIJAY H BAHETI FR-9, 1st Floor Company Secretary Practising Company Secretary Morganite Crucible (I) Limited Kuber Avenue-B Plot No. 5 B-11, MIDC, Waluj Mitra Nagar Rana Nagar Beside Seven Hills Flyover AURANGABAD - 431 136 **AURANGABAD** Jalna Road AURANGABAD-431 005 **BHAYANDER** MANOJ MIMANI SUNIL AGARWAL 3. Office No. 4, Bldg. No. 4 A-101, Excellency B-505. Venkatesh Pooia Balaji Complex, 150 Feet Road Span Excellency Old Raviraj Complex Near D Mart Jessal Park, Bhayander (East) Bhayander (West) Opposite Maxus Mall THANE - 401 105 THANE-401 101 Off. 150 Feet Raod Bhavander (W) THANE-401 101 **BHOPAL** PRAVEEN KUMAR RAI AVADHESH PARASHAR 4. Plot No. 148 PK Rai & Associates Partner Anchor Mansion, 2nd Floor **Practising Company Secretaries** APVN & Associates Zone-II, MP Nagar F-5/159, Zone-II, M. P. Nagar Practising Company Secretaries Behind Sargam Cinema IInd Floor, Bakshi Complex BHOPAL -462 011 Near S M Garages Plot No. 68, Zone II BHOPAL-462 011 MP Nagar BHOPAL-462 011 5. **DOMBIVLI** Satchidanand Apartment Ground Floor Opp. HDFC Bank Under ICSI

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Sl. No.	Name & Address of the Chapter	Chairman/Chairperson	Secretary
6.	GOA Indraprastha Building 6th Floor Menezes Braganza Road Panjim GOA – 403 001	GIRIJA NAGVEKAR (Ms.) Practising Company Secretary C/o T-11/12, Jairam Complex IInd Phase, Third Floor Nevgi Nagar, Mala, Panaji GOA-403 001	SHILPA DHULAPKAR (Ms.) Practising Company Secretary BSG - 5, Upper Ground Floor Mohidin Tower Opp. Hotel Manoshanti Dada Vaidya Road, Panaji GOA – 403 001
7.	INDORE B/1-2-3, Ashray Apartment 2/1, Manoramaganj Near Mayank Hospital INDORE - 452 001	MANOJ KUMAR BHANDARI Company Secretary Madhya Pradesh Stock Exchange Ltd. 201 Palika Plaza Phase-II M T H Compound INDORE - 452 001	ANURAG GANGRADE Partner M/s Gangrade Purviya & Associates, Practising Company Secretaries, 527, Vikram Tower Sapna Sangeeta Road INDORE - 452 001
8.	KOLHAPUR R S No. 1108 C 34-C, Jaduban Plaza Office Unit No. F-4 Panch Bunglow Shahupuri KOLHAPUR – 416 001	SANGRAM S GHATGE Practising Company Secretary G.O.F-2, Shree Apartment 1754, 'E' Ward, Rajarampuri 4th Lane KOLHAPUR – 416 008	PADMSINH B PATIL Practising Company Secretary 1888, E Ward, 1st Floor OMEGA Towers, 9th Lane Rajarampuri KOLHAPUR – 416 008
9.	NAGPUR 3A, 3rd Floor Avinisha Towers Mehadia Square Dhantoli NAGPUR – 440 012	TUSHAR S PAHADE Practising Company Secretary 104, Opp. South Indian Temple Ramnagar NAGPUR - 440 033	CHANCHAL V LOYA (Ms.) Practising Company Secretary Flat No. 107 "Tulip" Garden Enclave Model Mill Road, Ganesh Peth NAGPUR - 440 018
10.	NASHIK 14, Vishwashanti Apartment Rachana Vidyalaya Road Sharanpur Road Canada Corner NASHIK – 422 002	SUJATA R RAJEBAHADUR Naroshankar, 199, M G Road Above Samarth Sahakari Bank NASHIK - 422 001	MILIND JANAK GUJAR 11, Bellavista Society 1st Floor, Trimbak Road Corner NASHIK – 422 002
11.	NAVI MUMBAI Office No. 204 2nd Floor ICSI-CCGRT Building Plot No. 101, Sector -15 Institutional Area CBD Belapur	AWANEESH K. SRIVASTAVA Essar Shipping Ltd. Essar House, 11 K K Marg Mahalaxmi Navi Mumbai – 400 034	SANTOSH KUMAR SINGH Office No. 09, Gayatri Complex Behind Mittal Industrial Estate Andheri Kurla Road Andheri (East) MUMBAI – 400 059

NAVI MUMBAI – 400 614



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Sl. No.	Name & Address of the Chapter	Chairman/Chairperson	Secretary
12.	PUNE 23, Mukund Nagar Corner of Lane No. 1 Gupte Market Above Dr. Joshi Hospital PUNE – 411 037	HRISHIKESH S WAGH Partner KANJMAG & Co. Company Secretaries 1-2 Aishwarya Sankul Survey No. 17, G A Kulkarni Path Opp. Joshi Railway Museum Kothrud, PUNE – 411 038	ROHIT ARUN GOKHALE Asst. Manager - Commercial Thermax Limited, Sai Chambers 15, Pune Mumbai Road Wakdewadi PUNE - 411 003
13.	RAIPUR H No C-67, Sector - 2 1st Floor, Above Little Star Play School, Sector -2 Devendra Nagar Nr. Gujarati School RAIPUR – 492 001	SATISH KUMAR BATRA Company Secretary 501, Ashoka Ratan P.O. Shankar Nagar RAIPUR	ASHISH JAIN Company Secretary Jagdamba Power & Alloys Ltd. HIRA Arcade, Pandri RAIPUR - 492 001
14.	RAJKOT 216, Krishna Con Arch - II, 2nd Floor Tagore Road RAJKOT – 360 002	PURVI G DAVE (Ms.) Practising Company Secretary MJP Associates 110-112, Alaap - B, 1st Floor Nr. Hotel Sarovar Portico Opp. Shashtri Maidan RAJKOT – 360 001	Paras J Viramgama Company Secretary & Compliance Officer Atul Auto Limited 8B National Highway Nr. Microwave Tower Shapar (Veraval) RAJKOT - 360 024
15.	SURAT B-209, Tirupati Plaza Near Collector Office Athwa Lines SURAT – 395 001	A G SHAIKH M-2, Super Tex Tower Opp. Kinnary Cinema Ring Road SURAT – 395 002	KOMAL KHADARIA 607, 608 Ajanta Shopping Centre Near Kinnary Talkies Ring Road SURAT – 395 002
16.	THANE 201-202 Sai Plaza Complex Above Vijay Sales Kapurbavdi Junction Ghodbandar Road THANE (WEST) - 400 607	PRADYUMASINH M VALA P M Vala & Associates Company Secretaries Shop No. 1, Laxmi Sadan CHS Daji Ram Chandra Road, Charai THANE (WEST) – 400 601	REHANA KAMIL KHAN (Ms.) Salman Palace A/101 Near Patel School Mumbra Devi Road Mumbra THANE
17.	VADODARA Office No. 1 (2nd Floor) Stop-N-Shop Plaza Offtel Towers No. II R C Dutt Road VADODARA – 390 007	MAYUR M BUHA Practising Company Secretary 201/B, Helix Complex Opp. Hotel Surya Besides Hotel Kansar, Sayajiganj VADODARA – 390 005	HEMANTKUMAR K VALAND Practising Company Secretary B/203, Manubhai Tower Opposite Faculty of Arts Sayajigunj VADODARA – 390 005



Past Presidents =

(1968 - 2015)

- 1. R. Prasad (1969–70)*
- 2. R. Krishnan (1970–73)
- 3. L. R. Puri (1973–75)*
- 4. P. A. S. Rao (1975–77)
- 5. C. R. Shah (1977–79)
- 6. R. Rajagopalan (1979–80)
- 7. P. R. Roy (1980–81)*
- 8. P. P. Mistry (Dr.) (1981–82)*
- 9. D. B. Saxena (1982–83)
- 10. K. V. Shanbhogue (1983–84)*
- 11. G. B. Rao (Dr.) (1984–85)
- 12. R. V. Nagarajan (1986)*
- 13. R. Ramachandran (1987)
- 14. B. S. Doraiswamy (1988)
- 15. Shyamal Sen (1989)*
- 16. D. C. Jain (1990)
- 17. N. J. N. Vazifdar (1991)
- 18. P. T. Rangamani (1992)
- 19. Mahesh Shah (1993)
- 20. O. P. Dani (1994)
- 21. U. K. Chaudhary (1995)

- 22. K. R. Chandratre (Dr.) (1996)
- 23. D. K. Prahlada Rao (1997)
- 24. B. P. Dhanuka (1998)*
- 25. Virender Ganda (1999)
- 26. J. Sridhar (2000)
- 27. P. V. S. Jagan Mohan Rao (Dr.)(2001)
- 28. S. Gangopadhyay (2002)
- 29. Pavan Kumar Vijay (2003)
- 30. Mahesh Anant Athavale (2004)
- 31. R. Ravi (2005)
- 32. H. M. Choraria (2006)
- 33. Preeti Malhotra (Ms.) (2007)
- 34. Keyoor Bakshi (2008)
- 35. Datla Hanumanta Raju (2009)
- 36. Vinayak S. Khanvalkar (2010)
- 37. Anil Murarka (2011)
- 38. Nesar Ahmad (2012)
- 39. S. N. Ananthasubramanian (2013)
- 40. R. Sridharan (2014)
- 41. Atul H. Mehta (2015)

Honorary Fellow Members =

K. V. Raghunatha Reddy*

R. C. Dutt, ICS (Retd.)*

S. K. Datta*

Bedabrata Barua*

P. B. Menon

K. K. Ray*

P. K. Krishnamurthy*

N. K. Sengupta (Dr.)*

K. S. Bhatnagar*

H. R. Bhardwaj (Dr.)

Arun Jaitley

^{*} DECEASED

About Us

(PS)

The Institute

The Institute of Company Secretaries of India is a premier national professional body constituted under an Act of Parliament, namely the Company Secretaries Act, 1980 (Act No. 56 of 1980) to regulate and develop the profession of Company Secretaries.

The Institute has on its rolls over 45,000 members including over 8,000 members holding certificate of practice. The number of current students is around 4,00,000.

Our Vision

"To be a global leader in promoting good corporate governance"

Our Mission

"To develop high calibre professionals facilitating good corporate governance"





Objectives and Functions

The Institute

- develops a cadre of highly competent Company Secretaries for ensuring good corporate
 governance and effective management by registering students with 10+2 and
 graduate qualifications for Foundation and Executive Programmes of Company
 Secretaryship Course respectively with course contents in Law, Tax, Management,
 Accounting and Finance disciplines;
- provides postal/oral/web-based coaching and training enabling students to qualify as Company Secretaries;
- conducts Company Secretaryship Examination twice a year in June and December, in 114 cities spread all over India and an overseas centre at Dubai;
- arranges practical training for Executive/Professional Programme pass Students with Companies/Practising Company Secretaries empanelled with the Institute for the purpose;
- enrols qualified persons as Associate/ Fellow Members of the Institute and issues Certificate of Practice to members taking up practice;
- conducts Post Membership Qualification Courses for Members of the Institute;
- conducts Certificate Courses for Members and Students of the Institute;
- organises webinars for the Members and the Students on various subjects;
- provides e-library facilities for Members and Students of ICSI;
- publishes widely read and highly acclaimed monthly journal 'Chartered Secretary' disseminating information, expeditiously;
- brings out e-bulletins 'Student Company Secretary' and 'CS Foundation Course Bulletin' for the benefit of Students;
- circulates CS Updates containing current notifications and circulars relating to various corporate and related laws, daily;
- exercises professional supervision over the Members of the Institute both in practice and in employment on matters pertaining to Professional Ethics and Code of Conduct;
- undertakes research in Law, Management, Finance, Capital Market, Corporate Governance and CSR and brings out research publications;
- formulates Secretarial Standards and brings out Guidance Notes thereon;
- renders expert advisory services to Members on intricate issues relating to various corporate laws;



- organises Professional Development and Continuing Education Programme(s), International/National/ Regional Conventions and Conference(s) directly or through its Regional Councils and Chapters, Chambers of Commerce, Department of Public Enterprises, Sister Professional Institutes and other Professional Development/ Management Bodies;
- interacts with various National and Regional Chambers of Commerce with regard to various Government Policies and Legislations;
- interacts with various international/multilateral bodies/institutions with regard to issues relating to the Corporate Governance, Business Ethics, Sustainability and Corporate Social Responsibility;
- interacts with Government both at Centre and States on various issues concerning the profession;
- undertakes benevolence of members and employees;
- interacts with Members of Corporate Secretaries International Association (CSIA) and Company Secretaries Institutes in other jurisdictions;
- bestows ICSI National Award for Excellence in Corporate Governance to best governed companies;
- has instituted the ICSI CSR Excellence Award;
- bestows ICSI Lifetime Achievement Award to eminent corporate personalities for Translating Excellence in Corporate Governance into Reality;
- conducts Investor Awareness Programmes throughout the country on behalf of the Investor Education & Protection Fund, Ministry of Corporate Affairs;
- undertakes Research Projects on behalf of Government and its agencies / Institutions.

Building Future Professionals to Guide Corporate India

The ICSI conducts the Company Secretaryship examination to bring in high level professionals specialized in corporate laws, management and governance.

Stages of Company Secretaryship Course

The Company Secretaryship Course is conducted in three stages as under:

- Foundation Programme: Candidates who have passed Senior Secondary Examination (10+2) are eligible for admission to Foundation Programme.
- *Executive Programme*: Graduates in any stream excluding Fine Arts or candidates who have passed the Foundation Examination are eligible to join Executive Programme.
- *Professional Programme*: A registered student is admitted to the Professional Programme on passing the Executive Examination.



Training

The candidates are also required to complete the following trainings:

- Three years on registration for Executive Programme; or
- Two years after passing the Executive Programme Examination; or
- One year after passing the Professional Programme Examination on whole time basis during working hours; and
- Fifteen days Academic Programme; and
- Fifteen days Management Skills Orientation Programme (MSOP).

The Company Secretaryship course is conducted through distance learning and supplemented by Class Room teaching as well as e-learning. The Institute also initiated a Full time Company Secaretaryship course at CCGRT.

Associate Membership

After successful completion of examination and training, a candidate is conferred with Associate Membership of the ICSI.

Fellow Membership

A member of the Institute is entitled to get himself enrolled as a fellow, if he is an Associate Member for atleast five years.

Company Secretary - A Lead Governance Professional

A Company Secretary is defined under the Company Secretaries Act, 1980 to mean a person who is a member of ICSI.

Company Secretary in Employment

Section 203 of the Companies Act, 2013 provides that every listed company and every other public company having a paid-up share capital of ten crore rupees or more shall have the whole-time key managerial personnel. Further, other companies having a paid up share capital of five crore rupees or more shall have a whole-time Company Secretary.

A Company Secretary in Employment,

- acts as a vital link between the company and its Board of Directors, shareholders and other stakeholders and regulatory authorities
- plays a key role in ensuring that the Board procedures are followed and regularly reviewed
- provides the Board with guidance as to its duties, responsibilities and powers under various laws, rules and regulations



- acts as a compliance officer as well as an in-house legal counsel to advise the Board and the functional departments of the company on various corporate, business, economic and tax laws
- is an important member of the corporate management team and acts as conscience seeker of the company

Company Secretary in Practice

The Company Secretaries Act, 1980 entitles a member of the Institute to practice whether in India or elsewhere only after obtaining from the Council of the Institute a Certificate of Practice. The Certificate of Practice is subject to renewal on annual basis.

Code of Conduct for Members

The members of the ICSI are subject to Code of Conduct provided under the Company Secretaries Act, 1980.

Regulatory Supervision

The Institute maintains strict regulatory supervision over its practising members through issuing Guidelines in accordance with the provisions of Company Secretaries Act, 1980.

- Guidelines for Advertisement by Company Secretary in Practice
- Guidelines for Professional Dress of Company Secretaries
- Guidelines for Compulsory Attendance of Professional Development Programmes by the Members
- Guidelines for Peer Review of Attestation Services by Practising Company Secretaries
- Guidelines for Approval of Proprietorship Concern/Firm's name under Regulation 169 of the Company Secretaries Regulations, 1982
- Guidelines for Requirement of Maintenance of a Register of Attestation/ Certification services rendered by Practicing Company Secretary/Firm of Practicing Company Secretaries.

Disciplinary Control

The Company Secretaries Act, 1980 and the Company Secretaries (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007 made by the Central Government in exercise of powers conferred under of the Company Secretaries Act, 1980 provide elaborate provisions and fast track process for dealing with the complaints of professional or other misconduct filed under the Act.

* * *



Convention Committee

CHAIRPERSON

Mamta Binani (Ms.)

MEMBERS

Shyam Agrawal (Dr.)
Atul H. Mehta
Ashish C. Doshi
Ashish Garg
Makarand M. Lele
Mahavir Lunawat

—— Convention Organising Sub-Committee ——

CHAIRMAN

Ashish C. Doshi

Co-CHAIRMAN

Ashish Garg

Members

Makarand M. Lele

Atul H. Mehta

Mahavir Lunawat

Tushar D. Shah

Chetan Patel

Mentors

Vineet K. Chaudhary

Yamal A. Vyas

Headquarters Representatives

Sonia Baijal (Ms.)

Surya Narayan Mishra

Saurabh Jain

Special Invitees

Mamta Binani (Ms.)

Shyam Agrawal (Dr.)



Purvi Dave

List of Local | Functional Committees

Cultural Committee Y M Joshi Rajesh Parekh

Chairman Keyur J Shah Hitesh Kothari

Ashish Garg Aalay Vasavda Ashish Shah

Member Reception Committee Jaymin Trivedi

Jatin Jalundhwala Chairman Jayesh Vithlani

Praveen Soni Makarand M. Lele Hemant Nandania

Rajesh Tarpara Member Anand Soni

Ashish Karodia

Mukund Joshi

Ashish Karodia

Committee

A G Shaikh
Dilip Motwani Chairman

Prakash Pandya
Khushbu Thakkar Trivedi Arvind Gaudana

Deepak Pandya

Jagdish Akhani Member Vishvesh Vachchharajani

Tours and Transport CommitteeChirag Shah

Milind Kasodekar

Chairman Kamlesh M Shah Vatan Brahmbhatt

Chetan Patel S. K. Shah Ashish Tripathi

Member Delegate Committee Maneesha Preeyani

Ankur Shah Chairman Sangita Goyal

Rutul Shukla Mahaveer Lunavat Ronak Shah

Rohit Dudhela Member Mehul Thakkar

Mayur Buha Ravi Kapoor Deepak Rachchha

Prashant Patel Ashok Mehta Rohit Jain





List of Local | Functional Committees

Hospitality Committee

Chairman

Atul H. Mehta

Member

Shilpa Dixit

Mayur Buha

Jignesh Shah

Bhavin Mehta

Umesh H. Ved

Naveen Mandovara

Hitesh Buch

Omprakash Bagadia

Fund Raising Committee

Chairman

Ashish C. Doshi

Co-chairman

Vineet K. Chaudhary

Member

Yamal Vyas

Jaladhi Shukla

Amit Jain

Tushar Shah

Lokesh Dave

Praveen Dwari

Upen Shah

N V Kathiria

Food and Beverages Committee

Chairman

Tushar Shah

Member

Chetan Patel

Jignesh Shah

Vatan Bhrambhatt

Ankur Shah

Navin Mandovara

Ashish Karodia

Bunty Huda

Suresh Gondaliya

Kaushik Jhaveri

Venue Management Committee

Chairman

Ashish C. Doshi

Member

Urmil Ved

Kiran Patel

Nilesh Patel

Nikunj Patel Visnagar

Kuldeep Jain

Jitendra Liya

Hardik Sanghavi

Vineet K. Chaudhary



Souvenir Screening Committee

For selecting articles for publication in the Souvenir for the 44th National Convention of Company Secretaries

Shri S Balasubramanian

Former Chairman
Company Law Board

Dr. Asish K Bhattacharyya

Professor, School of Corporate Governance & Public Policy Indian Institute of Corporate Affairs

Dr. Alok Mohan Sherry

Professor and Program Chair- PGP (Financial Markets)
National Institute of Financial Management

Prof. Jai Prakash Sharma

Director

Institute of Management Studies
Former Head and Dean, Faculty of Commerce & Business
Delhi School of Economics, University of Delhi

Prof. Naval Kishore

Director

School of Management Studies
Indira Gandhi National Open University (IGNOU)

Dr. Shrirang Altekar

Director

Symboisis Centre for Management Studies

Dr. S K Dixit

*Joint Secretary (SG)*Institute of Company Secretaries of India





ICSI - CCGRT-

Centre for Corporate Governance, Research & Training (CCGRT)

The primary objective of the Centre is to act as a catalyst organisation in the professional development of the Indian corporate sector through qualitative research and high level corporate training with 'Corporate Governance' as the thrust area. Since its inception, the Centre has undertaken a number of activities.

Professional Development Programmes

ICSI-CCGRT conducts Professional Development Programmes (PDPs) for members, students, corporates and regulatory / government bodies. Apart from programmes for upgradation / updation of the knowledge base of Company Secretary functions, ICSI-CCGRT has designed programmes for enabling Company Secretaries to venture more effectively into newer areas.

ICSI-CCGRT provides reading material for these programmes, generally based on in-house research. These materials are also available for sale. Some such materials include Compliance with Listing Agreement, New Takeover Code (With Checklists and Formats), Revised Schedule VI, Labour Laws, Balance Sheet Analysis, Shareholders' Agreement, SMEs and Company Secretaries etc.

Integrated Company Secretaryship Course

In order to groom the students of Company Secretaryship Course better to meet the challenges of today and build a niche cadre of professionals who can shoulder the responsibilities assigned to them in an evolving business environment and ensure governance in true letter and spirit, Centre for Corporate Governance, Research & Training (CCGRT) of the Institute of Company Secretaries of India (ICSI) is offering three years Integrated Company Secretaryship Course (Full-Time).

This Course is being delivered by CCGRT at its premises in CBD Belapur, Navi Mumbai through Academia, Industry Experts and Practitioners. The Course inter-alia covers the syllabus of the CS Course as notified by ICSI from time, focusing on experiential learning and, combining class room lectures, discussions, class exercises, case studies, mock meetings, industrial visits etc. and training in Soft skills, Leadership Traits and other Life Skills. Students are exposed to real life organisational situations, professional dilemmas etc. to enable them to develop holistic perspective towards decision making and governance. In addition, CCGRT also facilitates the following for the students of this Course:

- Registration and Enrollment with ICSI
- Educational Loans for the Course
- Internship/Training
- Hostel Assistance around CCGRT for outstation candidates on request
- Placement Assistance

This not only prepares the students to complete the Company Secretaryship course, thereby making them eligible to be the members of ICSI but also helps build their soft skills enabling them to be the governance leaders of tomorrow.



National Convention of Company Secretaries

Mahatma Mandir Convention Centre Gandhinagar, Gujarat

17-19 November, 2016
Thursday-Friday-Saturday

Annual Membership Scheme

ICSI-CCGRT continues with its Annual Membership Scheme, which is an invitation to all professionals, individuals and corporates, to attend a variety of Professional Development programs free of cost by making a one-time payment. ICSI-CCGRT has also introduced a new flexible Annual Membership Scheme, which comprises of four different kinds of schemes; including a special scheme for members outside Mumbai.

Residential Management Skills Orientation Programme (R-MSOP)

An activity added to ICSI-CCGRT's training initiatives for students pursuing Company Secretaryship course is through the Residential Management Skills Orientation Programme. ICSI-CCGRT organizes Residential MSOPs where students from all over India, including from non-metro cities and abroad participant and get the opportunity for interaction with expert professional faculty. In addition to the core subjects of MSOP, the participants are also exposed to topics on soft skills, general management, human relations, financial markets etc. Students also get an opportunity to enhance their communication skills, presentation skills and co-operative learning through presentation of group projects and case studies before a panel of experts. ICSI-CCGRT with its amenities, well designed programme schedule incorporating varied topics, adept faculties possessing rich exposure and expertise in their relative fields and placement assistance has helped create a niche for its R-MSOP.

Research Related Activities

In order to foster and nurture proactive research among Company Secretaries and other researchers, ICSI-CCGRT was entrusted with the responsibility of administering the ICSI Research Initiative. The basic idea has been to develop sound information base and insights into corporate /related laws, their delivery mechanism, need for harmonization / changes in the light of emerging realities, corporate governance etc., and to use the developed knowledge base for brand building and interacting with the Government, regulatory and international agencies.

CCGRT has, since inception, completed a number of commissioned research projects for outside agencies/institutions.

Infrastructure facilities

The facilities at ICSI-CCGRT have been upgraded. ICSI-CCGRT with its modern infrastructure facilities comprising 180 seats, well-appointed auditorium with ultra modern audio visual acoustics, state-of-the-art training and conference halls of varying capacity, equipped with world class audio – visual facilities, residential wing of 22 air-conditioned self-contained rooms is now equipped to organize further high end training programmes.



ICSI - CENTRE FOR CORPORATE GOVERNANCE, RESEARCH & TRAINING (CCGRT)

Plot No. 101, Sector 15, Institutional Area, (Near Total CAR Mall) Palm Beach Road, CBD Belapur, Navi Mumbai-400 614

Phones: 022-27577814-15, 022-4102 1516; Fax: 022-27574384; E-mail: ccgrt@icsi.edu



Achievements during the Year 2016

Monthly Communications

February 2016

Dear Professional Colleagues

We are pleased to share the following initiatives taken by ICSI during the month of January, 2016, with our esteemed members :

1. Modification in Rule 147 of the Draft Trade Marks Rules, 2015 - Meeting with Mr. Rajeev Aggarwal, Joint Secretary, DIPP and Mr. Ravinder, Director, DIPP

The Institute submitted its request for modification in Rule 147 of the Draft Trade Marks Rules, 2015 in alignment with existing provision of Rule 150 of the Trade Mark Rules, 2002 to Department of Industrial Policy & Promotion, DIPP and is following up with DIPP.

2. Submission of Pre-Budget Memorandum to Department of Revenue, Ministry of Finance

The Institute submitted its views before Ms. Rani Singh Nair, Member, CBDT, Department of Revenue, Ministry of Finance at Pre-Budget Meeting at North Block. The Institute made the presentation before the Committee. Further to the meeting, the Institute submitted Supplement Pre-Budget Memorandum containing suggestions of the ICSI on Direct and Indirect Taxes to CBDT.

3. Submission of Concept Papers on MSME and Start-up India to Ministry of MSME- Meeting with Dr. Anup K Pujari, IAS, the then Secretary, Ministry of Micro, Small and Medium Enterprises

The Institute had a meeting with Dr. Anup K. Pujari, IAS, the then Secretary, Ministry of Micro, Small and Medium Enterprises at Udyog Bhawan, New Delhi and submitted the following concept papers:

- (i) Corporate Governance & Role of Company Secretary in Micro, Small and Medium Enterprises
- (ii) 'Start-up India' Initiative and Role of Company Secretary Professionals

Dr. Pujari appreciated the concept papers and emphasized that ICSI may partner in the progress of MSMEs.

4. Clarification regarding concept of Associates amongst PCS

The Council of the Institute has permitted the concept of "Associate" amongst PCS in view of the provisions of Part I of the First Schedule to the Company Secretaries Act, 1980. It has permitted PCS who are not partners in a firm of PCS to use the designation



after their name while signing various documents in the style (given herein): "Associate of [Individual / Firm / LLP Name]".

5. News Headlines

With a view to update the Members/Students on important developments on daily basis, the Institute has initiated 'News Headlines' at the Institute's website www.icsi.edu. We request you to take advantage of this new initiative.

6. ICSI-BSE Joint Programmes on SEBI Listing Regulations

The Institute is organizing a series of programmes on Listing Regulations in association with BSE Ltd. So far, it has organised 7 Seminars at Mumbai, Delhi, Ahmedabad, Bangalore, Pune, Chennai and Hyderabad. The next programme(s) in the series are scheduled at Navi Mumbai, Kolkata and Indore.

7. Training of Trainers (ToT) for Resource Persons organising Investor Awareness Programmes under IEPF

At the behest of Ministry of Corporate Affairs, the Institute organised Training of Trainers (ToT) for 24 Resource Persons organising Investor Awareness Programmes under IEPF at Shivalik view, Chandigarh on January 30-31, 2016. Mr. A K Chaturvedi, Regional Director, North, MCA, Mr. Santosh Kumar, Registrar of Companies, Chandigarh and Shimla and Mr. D K Singh, Official Liquidator, Chandigarh addressed on the occasion. Reference material developed by the Institute was circulated to the participants.

8. Investor Awareness Programmes under IEPF

The Institute organised 30 Investor Awareness Programmes through its Regional Councils, Chapters and Resource Persons under IEPF across the country during January 2016.

9. CS Update

With a view to provide value added services to our members, the Institute has redesigned the look as well as contents of CS Update, our daily electronic communication to our members. We request for your feedback on the same.

10. Constitution of a separate cell for the Company Secretaries Benevolent Fund (CSBF)

The Institute has established a separate cell for the Company Secretaries Benevolent Fund (CSBF). The Nodal Officer for the purpose is Mr. Saurabh Bansal, Executive, Directorate of Membership, 011-45341088, saurabh.bansal@icsi.edu.

11. Constitution of Syllabus Review Board

The ICSI has constituted 'Syllabus Review Board' to review the existing course curriculum of Company Secretaryship Course - Foundation, Executive and Professional programme. Members are requested to forward their suggestions at srb@icsi.edu.



12. Declaration of Result of Foundation Programme

The result of Company Secretaries Foundation Programme Examination was released by Shri Arun Jaitley, Hon'ble Union Minister for Corporate Affairs, Finance and I & B on 27th January, 2016. The next Computer Based Examination for Foundation Programme will be held on June 04 & 06, 2016.

13. CS Olympiad

The Institute has signed a Memorandum of Understanding (MoU) with the Science Olympiad Foundation (SOF) for conducting the CS Olympiad for students of Classes 11 and 12 in each academic year in schools across India. The first CS Olympiad will be conducted in September 2016.

14. Study Centre Scheme

The Study Centre Scheme was launched by the Institute in order to break the distance barrier for students belonging to cities / locations in which the representative offices of the Institute are not in existence. So far, 10 Study Centres have been established in collaboration with reputed colleges in different locations.

15. ICSI Signature Award Scheme

ICSI Signature Award Scheme has been launched in January, 2016 under which top rank holders in B.Com. Final Examinations in reputed universities and also specialised programmes / papers of IITs / IIMs will be awarded a Gold Medal and Certificate.

16. Class Room Teaching

During the month of January, 2016, the respective Regional / Chapter Offices of the Institute have started fresh batches of classes for June, 2016 Session at Patna, Alwar, Bareilly, Chennai, Coimbatore, Kochi, Mangalore, Thrissur, Thiruvananthapuram, Indore.

Regards

CS Mamta Binani President , ICSI



March 2016

Dear Professional Colleagues

Further to our earlier communication dated February 09, 2016, giving the members a glimpse of various initiatives taken during January, 2016, we take immense pleasure in sharing the following initiatives taken by ICSI during the month of February, 2016:

1. Make in India

The Government of India's mega event 'Make in India' in Mumbai from February 13-18, 2016 was graciously inaugurated at the hands of our Honourable Prime Minister Shri Narendra Modi Ji. ICSI played a pivotal role in the pavilion of the Ministry of Corporate Affairs. The pavilion witnessed the gracious presence of Shri Arun Jaitley, Hon'ble Minister for Finance, Corporate Affairs and Information and Broadcasting. It was honoured by the patronage of esteemed Secretary, MCA, Shri Tapan Ray, IAS and Joint Secretary, MCA, Shri K V R Murty, IAS. The members of the Institute were involved in offering expert advice related to the matters of compliance to various laws and did it with dedication and passion.

2. Submission of views before the Hon'ble Joint Committee of The Parliament on Insolvency and Bankruptcy Code, 2015

The Institute appeared before the Hon'ble Joint Committee of The Parliament on Insolvency and Bankruptcy Code, 2015 on February 09, 2016 and submitted Memoranda containing views of ICSI. The Institute has also constituted Core Group on Insolvency Laws.

3. Submission of views on Companies Law Committee Report

The Institute constituted a Task Force to consider and deliberate on the report of the Companies Law Committee. In addition to submission of views on Companies Law Committee Report, the Institute also made representation to MCA on Annual Return, KMP to not hold more than 1 KMP position, interpretation of 'plural' with reference to subsidiaries relating to appointment of Key Managerial Personnel.

4. Submission of suggestions/comments on the draft rules w.r.t. NCLT related provisions under the Companies Act, 2013

The Institute submitted suggestions/comments on the draft rules w.r.t. NCLT related provisions under the Companies Act, 2013, particularly on Compromise & Arrangement, oppression and mismanagement, rules and procedure, as approved by Council, to the Ministry of Corporate Affairs. We have also constituted a Core Group on NCLT.

5. Meeting with Mr. K K Jalan, Secretary, Ministry of Micro, Small and Medium Enterprises

The members of the Institute are actively engaged in the MSME sector and are rendering





value added services to MSMEs. In this direction, a delegation of the Institute met Mr. K K Jalan, Secretary, Ministry of Micro, Small and Medium Enterprises to discuss the way forward in guiding the entrepreneurs and providing further support to the Ministry of MSME.

6. Meeting with Dr. Madhukar Gupta, Additional Secretary, Department of Public Enterprises

A delegation of the Institute met Dr Madhukar Gupta, Additional Secretary, Department of Public Enterprises and discussed various initiatives to be taken including the organization of training programme for Independent Directors of PSUs and appointment of Company Secretaries as Independent Directors in PSUs.

7. Modification in Rule 147 of the Draft Trade Marks Rules, 2015

The Institute is continuously pursuing with Department of Industrial Policy and Promotion, Government of India for modification in Rule 147 of the Draft Trade Marks Rules, 2015 in alignment with existing provision of Rule 150 of the Trade Mark Rules, 2002.

8. Declaration of Corporate Governance Year

The Institute has declared the year 2016 as the Mission year for Corporate Governance. The Institute moots the idea of observing a day as International Corporate Governance Day.

9. Secretarial Standards

Suggestions were solicited on the revision of Secretarial Standards on (i) Meetings of the Board of Directors (ii) General Meetings.

10. Role of Company Secretary in proposed GST Legislation

The Institute is making various efforts in carving out the role of Company Secretary in the proposed GST Legislation and is in the process of starting a Certificate Course on GST for capacity building of the members under the GST Law and also constituting a Core Group on GST.

11. Launch of MBA Executive Programme for Members of Symbiosis, Noida

In pursuance to the MOU with Symbiosis Centre for Management Studies, NOIDA (SCMS), the Institute is in discussion for launch of MBA Executive Programme for Members of the Institute. It will be 30 months programme, segmented into five semesters of 6 months each. We will soon be announcing the Course for our members.

12. E-library for ICSI Members

With a view to keep our members updated, equip them with knowledge resource tools and to facilitate them to carry out instant research, ICSI has taken a digital initiative to provide an e-library on corporate laws to its members on complimentary basis. The



Library under this scheme is available for one year from the date of registration. Registration is open upto March 31st, 2016 and Members will be registered on First Come First Served basis. So far, more than 4000 Members have availed the facility. Members who have not yet registered, are requested to get their e-library activated by registering through ICSI website www.icsi.edu .

13. Know Your Member (KYM)

The esteemed members are the pillars of the Institute. With an aim to know their good selves better, and with an objective of harnessing their strengths, the Institute has embarked on this journey to know the members better through KYM.

14. Online Donations to CSBF

In sync with Honourable Prime Minister of India Shri Narendra Modi ji's 'Digital India' drive, the ICSI has also embarked on accepting CSBF donation (for members) online from 23rd February, 2016 which hitherto was accepted by way of cheque/demand draft. CSBF donation online has also been made live for non-members from 29th February, 2016. This has been done to facilitate smooth and quick delivery of service at your doorstep. In this facility, a receipt is generated then and there which inter-alia serves for 80G purpose of the Income Tax Act, 1961. Further with a view to help the members to get the information about CSBF at one place, a separate Portal for Company Secretaries Benevolent Fund (CSBF) is created on the Home page of the website of the Institute.

15. Dubai Global Convention 2016

In pursuance to Institute's vision "To be a global leader in promoting Good Corporate Governance", the Institute actively collaborates with other Institutions in advancing the culture of Corporate Governance. The Institute is an Associate Partner with the Institute of Directors (IOD) in organizing the Annual 'Dubai Global Convention 2016' (in Partnership with TIMES NOW) from 19-21 April 2016, at Hotel The Meydan in Dubai. We request the members to block these dates in their diary and to be part of this event.

16. Declaration of Results of Executive/Foundation Programme

The Institute declared results of: (i) Executive Programme and (ii) Professional Programme (Old and New Syllabus) of Company Secretaries Examinations held in December, 2015 on February 25, 2016. In addition to making available results along with subject wise break-up of marks on the Institute's website — www.icsi.edu, the ICSI extended the facility of downloading of e-result-cum-marks statement by the examinees of Executive Programme. The results were also sent through e-mail to such of those students who had registered their requests along with their e-mail ids on the Institute's website.

17. CS Olympiad

The Institute shall be holding a competitive examination viz. 'CS Olympiad' in September, 2016 for prospective students of CS Course in collaboration with M/s. Science Olympiad Foundation(SOF). Students pursuing 11th & 12th during the academic year 2016-17 may enrol for the Olympiad. Further details about the CS Olympiad will be made available



through the websites and Facebook pages of the Institute and SOF. The Institute is also planning a separate portal for CS Olympiad. The Logo of CS Olympiad has also been unveiled.

18. ICSI Signature Award

ICSI Signature Award Scheme was launched by the Institute under which the Top Rank Holder in the B.Com. Examinations in reputed Central / State Universities located in different parts of the country will be given a Gold Medal and Certificate by the Institute for the achievement. Apart from the B. Com. Examinations of Central/ State Universities, specialised papers / programmes of IIM / IIT shall also be covered under the scheme. The total fee for the Executive Programme Stage of CS Course will be waived off for the Top Three Rank holders in the B.Com. Examinations of such Universities. The first MOU under the scheme was signed with Bhagat Phool Singh Mahila Vishwavidyalaya, Haryana. The Institute has signed the MOU with five more Universities viz. Alagappa University (Tamil Nadu), Guru Nanak Dev University (Punjab), Himachal Pradesh University (Himachal Pradesh), Andhra University & Adikavi Nannaya University (Andhra Pradesh).

19. Study Centre Scheme

The count has reached 11.

20. New Chapter

A new Chapter in Palakkad (Kerala) was inaugurated.

21. Meeting of President with Regional Councils and Chapters

With a view to strengthen the three tier system and develop a better communication amongst the Headoffice, Regional Councils and Chapters, the President's meet with Chairmen of all regions and Chairmen of Chapters were held regionwise for the year 2016. The Chairmen of Region and Chapters concerned including the office-in-charge/ Executive officers and HOD participated in the two days meeting. Various issues, challenges and suggestions were discussed in the meeting to develop targets for each Region and Chapter and to pave way for the road map for the future.

22. Website Renovation Project

In view of the continuous demand from the stakeholders of the Institute to change the look and feel of the Institute's website, ICSI has recently initiated the Website Renovation Project.

23. CS Touch-getting revamped

CS Touch mobile App, launched by ICSI in 2015, on play store has reached to 10000-50000 installs. On the basis of few feasible suggestions received from the stakeholders, the Institute will get the App revamped with a different look and feel and having more information.

Regards

CS Mamta Binani

President, ICSI



April 2016

Dear Professional Colleagues

Further to our earlier communications sharing the initiatives of the Institute, we are pleased to share the following initiatives/progress report during the month of March, 2016:

1. Exploring opportunities for joint participation in flagship government initiatives

The Institute met the following dignitaries for exploring opportunities for the profession and also for joint participation in flagship government initiatives :

- a. Shri D V Sadananda Gowda, Hon'ble Minister of Law and Justice
- b. Shri M Venkaiah Naidu, Hon'ble Minister of Parliamentary Affairs; Urban Development; Housing and Urban Poverty Alleviation
- c. Shri Ameising Luikham, Secretary, Department of Public Enterprises (DPE)
- d. Shri Ajit M Sharan, Secretary, Ministry of Ayush
- e. Shri Susheel Kumar, Special Secretary, Ministry of Environment, Forest and Climate Change.

2. Representations to the Regulatory Authorities

With a view to seek more recognition for PCS, the Institute has made the following representations to the respective regulatory authorities:

- a. To act as a Customs Broker under the Customs Brokers Licensing Regulations, 2013
- b. To act as Compliance Officer under the Pension Fund Regulatory and Development Authority (Retirement Adviser) Regulations, 2016
- c. To conduct VAT audit and to act as authorized representative before VAT Authorities under the VAT Acts and Rules of the respective States
- d. To appear and act on behalf of party before the Special Director (Appeal) and Appellate Tribunal under the Foreign Exchange Management (Adjudication Proceedings and Appeal) Rules, 2000.

3. ICSI comments on draft NCLT related Rules

The Institute submitted its views to Ministry of Corporate Affairs on the draft rules with respect to NCLT related provisions namely, Draft Rules on Compromises, Arrangements and Amalgamation; Draft Rules on Prevention of Oppression and Mismanagement; Draft Rules on Procedure to be followed by NCLT and NCLAT; and Draft Companies (Revival & Rehabilitation of Sick Companies) Rules, 2016.





4. ICSI Comments on Prevention of Corruption Amendment Bill

The Institute appeared before the Select Committee of Rajya Sabha on Prevention of Corruption (Amendment) Bill, 2013 and submitted its comments and suggestions.

5. Views/Suggestions on SEBI (LODR) Regulations, 2015

As you are aware, with a view to create awareness regarding the provisions of SEBI Listing Regulations and as a measure towards capacity building and knowledge sharing, the Institute in association with BSE Ltd. organized 10 Programmes on SEBI Listing Regulations at various cities and locations - Mumbai, Delhi, Pune, Ahmedabad, Chennai, Hyderabad, Bangalore, Navi Mumbai, Indore, Kolkata. The Institute in association with Standing Conference of Public Enterprises (SCOPE) also organized an exclusive programme on SEBI Listing Regulations for public sector undertakings. We are pleased to inform you that the Institute forwarded the views/suggestions on SEBI Listing Regulations emanating from the deliberations and discussions of the programmes to SEBI for consideration.

6. Highlights on Companies Amendment Bill

The Institute prepared the highlights on Companies (Amendment) Bill, 2016 and circulated to all members for their benefit.

7. National Seminars on National Company Law Tribunal and National Company Law Appellate Tribunal

National Company Law Tribunal and National Company Law Appellate Tribunal will be a reality soon. Proactively, realizing the need for equipping our members with essential skills, the Institute is holding a chain of National Seminars on National Company Law Tribunal and National Company Law Appellate Tribunal.

8. ICSI National Seminar on 'Entrepreneurship, Skill Development and Governance in MSMEs' organised at Delhi

The Institute in association with Ministry of Micro, Small and Medium Enterprises (MSME) organised a Seminar on 'Entrepreneurship, Skill Development and Governance in MSMEs' at New Delhi on March 19, 2016. Shri K K Jalan, IAS, Secretary, Ministry of Micro, Small & Medium Enterprises, Government of India graced the occasion as the Chief Guest. On the occasion, two ICSI publications- 'Rajasthan –Ease of Doing Business for MSME Sector' and 'Referencer on Entrepreneurship, Skill Development and Governance in MSMEs' were also released.

9. OECD Conference on "Improving women's access to leadership: What works?"

The Institute represented in the Conference on "Improving women's access to leadership: What works?", hosted by Organisation for Economic Co-operation and Development (OECD) in Paris.



10. International Round table conference on Corporate Governance

With an objective to discuss the developments in the field of corporate governance and further the cause of good governance, the Institute is organising International Round Table Conference on Corporate Governance on 15th April 2016 at New Delhi. The Round table will trigger for international consensus on an International Day for Corporate Governance, for creating awareness and celebrating determination towards international promotion and recognition of the corporate governance.

11. Coffee table book titled "Corporate Governance- Power of Best Practices"

A coffee table book has been published to bring out our efforts in the field of Corporate Governance. The book is reflection of the initiatives of the Institute in improving Corporate Governance practices in India and its global contributions.

12. Memorandum of Understanding extended with Institute of Directors

The Institute extended its MoU with Institute of Directors (IoD) on March 21, 2016 in the benign presence Hon'ble Mr. Justice M N Venkatachaliah, former Chief Justice of India. The MoU will enhance Institute's efforts towards holding joint workshops, seminars, continuing education and training programmes for directors, senior management and corporate executives, undertaking joint research projects/surveys, regular exchange of journals, newsletters and other normal publications, reciprocating participation in National and International conferences and any other matter of mutual interest and mutual promotional activities.

13. With a view to facilitate the members, the following important initiatives have been made

- a. Process time for Associate Membership application has been reduced
- b. Printing time of various certificates relating to Membership has been reduced
- c. Short stories on CSBF have been created and uploaded on the website of the Institute
- d. Online donation to CSBF has gone live at www.icsi.in/ICSIDonation
- e. FAQs on CSBF have been hosted on website of the Institute
- f. Financial assistance from CSBF is disbursed speedily

14. ERP Training for the officials of all the chapters of NIRO

The Institute has taken an initiative to conduct training on ERP for its officials region wise across India. As a part of this initiative, ERP training for the officials from all the Chapters of Northern Region was conducted in the month of March, 2016.

15. Contest among ROs, CCGRT and Chapters on Child Portal Updation

The Institute has initiated a contest among its Regional Offices, Chapters and CCGRT for their respective Child Portal Updation. Under this scheme, Child Portals of the offices will be reviewed by the President's Office at the end of the contest period.



16. Development and Launch of 'CS Olympiad' website

The Institute has signed a Memorandum of Understanding (MoU) with the Science Olympiad Foundation (SOF) for conducting the CS Olympiad for students of Classes 11 and 12 in each academic year in schools across India. The first CS Olympiad will be conducted in September 2016. The Website of CS Olympiad www.csolympiad.info was unveiled on 15th March 2016.

17. Study Centre Scheme

Three New Study Centres were established at Rohtak, Mathura and Tirupati respectively during March 2016.

18. Class Room Teaching

During the month of March, 2016, the 49 Regional/ Chapters Offices of the Institute are conducting batches of classes for June, 2016 Session.

19. ICSI Signature Award Scheme

As initiated earlier, ICSI Signature Award Scheme has been launched in January, 2016 under which top rank holders in B.Com. Final Examinations in reputed universities and also specialised programmes/ papers of IITs / IIMs will be awarded a Gold Medal and Certificate. During March 2016, The Institute has signed MOU with the following two Universities:

- Kumaun University, Nainital (Uttarakhand)
- IIM, Indore (Madhya Pradesh).

20. Facilitation to Students

Response time for exemption from training and processing of application for new membership has been reduced significantly.

Regards

CS Mamta Binani

President, ICSI



May 2016

Dear Professional Colleagues

Further to my earlier communications sharing the initiatives of the Institute, we are pleased to share the following initiatives during the month of April, 2016:

1. Meeting with Hon'ble Minister of State for Commerce and Industry

A delegation of the Institute met Ms. Nirmala Sitharaman, Hon'ble Minister of State for Commerce and Industry and discussed the feasibility of setting up of incubation centres, platform to the entrepreneurs for converting their ideas into real businesses and organizing hand holding camps for start ups towards fostering the development of start ups under the aegis of DIPP.

2. Representation to Ministry of Corporate Affairs

The Institute made a representation to Ministry of Corporate Affairs for relaxation of additional fees in respect of documents (including e-forms and orders of authorities). We are all aware of the transitional issues being faced in the website of the MCA. The MCA is working incessantly on putting things in place. ICSI is making continuous representations and giving its best inputs to assist in improving the system.

3. Seeking Recognitions

With a view to seek more support and recognition for Practising Company Secretaries (PCS), the Institute made the following representations:

- a. To Hon'ble Chief Ministers of all the States to provide an opportunity to ICSI for organizing programme(s) on Cyber Crime and Cyber Security.
- b. To various States to provide recognition to PCS to conduct audit under respective VAT Acts and Rules thereunder.

4. ICSI comments on TRAI Consultation Paper

The Institute submitted its comments on the TRAI Consultation Paper, 'The Register of Interconnection Agreements (Broadcasting and Cable Services) Regulations, 2016', seeking recognition of Practising Company Secretaries under Regulation 5 for the purpose of digitally signing the certificate to the effect that all interconnect agreements or modification or amendments or addendums thereto reported under the regulations are compliant with all regulations, orders and directions made by TRAI.

5. Secretarial Audit

The Council of the Institute has recently reviewed the existing limits in respect of issuance of Secretarial Audit Reports and now, it stands as follows:

- 10 Secretarial Audits per partner/ PCS, and
- an additional limit of 5 Secretarial Audits per partner/PCS in case the unit is peer reviewed.





These limits will be applicable for the Secretarial Audit Reports to be issued for the financial year 2016-17 onwards. FAQs in this regard have been uploaded at the ICSI website.

6. International Round Table Conference on Corporate Governance at New Delhi

With a view to trigger international consensus on an International Day for Corporate Governance, for creating awareness and celebrating determination towards furthering the cause of recognition of corporate governance, the Institute organised an International Round Table Conference on Corporate Governance on April 15, 2016 at New Delhi. Representatives from the Government, leading corporates, as well as international organisations from countries mainly Brazil, Italy, France, and Sri Lanka attended the round table. The institutional partners were Organisation for Economic Co-operation and Development (OECD), Assocham and PHD Chambers of Commerce and Industry.

7. Corporate Governance Day

The Institute conceptualized the idea of having a day declared by the United Nations Organization as International Corporate Governance Day which shall be observed by every member. To build consensus on the above concept and discuss the importance of Corporate Governance, PAN India programme(s) on Corporate Governance were organized on April 16, 2016 across 44 locations through Regional and Chapter offices of the Institute, where representatives from Chambers, Industry Associations and leading corporate professionals participated.

8. NCLT National Seminars

Proactively, realizing the need for equipping our members with essential skills, the Institute is holding a chain of National Seminars on National Company Law Tribunal and National Company Law Appellate Tribunal and to begin with, the first seminar was held on April 2, 2016 at Chandigarh; second seminar on April 9, 2016 at Guwahati, third seminar on April 23, 2016 at Kolkata and fourth seminar on April 30, 2016 at Chennai.

9. Programme on Corporate Compliance Management

ICSI participated as an institutional partner in National Conference on 'Corporate Compliance Management - The Strategic Regulatory Remediation', organised by Assocham on April 29, 2016 at New Delhi.

10. Dubai Global Convention

The Institute partnered with the Institute of Directors (IOD) in organizing 'Dubai Global Convention 2016' (in Partnership with TIMES NOW) on the theme "Empowering Boards to become Instruments of Innovation & Excellence" from April 19-21, 2016 in Dubai. I got the opportunity to address the participants at the Plenary Session on "Driving Excellence through Boardroom". The Institute also put up a stall at Dubai Global Convention for display of ICSI Publications and dissemination of information under the



Government's initiative of 'Make in India'. The delegation also interacted with Members and Students in Dubai (UAE).

11. Corporate Secretaries International Association (CSIA)

CSIA is an International Body of Institute of Company Secretaries and Governance Professionals. ICSI delegation attended the CSIA Executive meeting on April 28-29, 2016 at London. ICSI delegation also met with officials of Institute of Chartered Secretaries and Administrators (ICSA), Chartered Institute of Securities and Investment (CISI) and International Corporate Governance Network (ICGN) and discussed the matters related to professional interest such as sharing and printing of articles in each other's journals, joint seminar, international corporate governance day, invitation for national convention etc.

12. ICSI Outreach

ICSI has Memorandum of Understanding (MoU) with various esteemed Institutes including Government and Educational bodies, Chambers of Commerce, Stock Exchanges, to create synergies for capacity building of its members and students. With an objective to acknowledge and reiterate the association and bondage with existing precious Memorandum of Understanding partners as well as exploring new associations, ICSI is celebrating 'ICSI OUTREACH'. The Institute is making an effort to further the courses in these MoUs and to see how the members and students get benefited in their career & professional development. We are hopeful that ICSI Outreach effort shall further the cause of the MOU in the real sense.

13. 'Precious You'- Talk Series

'Precious You' is a ground breaking initiative from ICSI which aims at bringing all the students closer to the Institute in a quite interesting and effective manner. Every month this talk not only motivates the students but also guides them to achieve success in their corporate career as Company Secretaries; the latest one in the series was conducted on April 18, 2016.

14. Professional iTellect

As a part of building capacity for its members and students in new and emerging areas, the Institute has initiated Professional iTellect series of webinars, with underlying objective of rendering quality information in the diverse areas. The series focuses on the structured rising of professional learning, sharpening the knowledge, honing the skill sets of our members and students covering various topics such as Indirect Taxation, Real Estate Act, Capital Markets, Corporate Governance, Accounting Standards, Understanding Financial Statements, Indian Economy, Industrial Audit etc.

15. Webinar on Companies (Amendment) Bill, 2016

CS K. Sethuraman, Group Company Secretary and Chief Compliance Officer, Reliance



Industries Limited and CS Vijaya Sampath, Senior Partner, Lakshmikumaran & Sridharan addressed and responded to the queries at the webinar on the Companies (Amendment) Bill, 2016 held on April 8, 2016.

16. Webinar on Accounting Standard

A webinar on 'Accounting Standard 10 - Accounting for Fixed Assets' was addressed by Dr. Asish Bhattacharya, Professor, School of Corporate Governance and Public Policy, IICA, and former Professor, Indian Institute of Management Calcutta on April 28, 2016.

17. Workshop on Listing Regulations

As you are aware, the Institute as a measure of capacity building and knowledge sharing, is organising workshops/programmes on Listing Regulations. In the series, the Institute organised a joint workshop on 'LODR and Independent Directors', in association with National Stock Exchange of India on April 22, 2016 at Mumbai.

18. Earth Day Celebrations

To continue to inspire and motivate people towards the environment, the Institute organized a weeklong awareness drive on Environment Conservation through its campaign "ICSI Pledges to save Mother Earth" at its regional offices as well as its chapters across India. Thoughts and concerns on the theme were shared with corporates, students and members of the Institute across India to mark the occasion.

19. Launch of President's Portal

The Institute launched a comprehensive President's portal at the Institute's website containing messages, interviews, media clippings etc. of the President, ICSI to enable the stakeholders to know all the new initiatives and activities of the Institute from time to time from this exclusive portal.

20. ICSI supported Digital India initiative

ICSI supported Digital India initiative of the Government of India by creating awareness on securing digital signature in the April issue of Chartered Secretary and in various leading newspapers.

21. ASCENTIA, 2016 - Online initiatives pertaining to Training and Placement

The Institute has developed online module, ASCENTIA, 2016, to facilitate the students to register for the training and to facilitate the companies to search such aspiring students. It is a special drive to register more companies, PCS & other entities for imparting training to CS students during the month of May, 2016. Further, the development of an online module through which the companies can upload their own training and placement requirements themselves is in progress, which will help the aspiring students and members to refer and apply for training and jobs respectively as per their requirements.



22. Virtual Front Office (VFO) - "CS Acceleration Centre (CAC)"

The Government of India has launched the Project, "Start Up and Stand Up India" to encourage the setting up of Innovation & Incubation Centres across the country. Accordingly, ICSI has taken initiatives to contribute in such ambitious project for encouraging the budding Practising Company Secretaries (PCS) for their initial Start Up and Stand Up by creating a VFO with the brand name "CS Acceleration Centre (CAC)", within the existing premises & Infrastructure available with the Institute. VFOs are going to be established in three locations, i.e., Kolkata, Chennai and Bangalore on pilot basis.

23. With a view to facilitate the members, the following important initiatives have been made

- a. Form-D, the application form for issue/renewal/restoration of Certificate of Practice is under digitisation which will enable the members to fill and file the same online, in future.
- b. A proforma 'Know Your Member' (KYM) is under digitisation. This will facilitate the members to submit their details online, in future. This proforma shall be used to verify the Members' identity/details on similar lines with that of KYC used by banks.
- c. CSBF has launched two schemes to augment the enrolment to Life Membership of CSBF namely, (i) Employer's Revolving Fund Scheme for their employees; and (ii) General Revolving Fund Scheme for the Members of the Institute. Under these schemes, those members who are having less than five years as ACS can get the financial help to become life members of the CSBF.
- d. Regional Councils and Chapters have been requested to undertake various activities for the visibility of CSBF in various programmes organised by them in order to augment the life membership and corpus of the CSBF.

24. Students, Members Application Software Hosting (SMASH)

With each passing day, the Institute is working towards the launch of SMASH.

25. CS Olympiad - Development of Registration kits for schools

The latest development with regard to CS Olympiad is the development of school registration kits by the SOF for distributing the same in various schools across India mainly encompassing posters, school registration form, student registration sheets, student consent forms, sample OMR sheet, syllabus and sample question papers.

26. New features in Chartered Secretary

In furtherance of endeavours to improve the quality of contents, the following new features were added in the Chartered Secretary:

(i) Brain Teasers! - to stir the minds of the readers of the journal.



(ii) Corporate Governance Corner - to discuss the recent happenings in the corporate governance arena.

27. 17th National Conference of Practising Company Secretaries

The annual congregation of practising members, the 17th National Conference of Practising Company Secretaries is being organized on August 12-13, 2016 at Welcome Heritage Glenview Resort, Kasauli on the theme "PCS @ Startup-Accelerate-Outpace". Details about the same are being published in the May 2016 issue of the Chartered Secretary Journal and would soon be available on ICSI website. I call upon the professional brethren to register for the conference in large numbers and make it a grand success.

Regards

CS Mamta Binani President. ICSI



June 2016

Dear Professional Colleagues

Further to our earlier communications sharing the initiatives of the Institute, we are pleased to share the following initiatives taken during the month of May, 2016:

1. Meeting with Honourable Ministers

Taking forward our initiatives for exploring opportunities for the profession and also towards joint participation in flagship government initiatives, the Institute met the following dignitaries:

- Shri Arun Jaitley, Hon'ble Minister of Finance, Corporate Affairs, I&B
- Shri BandaruDattatreya, Hon'ble Minister of Labour and Employment
- Shri Kalraj Mishra, Hon'ble Minister of Micro, Small and Medium Enterprises
- Shri Suresh Prabhu, Hon'ble Minister of Railways
- Smt. Meenakshi Lekhi, Hon'ble Member of Parliament.

2. Representations

The Institute made following representations:

- To the Ministry of Road Transport and Highways seeking recognition for PCS under the Draft Motor Vehicles (All India Authorization for Tourist Bus Permit) Rules, 2016 for certification of Form 3 – Quarterly Returns to be filed by an All India Tourist Bus Permit Holder.
- To the Department of Food and Public Distribution seeking recognition for PCS under the Draft Warehousing (Development and Regulation) Repository and Participants Rules, 2016 and Draft Warehousing (Development and Regulations) Registration of Warehouses Rules, 2016.
- To the Ministry of Corporate Affairs seeking amendments/enacting new law with respect to Societies Registration Act, 1860.
- To the Ministry of Urban Development requesting for providing an opportunity to support the Government in the drafting of Rules under the Real Estate (Regulation and Development) Act, 2016.
- To the Ministry of Railways, requesting for giving opportunity to ICSI to provide inputs towards preparing SOPs and Standards for their meetings.
- To the Director-General of Income Tax (Systems) for seeking recognition of PCS for certification of Online allotment of Permanent Account Number under section 139A of the Income Tax Act, 1961.



 To the Telecom Regulatory Authority of India seeking recognition for PCS under the Register of Interconnection Agreements (Broadcasting and Cable Services) Regulations, 2016.

3. Suggestions sought by Ministry of Corporate Affairs on e-forms under Companies Act, 2013

The Ministry of Corporate Affairs (MCA) constituted a Technical Committee to review the e-forms notified under Companies Act, 2013. MCA has invited the suggestions/inputs on e-forms under the Companies Act, 2013. The Institute has invited comments/ suggestions from the members and the same will be compiled and presented to the Ministry officials.

4. Meeting with Ministry of Corporate Affairs (MCA)

A delegation of the Institute discussed with Ministry of Corporate Affairs regarding MCA Portal.

5. Suggestions invited on proposed Secretarial Standards

The Secretarial Standards Board (SSB) of the Institute is formulating/revising Secretarial Standards on Dividend, Board Report and Registers & Records in tune with the Companies Act, 2013 and other applicable laws. To further enhance the applicability of these standards, the Institute has invited suggestions with respect to the issues faced or identified areas in Companies Act, 2013 and Rules.

6. National Company Law Tribunal

The Institute has been organising a series of National Seminars on National Company Law Tribunal (NCLT) and National Company Law Appellate Tribunal (NCLAT), for further building capacity of the members, which may come in the form of transitional challenges, i.e., transfer of cases from Company Law Board, High Court, BIFR to NCLT, new powers conferred on NCLT, manner of dealing with cases, drafting of applications/ petitions, court crafts, including moot court etc.

During the month of May, the Institute organised National Seminars at Bangalore and Ahmedabad.

7. RBI Training and Workshop

ICSI representatives met with RBI (Reserve Bank of India) officials at Mumbai on May 30, 2016, to discuss the opportunity of conducting joint Trainings and Workshops for RBI employees.

8. ICSI Facilitates Least Developed Countries (LDCs) for Developing and Strengthening the Company Secretary Profession

In line with the vision of promoting good corporate governance, the ICSI is committed



to provide technical and academic support towards development of profession of Company Secretaries globally, especially in the Least Developed Countries (LDCs) and emerging economies. We are initiating dialogue with different jurisdictions to join hands with ICSI in developing the profession of Company Secretary and facilitating good corporate governance.

9. Launch of CS Acceleration Centre

ICSI is ready to launch 'CS Acceleration Centre' (CSAC) under the banner of the ambitious project of Government of India 'Start Up India Stand Up India'. CSAC is a training and academic initiative of the ICSI to groom the young professionals. It aims to provide incubation and acceleration facilities in the form of physical infrastructure, provision of mentorship support, access to networks, access to market etc. and provide a platform for developing business and networking.

10. ICSI 11th International Professional Development Fellowship Programme

ICSI has scheduled its 11th ICSI International Professional Development Fellowship Programme during the period starting from June 26, 2016 to July 4, 2016 in Greece covering Athens, Mykonos and Santorini.

11. 5th GRI Global Conference

The Institute represented at the 5th GRI Global Conference on, "Empowering Sustainable Decisions" held in Amsterdam on May 18-20, 2016 and addressed the participants in one of the sessions. There was a participation of more than 70 countries and delegation of more than 1200 participants in the Conference. The Institute also represented at GRI Governmental Advisory Group, which served as a platform for representing Governments and Organisations, to exchange updates about the latest developments in the area of sustainable development and reporting in their own countries. Here, ICSI also released an e-book on Sustainability & CSR.

12. National Seminar on Entrepreneurship, Skill Development and Governance in MSMEs at Jaipur

The Institute organized 2nd National Seminar on Entrepreneurship, Skill Development and Governance in MSMEs with Federation of Rajasthan Trade & Industry as an associate partner at Hotel Hilton, Jaipur on May 28, 2016. Shri Rao Rajendra Singh, Hon'ble Deputy Speaker, Rajasthan Legislative Assembly, graced the occasion.

13. 4th National Conference on Corporate Compliance Management

The Institute was an institutional partner in Assocham's 4th National Conference on Corporate Compliance Management organized at Hotel Royal Plaza, New Delhi on April 29, 2016. There were deliberations about the importance of having an effective compliance management system apropos the changing dynamics of various regulations from time to time.



14. 5th National Summit on Mergers and Acquisitions

The Institute was an institutional partner for the 5th National Summit on Mergers and Acquisitions "The Catalyst to Economic Growth" organised by Assocham at Hotel Four Seasons, Mumbai on May 27, 2016.

15. Seminar on SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

In furtherance to our efforts to sensitizing the stakeholders about the SEBI Listing Regulations, the Institute in association with BSE Ltd. organized a seminar on SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 at Vivanta by Taj, Guwahati on May 21, 2016.

16. Seminar on "Is the corporate sector over regulated?"

The Institute was as an institutional partner for the Seminar on, "Is the Corporate Sector OverRegulated?" organised by PHD Chambers of Commerce at PHD House, New Delhi on May 7, 2016.

17. Training Programme for Peer Reviewers

Training Programmes for Peer Reviewers were conducted at Gurgaon on May 7, 2016 and at SIRC on May 27, 2016.

18. Professional iTellect - Series of Webinars

(i) Series of Webinars on Indirect Taxes

The Institute initiated a series of webinars on Indirect Taxes as a part of its 'Professional iTellect', on every Friday of the month covering:

Sr.No. Day and Date		Topic & Weblink to video recording	
1	Friday May 6, 2016	Fundamentals of Value Added Tax-Basis of GST	
		https://www.youtube.com/watch?v=dA9ObV5I7CI	
2	Friday May 13, 2016	Central Excise- Basic concepts	
		https://www.youtube.com/watch?v=qwJ-ngyvACo	
3	Friday May 20, 2016	Service Tax - Basic concepts and Professional Opportunities in Indirect Tax Practice, Important issues in Service Tax	
		$https:/\!/www.youtube.com/watch?v\!=\!WUUFjWvXbWM$	
4	Friday May 27, 2016	Customs Act and Foreign Trade Policy	
5	Friday June 3, 2016	Primer on proposed Goods and Services Tax	



Weblinks to the video recording of the webinars held on May 27, 2016 and June 3, 2016 are also being made available.

(ii) Webinar on Industrial Audit

A webinar on Industrial Audit was organised on May 25, 2016to discuss the concept of industrial audit, its benefits, the procedure involved.

(iii) Webinar on Real Estate Act

A webinar on Real Estate (Regulation and Development) Act, 2016 was conducted on May 14, 2016.

19. Series of Webcast for Guidance of students

In order to provide subject specific guidance to the students and resolve their queries, the Institute organised the following series of webcast from May 19, 2016 to May 25, 2016 specifically for the students appearing in June, 2016 Examinations, which also served as revision session for the students:

- Financial, Treasury and Forex Management
- Economic and Commercial Laws
- Company Law
- Direct Tax & Capital Markets and Securities Laws.

20. "Precious You"

In the series of webcast under the "Precious You" drive, the institute organized most recent webcast on May 18, 2016. The webcast primarily focused on examination preparation for students taking upcoming examination in June 2016. The webcast guided the students on various examination related aspects including methodical planning for the examination, proficiency in written and communication skills.

21. Ascentia

Placement of Management Trainees was taken up on priority and was given a focussed approach. There was always a need to have a mechanism to match the demand and supply of this precious workforce. The Institute launched a month long drive, developed informative brochures, dedicated a specific space on its portal and started an on-line facility by which the basic details of the students willing to join management training has been put up on the site and facility of search mechanisms and filters has been created so as to facilitate the corporates and PCS firms and other entities in this regard.

22. Placement Initiatives

Institute has launched a placement gateway. Through this, members as well as corporates may directly access the list of requirements and access database containing opportunities as received from Pan India.

23. CS Olympiad

The Institute has signed a Memorandum of Understanding (MoU) with the Science Olympiad Foundation (SOF) for conducting the CS Olympiad for students of Classes 11



and 12 in each academic year in schools across India. The first ever CS Olympiad is scheduled to be conducted in September 2016. The ICSI team has uploaded all information pertaining to the same in a dedicated website www.csolympiad.info. I urge all of you to visit the above website and encourage the students $\mathcal E$ schools that you may know, to apply for this mega event.

24. Release of Practice Manuals

With a view to make students conversant with the application of fundamental concepts and build their competency in practical aspects, the Institute released two more Practice Manuals on the subjects (i) Cost and Management Accounting; (ii) Advanced Tax laws and Practice. These practice manuals contain a pool of solved questions and are available in both soft and hard copies.

25. CSBF Month - May 2016

The Institute observed May 2016 as CSBF Month throughout the country. The initiatives were undertaken to encourage more and more members to enrol for CSBF. All the regional offices/chapters participated in this initiative.

26. ICSI Outreach

Taking further, the initiatives under ICSI Outreach Program, ICSI signed a MoU with Bhawanipur Education Society College, Kolkata and National Institute of Securities & Management (NISM)to hold joint workshops, seminars, continuing education and training programmes, exchange of journals, course materials, case studies, and to conduct joint research projects etc.

27. Other Initiatives for the benefit of members

- The Institute is updating the List of Members, publication of which is a statutory requirement.
- The Institute has initiated alignment of members' data as per their PAN details for facilitating their DSC registration on the MCA portal. This is a continuous activity.
- The Institute is actively preparing for organization of ICSI Convocations lined up in the months of June and July.

28. Child Portals

The Institute organized a Child Portal Updation Contest among Regional Offices, CCGRT and Chapters with a view to strengthen and update their respective Child Portals.

29. Swachata Pakhwada

To contribute towards the mega initiative of Swachh Bharat Mission, the Institute organized 'Swachhta Pakhwada' from May 16, 2016 to May 31, 2016. A drive towards swachata was implemented at ICSI Head Quarter, Noida office, ICSI-CCGRT, Regional Offices and Chapters to make their office premises cleaner and weeding out exercise was also carried out as per the Guidelines.

Regards

CS Mamta Binani

President, ICSI



July 2016

Dear Professional Colleagues

We express our sincere thanks for your unstinted support in the endeavors of the Institute and sharing your valuable feedback and views on the monthly communication of initiatives shared by us. In furtherance to our earlier communications, we are pleased to share the following initiatives taken by the Institute during the month of June, 2016:

1. Income Declaration Scheme, 2016

ICSI represented at the interactive meeting called by the Hon'ble Minister of Finance, Corporate Affairs, I&B, Shri Arun Jaitleyji with the Professional bodies, Business and Industry on 28th June, 2016 at New Delhi. Smt. Nirmala Sitharaman, Hon'ble Minister of State (IC) for Commerce and Industry, Shri Jayant Sinha, Hon'ble Minister of State for Finance, Shri Piyush Goyal, Hon'ble Minister of State (IC) for Power, Coal, New & Renewal Energy, Revenue Secretary and other high profile dignitaries were also present at the meeting. The Institute is supporting the initiative of the Government by arranging for better dissemination of the Income Declaration Scheme. The scheme is open for making declarations upto 30th September, 2016.

2. Recognition of Company Secretary under Transparent Inspection Scheme, Government of Haryana

With a view to simplify and rationalize the existing Inspection System under various labour laws, Department of Labour, Government of Haryana has brought out a new comprehensive transparent inspection policy, under which it recognizes Company Secretary to provide third party certification under the scheme, which is indeed a great achievement for the profession.

3. Meetings

The Institute met the following dignitaries for exploring opportunities towards joint participation in flagship Government initiatives:

- Ms. Meenakshi Lekhi, Hon'ble Member of Parliament
- Shri Suresh Chandra, Secretary, Ministry of Law and Justice, Government of India
- Shri Upender Gupta, Commissioner (GST), Central Board of Excise and Customs.

4. Representations

Taking forward our initiatives for exploring opportunities for contribution by the profession, the Institute made representations to the following Ministries:

- Ministry of Corporate Affairs
- Ministry of Consumer Affairs, Food and Public Distribution
- Ministry of Labour Laws



- Ministry of Finance
- Ministry of Water Resources, River Development and Ganga Rejuvenation.

5. Parliamentary Standing Committee on Finance

After consolidating the views of the members of the Task Force on Company Law, the Institute appeared before the Parliamentary Standing Committee on Finance on 23rd June, 2016 and further submitted its views on the Companies Amendment Bill, 2016.

6. Suggestions submitted on Ease of doing business

The Institute submitted its suggestion at meeting of the Ministry of Corporate Affairs on 7th June, 2016 on the issues relating to promoting Ease of Doing Business in India.

7. Revision of Secretarial Standards

The Institute submitted the revised Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) to the Ministry of Corporate Affairs on 7th June, 2016 for their consideration and approval.

8. Visit of Delegation from Kenya for an interactive meet on investment opportunities in Africa

A high level delegation comprising of his Excellency Hon'ble Hamilton Onyango Orata, Deputy Governor, Homa Bay County and Hon'ble Prof. Tom Peter Migun Ogada, County Minister for Trade, Industrialization, Investment and Cooperatives, Republic of Kenya represented at an interactive meet on, "Investment opportunities for Indian SME sector desirous of entering African Markets", organized at ICSI House, New Delhi on 09th June, 2016. The Delegation had an Open House session with representatives from academia and industry and Senior Officials of the Institute. They also invited the Indian industry and entrepreneurs to visit Kenya and explore the investment opportunities in the MSME segment.

9. International Professional Development Fellowship Programme

The Institute organized its 11th International Professional Development Fellowship Programme on the theme "Company Secretary- Navigating Change" at Greece (Athens, Mykonos & Santorini) from 26th June, 2016 to 04th July 2016.

10. Capital Markets Week

As part of continuous initiative towards investor education and good governance in Capital Markets, the ICSI observed Capital Markets Week during June 18-25, 2016 throughout the country on the themes "Transcending Horizons - Capital Market Way". During the week, 13 mega programmes and a number of other programmes such as panel discussions, lectures, interactive meetings with capital market regulators/stock exchanges and investor awareness programmes were organized by the Regional Councils and Chapters. The Institute also released a video lecture titled "Capital Raising by India:



Emerging Scenario" addressed by Mr. Prithvi Haldea, Founding Chairman, PRIME Database.

11. PCS Day

The Institute celebrated 'PCS Day' on 15th June, 2016 to commemorate the according of recognition to Company Secretaries in Practice for Certifying the Annual Returns in 1988 under the erstwhile Companies Act. Various programmes covering deliberations on awareness on recognitions for PCS and emerging areas of practice were organized by the Regional Councils, Chapters to mark the occasion. This was the first time that this day was earmarked as PCS Day.

12. Seminar on "Board Diversity"

ICSI jointly with Institute of Directors (IOD) organised a Seminar on Board Diversity on the theme "Driving a Sustainable Organisation through Board Diversity" at Hotel Le Meridien, New Delhi on 4th June, 2016. Ms. Meenakshi Lekhi, Hon'ble Member of Parliament graced the occasion. The Seminar witnessed deliberations on diversity on Board as a differentiator and how balanced Boards can contribute towards good governance.

13. Workshop on GST

You must be aware that the much awaited and widely acclaimed Model GST law has been put in public domain for comments by the Ministry of Finance on 14th June, 2016 setting in motion the process of making necessary procedural rules and creation of institutional infrastructure for better administration of indirect taxes in the country. In order to sensitize the model law and to build capacity of professionals, the Institute joined hands with the PHD Chamber, as an associate partner in organizing workshop series on "Indirect Taxes (Moving towards GST)", the third seminar of the series was organized at PHD Chamber on 29th June, 2016.

14. Professional iTellect: Webinar on Corporate Governance

As a part of knowledge building initiative, Professional iTellect, the Institute conducted the following webinars during the month of June, 2016:

- Webinar on Genesis, Background of NCLT, Impact of Insolvency & Bankruptcy Code 2016 on 10th June. 2016
- Webinar on Ground for Refusal to Transfer Shares Remedies Available on 22nd June, 2016
- Webinar on Corporate Governance Cutting Corners on 24th June, 2016.

15. Roll out of Online Registration and Booking Software for CS Acceleration Center (CSAC)

CS Acceleration Centers (CSACs) were launched at Chennai and Kolkata in the month of June, 2016. The Institute has also rolled out online services for registration and booking



of the CSACs through which members may register and book the centers from anywhere and at anytime on 24x7 basis.

16. ICSI Outreach

To create synergies for capacity building of its members and students, the ICSI entered/extended following MoUs during the month of June with:

- Competition Commission of India (CCI), New Delhi to collaborate in the areas of competition advocacy and advancement of knowledge
- National Institute of Financial Management (NIFM), Faridabad to offer Joint Certificate Course(s)
- National Institute of Securities Market (NISM), Mumbai to foster academics and research between the two Institutes.

17. Website Home Page Renovation

On the basis of the feedback of the stakeholders, the Institute renovated the home page of its website with attractive look and feel on 16th June, 2016. The Institute has also planned to renovate the complete website in coming months.

18. Convocation 2016

The Institute organised Convocation at three locations, Delhi, Kolkata and Chennai for awarding the certificate of membership to the members admitted during the period from 1st October, 2015 to 31st March, 2016 and to award prizes/medals to meritorious students (National) and winner students of national level competitions.

19. 'Precious You'- Talk Series

'Precious You' is a ground breaking initiative of ICSI which aims at bringing the students across the country and abroad closer to the Institute in a quite interesting and effective manner. Every month, this talk motivates and guides them to achieve success in their corporate career as Company Secretaries; the latest one in the series was conducted on 18th June, 2016.

20. ICSI SMASH Project

ICSI-SMASH (Student Member Application Software Hosting) Project is one of the major Projects of the Institute to provide an integrated automated online environment to students and members. The first set of modules was launched on 16th June, 2016 and is in 'Go Live' mode.

21. The ICSI Signature Award Scheme

The Institute recently introduced 'ICSI Signature Award Scheme' with the objective to nurture best talent available and facilitate meaningful collaborations between the institutions in the higher education sector for the benefit of student community. During



the month, ICSI entered into an MOU with IIM, Tiruchirapalli, Tamil Nadu and Panjab University, Chandigarh.

22. CS Study Centre Scheme

As a part of the Institute's initiative to enhance its reach, the Institute has launched 'ICSI Study Centre Scheme' and has already entered into an MOU with various colleges in Jalgaon, Bilaspur, Shillong, Bhilai, Hubli-Dharwad, Moradabad, Srikakulam, Vizianagram, Ujjain, Rourkela, Silliguri, Tirunelveli, Rohtak, Mathura, Tirupati, Solapur, Jhansi and Rampur. To further its reach, the Institute entered into MOU with colleges at Muzaffarnagar, Jorhat, Gorakhpur and Udupi during June, 2016.

23. Foundation Results

The Result of Company Secretaries Foundation Programme Examination held in June, 2016 was declared on the 29th June, 2016. The result alongwith individual candidate's subject-wise break-up of marks were made available on the Institute's website: www.icsi.edu. I extend my heartiest congratulations to all the students who have cleared the Foundation examination of Company Secretaryship course and for others, who could not make it this time, keep up the spirits and don't lose hope.

24. Yoga Day

The Institute in association with the Ministry of Ayush celebrated the International Day of Yoga on 21st June, 2016. Around 5 lakh ICSI Stakeholders benefitted through the Yoga Session organized by the Head Office, Regional Offices and Chapters for the Members, students and ICSI employees of respective area/region across India.

25. Swachta Pakhwada

The Institute organized 'Swachhta Pakhwada' from 16th June, 2016 to 30th June, 2016. As a part of fortnight celebrations mass pledge by employees and cleanliness drive in collaboration with SDMC were organized at ICSI Head Quarters on 23rd June, 2016. The Institute also organised various activities such as adoption of Government/Municipal schools for cleanliness and drive for education on disposal of e-waste at Head Office, Noida Office, ICSI CCGRT, Regional Offices and Chapters. Photographs and press release of the activities undertaken have also been uploaded on the website designated by the Ministry for the purpose.

Regards

CS MamtaBinani

President, ICSI





August 2016

Dear Professional Colleagues

In furtherance to our earlier communications, we are pleased to share the following initiatives of the Institute during the month of July, 2016:

1. Joining of Secretary of the Institute

CS Dinesh Chandra Arora, a Fellow Member of The Institute of Company Secretaries of India, has joined as Secretary of the Institute of Company Secretaries of India on July 21, 2016. Mr. Dinesh Chandra Arora, a member of our esteemed Institute is an accomplished professional and is also a qualified Chartered Accountant as well as Cost Accountant. We extend our heartiest congratulations and welcome him to the Institute.

2. Meetings

The Institute met the following dignitaries with a view to explore opportunities towards joint participation in flagship government initiatives:

- Smt. Vasundhara Raje, Hon'ble Chief Minister of Rajasthan
- Mr. Arjun Ram Meghwal, Hon'ble Minister of State for Finance and Corporate Affairs
- Mr. C R Chaudhary, Hon'ble Minister of State for Consumer Affairs, Food and Public Distribution
- Mr. Satyendra Jain, Hon'ble Minister Health, Industries, Home, Public Work Department, Power, Government of Delhi

3. Representations

Taking forward our initiatives for exploring opportunities for contribution by the profession, the Institute made representations to:

- Ministry of Labour and Employment
- Ministry of Housing and Urban Poverty Alleviation
- Ministry of Health and Family Welfare
- Ministry of Shipping
- Ministry of Finance
- Government of Andhra Pradesh, Assam, Arunachal Pradesh, Delhi, Jharkhand, Odisha and Rajasthan
- Central Drugs Standard Control Organization
- Securities and Exchange Board of India



4. Suggestion Submitted on draft Real Estate (Regulation and Development) Rules, 2016

The Institute submitted its suggestions on Draft Real Estate (Regulation and Development) Rules, 2016 to Ministry of Housing and Urban Poverty Alleviation, Government of India.

5. Suggestion Submitted to SEBI

The Instituted submitted its views and Suggestions on SEBI Consultative Paper on 'Amendments to SEBI (Portfolio Managers) Regulations, 1993 pursuant to introduction of Section 9A in the Income Tax Act, 1961 to SEBI.

6. Meeting with Designated Non-Financial Business Professions (DNFBP) Committee

The Institute represented at the Meeting of DNFBP Committee held at Lok Nayak, Bhawan, New Delhi on July 04, 2016. During the meeting, deliberations were made on the Anti Money Laundering Act and the threat and vulnerability assessment for National Risk Assessment (NRA) exercise to assess the risks of various sectors of economy.

7. Recognition of Company Secretary under Guidelines for Grant of Unified License (Virtual Network Operators)

We are pleased to inform that Guidelines for Grant of Unified License (Virtual Network Operators) issued by the Ministry of Communication and Information Technology authorises Company Secretary to certify the Certificate of Registration along with Article of Association, Memorandum of Understanding, Details of Promoters / Partner/ Shareholder Foreign Direct Investment in the company for the purpose of Application to Department of Telecommunications for Grant of Unified License (Virtual Network Operators)/Authorisation for Additional Services.

8. Income Declaration Scheme, 2016

The Institute is supporting the initiative of Income Declaration Scheme, 2016 by arranging for better dissemination of the Income Declaration Scheme. With a view to disseminate information about the scheme amongst the CS fraternity, the Institute has uploaded the information about the scheme on its website at the link http://www.icsi.edu/IncomeDeclarationScheme2016.aspx.

9. ICGN Annual Conference- USA

Established in 1995, the International Corporate Governance Network (ICGN) is an investor-led organisation of governance professionals with members including institutional investors based in 47 countries. ICSI representatives attended ICGN and their ESG Course at San Francisco, USA from June 27 to July 01, 2016. The Conference brought together academia and market practitioners and witnessed lively and thought-provoking deliberations on a broad range of global governance allied themes.



10. Symposium on Companies Act, 2013: NCLT and NCLAT - Law & Practice

The Institute jointly with National Company Law Tribunal Bar Association (NCLTBA) organized Symposium on Companies Act, 2013: NCLT and NCLAT - Law & Practice at SCOPE Complex, New Delhi on July 23, 2016. Hon'ble Justice Shri S. J. Mukhopadhaya Chairperson, NCLAT was the Chief Guest and Hon'ble Justice Shri M. M. Kumar, President, NCLT was the Guest of Honour for the occasion. Deliberations at the symposium included Derivative Action – Oppression and Mismanagement and Class Action, Art of Appearance and Nuances of Drafting before NCLT and Practice of Insolvency and Bankruptcy Code, 2016.

11. Workshop on Corporate Laws & Regulations, 2016

With a view to update professionals about the recent amendments in Corporate laws, the Institute joined hands with the PHD Chamber, as an associate partner in organizing workshop series on "Corporate Laws & Regulations, 2016 (Recent Amendments)", the first two workshops in the series were conducted at PHD House, New Delhi on July 21 and 22

12. Knowledge Series on the Draft Model GST Law

We are happy to inform that with the objective of educating and sensitizing the industry on the provisions contained in the Model GST Law, the Institute has joined hands with PHD Chamber as an associate partner in conducting a Knowledge Series on the Draft Model GST Law. The two sessions on this series were conducted on July 22 and 29 at PHD House, New Delhi.

13. Training of Peer Reviewers

During the month of July, 3 Training programmes for Peer Reviewers were conducted; at Nagpur on July 03, 2016; at Vadodara on July 15, 2016 and at Bengaluru on July 23, 2016.

14. Launch of Certificate course in Valuation

With the objective to enhance the skills of Company Secretaries in carrying out the valuation assignment relevant in today's business environment, the Institute launched Certificate Course in Valuation in association with National Institute of Financial Management, Faridabad (NIFM) on July 23, 2016. The first batch of the Course will commence on September 01, 2016. Details of the course will be available on the Institute's website shortly.

15. Launch of Diploma in Internal Audit

The Institute launched Diploma in Internal Audit in association with National Institute of Financial Management, Faridabad (NIFM) with the objective to extemporize the skills and knowledge of the members in the area of internal audit and open a vast world of opportunities in the field of internal auditing. Details of the course will be available on the Institute's website shortly.



16. Launch of E - learning Module on Banking Terminologies

The Institute has launched short term yet all-encompassing e-learning module on Banking Terminologies. The learning under the module is offered through video sessions framed to guide the comprehensive understanding and apt know-how about the banking terminologies and allied areas. To further substantiate the learning under the Module, the Institute also released a book on Banking Terminologies. Details of the same will be available on the Institute's website shortly.

17. Professional iTellect: Webinar on Corporate Governance

As a part of knowledge and capacity building initiative, Professional iTellect, the Institute conducted the following webinars during the month of July, 2016:

- Webinar on Cyber Law and Data Protectionon July 09, 2016 addressed by Mr. Pawan Duggal, Senior Advocate, Supreme Court of India
- Webinar on Brexit and its impact on Indian Economy on July 22, 2016 addressed by Mr. Gourav Vallabh, Professor (Finance), XLRI, Jamshedpur
- Webinar on Corporate Frauds on July 28, 2016 addressed by Mr. Chetan Dalal, Managing Director, Chetan Dalal Investigation and Management Company.

18. Release of e-book Pratibimb-Transcending Barriers

Pratibimb-Transcending Barriers, a series of reflections on Soft skills and Human Behavior is yet another initiative by the ICSI towards development of personal and professional excellence of our members and students, by way of an e-book. The first Chapter of the e-book, 'The fine art of articulation-learning to present' was released in July. The same is also available on the Institute's website.

19. Convocation 2016

The Institute organised Convocation at Mumbai on July 02, 2016 for awarding the certificate of membership to the members admitted during the period from October 01, 2015 to March 31, 2016 and to award prizes/medals to meritorious students (National) and winner students of national level competitions. More than 700 members received their Associate membership certificate and 12 meritorious students received awards (National) on the occasion.

20. Precious You

The latest webcast under the 'Precious You' initiative of the Institute was conducted on July 18, 2016. The series has been very effective in motivating the students across the country and abroad and bringing them closer to the Institute. I express my sincere thanks to the students for sharing their valuable feedback and views on the Precious You series.



20. Student Month July, 2016

The Institute observed July as Student Month and during the Month, several activities such as career awareness programme, cultural programmes and get-togethers, competitions, webcasts, orientation programmes, guidance programmes, student-parent induction programmes etc. were organised with special focus on the student community. The details of the same are also available at the 'Student Month Portal' available on the Institute's website. Major initiative during the student month includes:

(i) Van Mahotsav Divas

The Student Month acquired momentum with the celebration of 'Van Mahotsav Divas' on July 01, 2016 in almost all the Regional Offices and Chapters. The 'Van Mahotsav Divas' was celebrated with the intention to create awareness among the stakeholders on adopting sustainable development and the need for undertaking 'Go Green' activities wherever feasible to save Mother Earth for the sake of future generations.

(ii) Yuva Kaushal Divas

Following the thrust given by Government of India in the area of skill development, the Institute joined the Government of India in its skill India initiative and organized a mega student programme titled 'Yuva Kaushal' at Hyderabad on July 15, 2016. Swami Bodhamayanandaji Maharaj, Director Vivekananda Institute of Human Excellence and Smt. Amala Akkineni, Co-founder, Blue Cross of Hyderabad were the Chief Guests for the programme.

(iii) Samadhan Divas

The Institute values the concerns of the stakeholders and endeavors to render quality services to the students. In this backdrop, the Institute organized 'Samadhan Divas' wherein various Departments at Headquarters, Regional Offices & Chapters worked in unison to ensure zero pendency of complaints/queries/grievances of stakeholders received through the Grievance Portal at www.icsi.edu, CS Touch Portal and Ticket Management System of Call Centre.

(iv) Career Awareness Week

More than 360 Career Awareness Programmes with participation of thousands of prospective students were organised by the Regional/ Chapters during the Student Month. Further, Career Awareness Week was observed during the last week of July, 2016 wherein special interactive sessions were conducted in various Colleges to create awareness about the profession of Company Secretary.

(v) Student-Parent Induction Programmes

Recognising the contribution of parents in supporting their Children during the course of their career, Institute organized more than 20 Student-Parent Induction Programmes through its Regional Offices and Chapters. The Induction Programmes spread awareness about the Institute and its offerings amongst the Parents.



Th National Convention of Company Secretaries | Mahatma Mandir Convention Centre Gardhinagar, Gujarat | 1-19 November, 2016 Thursday-Friday-Saturday

(vi) Guidance Sessions & Campus Placement Programmes

Corporate Houses were invited to guide the students about the practical aspects of the functioning of Company Secretaries. Campus Placements and Training Melas were also organised by some of the Regional Offices and Chapters.

(vii) Webcasts and E-Governance Programmes

Webcasts are another mode of interaction with the students to develop their general skills and knowledge in the core subject areas. Thus, with a view to whet proficiency, E-Governance Programmes and Webcasts were held during the Student Month. These webcasts are uploaded on the 'Youtube' for the convenience of students.

(viii) Competitions and Cultural Programmes

Appreciating the fact that the competitions give an opportunity to the students to showcase their hidden talents, Institute organised various competitions for students like Elocution Competition, Quiz Contests, Moot Court Competition, Essay Writing Competition, etc. during the student month to facilitate all-round development of the students.

Further, in order to promote brotherhood among the student community, Cultural Programmes and Get-togethers were conducted by various Offices of the Institute.

(ix) Release of Updates and Study Notes

Updates on various academic topics were brought out by the Institute for the benefit of students. Special Study Notes were also released during the month to bring in uniformity in the area of imparting coaching to the students. Further, Special edition of student bulletin commemorating the Student Month was also released during the month.

(x) Renewed Thrust on Class Room Teaching

Regional Councils and Chapters have given renewed thrust on Class Room Teaching activities by commencing fresh batches during the Student Month. For the convenience of students, the classes were commenced on a uniform date i.e. July 07, 2016 at more than 50 Regional Offices / Chapters for imparting coaching for December, 2016 Examinations. To further augment the quality of coaching imparted to our students, Faculty Induction Programmes were also organised during the Student Month.

(xi) Interactive Portal on Student Month

The Institute launched an interactive portal, Student Month Portal' wherein the information and photographs pertaining to celebration of events during the Student Month were uploaded for the information of all stakeholders. The portal is available at the home page of the ICSI website and can also be accessed



directly through the link : http://www.icsi.in/student/Portals/0/StudentMonthNew/index.html

21. CS Study Centre Scheme

The Institute had launched 'ICSI Study Centre Scheme', primarily to enhance of reach of the Institute in areas which are not getting the desired level of services due to distantly located Regional Offices and Chapters of the Institute. The study centres have already been opened at Jalgaon, Bilaspur, Shillong, Bhilai, Hubli-Dharwad, Moradabad, Srikakulam, Vizianagram, Ujjain, Rourkela, Silliguri, Tirunelveli, Rohtak, Mathura, Tirupati, Solapur, Jhansi, Rampur, Muzaffarnagar, Jorhat, Gorakhpur, Chennai & Uduppi. During the month of July, 2016, the 24th Study Centre was opened at Jamnagar, Gujarat.

22. Fresh batch of Full Time Integrated Course

As a continuous process of the Institute to enhance the quality of education imparted to its students, fresh batch of Full Time Integrated Course was commenced at ICSI-CCGRT, Navi Mumbai during the month of July.

23. Change Management Awareness Programmes

An IT Induction training programme on "Email/Exchange Usage & Helpdesk Usage/ Standardisation of replying on the emails" was organized for the officials of the Institute on July 20, 2016. Further for the purpose of creating the awareness about the ITIL framework among the Information Technology officials of the Institute, a 2 days full time ITIL Foundation Training was organised on July 23- 24, 2016.

Regards

CS Mamta Binani

President, ICSI



September 2016

Dear Professional Colleagues

In furtherance to our earlier communications, we are pleased to share the following initiatives taken by the Institute during the month of August, 2016:

1. Meetings

The Institute met the following dignitaries with a view to explore opportunities towards joint participation in flagship government initiatives and explore opportunities for contribution by the profession :

- Mr. Arun Jaitley, Hon'ble Minister of Finance & Corporate Affairs
- Mr. Arjun Ram Meghwal, Hon'ble Union Minister of State for Finance and Corporate Affairs
- Ms. Krishna Raj, Hon'ble Union Minister of State for Women and Child Development
- Mr. Hasmukh Adhia, Revenue Secretary, Department of Revenue, Ministry of Finance
- Hon'ble Justice Mr. S. J. Mukhopadhaya, Chairperson, NCLAT
- Hon'ble Justice Mr. M. M. Kumar, President, NCLT
- Mr. Upender Gupta, Commissioner, GST, Ministry of Finance.

2. Symposium at Bikaner

The Institute organized National Symposium on Good and Services Tax at Hotel Marudhar, Bikaner on August 13, 2016. Mr. Arjun Ram Meghwal, Hon'ble Union Minister of State for Finance and Corporate Affairs graced the occasion as Chief Guest and addressed the gathering. The Institute also brought out a publication titled 'Goods and Services Tax – A Guide' on the occasion.

3. Suggestions Submitted

With a view to take part in ensuring better governance, the Institute submitted its suggestions and representations to the following:

- The Ministry of Finance
- The Ministry of Health & Family Welfare
- The Ministry of Civil Aviation
- The Ministry of Consumer Affairs
- The Reserve Bank of India.





4. Meeting with the Empowered Committee of State Finance Ministers

The Institute represented at the Meeting with the Empowered Committee of State Finance Ministers held to discuss GST related matters. During the meeting, lively and thought-provoking deliberations were made on various facets of GST.

5. ICSI support Insolvency and Bankruptcy Code, 2016

ICSI is extending its wholehearted support to the Ministry of Corporate Affairs in the process of drafting Rules and Regulations relating to Insolvency Professionals, Insolvency Professional Agencies, Corporate Insolvency Resolution Process, Winding up Process etc. under the Insolvency and Bankruptcy Code, 2016.

6. 17th National Conference of Practising Company Secretaries

The 17th National Conference of Practising Company Secretaries held on August 12-13, 2016 at Kasauli, Himachal Pradesh witnessed a congregation of esteemed members from various parts of the country. Hon'ble Mr. A. R. Kohli, Former Governor of Mizoram and Hon'ble Justice Mr. M. M. Kumar, President, NCLT, graced the occasion as the Chief Guest at the Inaugural and Valedictory Session respectively. Further, Ms. Kiran Oberoi Vasudev, Chairperson, Quality Review Board, ICSI was the Guest of Honour at the Valedictory Session. The two day programme encapsulated technical sessions/panel discussions on various contemporary themes like Startup India, Goods and Services Tax, Financial Risk Management, Insolvency and Bankruptcy Laws, Real Estate Act, Companies (Amendment) Bill, 2016, National Company Law Tribunal, Competition Law and Ease of Doing Business in India – Facilitations and Obstructions, etc. addressed by eminent speakers from the Regulatory Bodies, Industry and Academia. The presentations and other knowledge material of the Conference are uploaded at Institute's website and the same could be accessed at: http://www.icsi.edu/EventGallery/PresentationsBackgrounder.aspx

7. Release of Publications

During the month of August, the Institute brought out the following publications for the benefit of the members which were released at the 17th PCS Conference held at Kasauli:

- 1. Souvenir-cum-Backgrounder of 17th PCS Conference
- 2. Guidance Note on Code of Conduct
- 3. Guidance Note on Secretarial Audit (Release 1.3)
- 4. Guidance Note on AOC-4
- 5. NCLT and NCLAT Manual
- 6. Setting up of Practice by Company Secretaries
- 7. Referencer on Board's Report-Revised Edition
- 8. SEBI (LODR) Regulations 2015 Debt Securities
- 9. FAQs on Section 8 Companies
- 10. CS in Practice Areas of Recognition



- 11. Udaan Showcasing the Reach and Strength of the Profession of Company Secretaries
- 12. CD containing ICSI Publications
- 13. Brochure for Workshop on Image Makeover 'THE CONFIDENT YOU'
- 14. Brochure for Knowledge Essentiality Workshops on NCLT and NCLAT Law and Practice.

8. Release of Golden Leafs of ICSI National Conventions 1972- 2015

With a view to commemorate the glorious success of the ICSI National Conventions, the Institute has taken a unique initiative for the first time to release 'Golden Leafs of ICSI National Conventions 1972- 2015' covering over four decades of National Conventions. It gives glimpse of the yesteryears of ICSI Conventions highlighting the excerpts from the speeches of the distinguished speakers.

9. GST Awareness Month

Passage of Constitutional Amendment (122nd) Bill, 2014 in the Parliament is a significant milestone in India's journey towards tax reforms. With a view to enrich professionals about the vivid facets of GST, the Institute commemorated "GST Awareness Month" and took various initiatives like dedicating an issue of Chartered Secretary solely to GST, organizing of Awareness Programs, GST Awareness Walks, Webinars, Seminars, Sharing of Knowledge Material, Panel Discussions etc.

10. GST Corner

The Institute is proactively undertaking capacity building initiatives in the domain of proposed Goods and Services Tax, in furtherance of this, with a view to disseminate information about GST amongst the CS fraternity, a separate tab, titled 'GST Corner' has been created on the Institute's website which contains knowledge material, updates, details of events etc. related to GST.

11. Master Classes on GST

It gives us an immense pleasure to inform that the Institute has launched a series of Master Classes on GST through webinars with a view to enrich CS professionals, students and public at large. Members and students are urged to roll up their sleeves and get set to dive into this vast ocean of opportunities for professionals. We invite you to participate in the webinars by visiting the weblink: http://webcast.vouchpro.in/icsi190816/. The detailed schedule of the Master Classes is available at the GST Corner.

12. Workshop at CCGRT

One day workshop on 'Goods and Services Tax-An Endeavour to Comprehend the GST Trajectory' was organised at ICSI CCGRT, Navi Mumbai on August 27, 2016. Shri. R Sekar, Former Principal Commissioner, Central Excise and Service Tax, Mumbai graced the occasion as the Chief Guest. The workshop enlightened the members about the intricacies of Goods and Services Tax law and instigated premeditation on Challenges, Impact, and Opportunities under the GST regime.



13. 20th Annual Conference of ICPS, Kenya - August 17-19

ICSI representatives attended 20th Annual International Conference organised by the Institute of Certified Public Secretaries of Kenya (ICPSK) at Mombasa on August 17-19, 2016. This high level Annual Conference aimed at exploring the role of good governance in transforming both public and private sector institutions for higher performance drew delegates from members of the ICPSK, Government Ministries, County Governments, Constitutional Commissions, Independent Offices, State Corporations, Semi-Autonomous Government Agencies, Private Companies, Consultancy Firms. President, ICSI addressed the session on 'Improving Governance and Service Delivery through E-Government: The Case of India'.

14. Conference on Ease of Doing Business

The Institute joined hands with FICCI, as a support partner in the Conference on 'Ease of Doing Business: Distance to Destination' held at Federation House on August 05, 2016. Mr. Ramesh Abhishek, Secretary, DIPP graced the occasion as the Chief Guest. The Conference offered an insight into the understanding of the legal requirements and implications of the proposed amendments under the Companies Act, 2013 and the challenges which companies are still grappling with.

15. Workshop on Corporate Laws & Regulations, 2016

With a view to update professionals about the recent amendments in Corporate laws, the Institute has joined hands with the PHD Chamber, as an associate partner in organizing workshop series on 'Corporate Laws & Regulations, 2016 (Recent Amendments)', the third and fourth workshops in the series were organised on August 09 and August 10, 2016 respectively. The Workshop covered topics on Appointment and Meeting of Directors, Audit, Compromise, Amalgamation and Winding Up, Insolvency Code, Acceptance of Deposits and FDI Policy, Takeover Code and Insider Trading, Securities Contract Act, Depositories Act, etc.

16. Launch of Online Courses

The Institute has launched the following online Courses in association with National Institute of Financial Management, Faridabad (NIFM):

- (a) Certificate Course in Valuation: The objective of the Course is to enhance the skills of Company Secretaries in carrying out the valuation assignment relevant in today's business environment.
- (b) Diploma in Internal Audit: This Course has been launched with the objective of augmenting the skills and knowledge of the members in the area of internal audit and opening up a vast world of opportunities in the field of internal auditing.

17. Webinar on NCLT and NCLAT

As part of the capacity building initiatives for members, the Institute has been conducting a series of webinars on NCLT and NCLAT particularly covering transfer of cases that were dealt by Company Law Board and the manner of presenting a case before the



Tribunal as per the NCLT Rules. The fourth webinar in this series was conducted on August 26, 2016 on the topic, Composition of Offences.

18. Income Declaration Scheme, 2016

The Institute is supporting the initiative of Income Declaration Scheme, 2016 by arranging for better dissemination of the Income Declaration Scheme. With a view to disseminate information about the scheme amongst the CS fraternity, the Institute has uploaded the information about the scheme on its website at the link: http://www.icsi.edu/IncomeDeclarationScheme2016.aspx. Further, the Institute is also allocating slots on Income Declaration Scheme in the various professional development programmes/seminars/conferences being organized by ICSI Regional Councils and Chapters.

19. FIBAC - Banking Conclave- August 16-17, Mumbai

We are pleased to inform that ICSI was the Support Partner in FIBAC 2016 – an Annual Global Banking Conference organized by Federation of Indian Chambers of Commerce and Industry (FICCI) and Indian Banks' Association (IBA) at Hotel Trident, Nariman Point, Mumbai, on August 16-17, 2016. The theme of the Conference was 'New Horizons in Indian Banking'.

20. India Banking Reforms Conclave 2016 - Mumbai

The Institute represented at the India Banking Reforms Conclave, 2016 organised by Governance Now and Public Policy Magazine at Taj Vivanta, Mumbai on August 24, 2016. The main focus of the Conference was challenges faced by Indian Banking Industry such as high Non-Performing Assets, Governance, Risk management, HR challenges and transformations though information and communication technologies. The President, ICSI delivered address on 'Banking Reforms with CS as a key player'.

21. Special Issue of Chartered Secretary

The Insolvency and Bankruptcy Code, 2016 is a new generation law and requires capacity building of the professionals emerging as insolvency professionals. The Company Secretaries who would emerge as insolvency professionals will have a larger role to play in the insolvency resolution process. In view of this the Institute is bringing out a special issue of Chartered Secretary dedicated to the Insolvency and Bankruptcy Code, 2016.

22. Release of e-book Pratibimb - Transcending Barriers

Pratibimb-Transcending Barriers, is a key initiative of the ICSI towards development of personal and professional excellence of members and students. The first Chapter of the e-book, was released last month and the Second Chapter of the e-book titled 'Walk the talk – Effective Communication and Assertive Presence' was released during August and could be accessed at the link: www.icsi.edu/docs/webmodules/ Walk the talk chapter 2.pdf.

23. Declaration of Result

Result of CS Examinations for Professional Programme (Old and New Syllabus) and





Executive Programme held in June, 2016 was declared on August 25, 2016. The result alongwith candidate's subject-wise break-up of marks were made available on the Institute's website. We extend our heartiest congratulations to all the students who have cleared the examination of Company Secretaryship Course, others, who could not make it this time, keep up the spirits and don't lose hope.

24. Precious You

We wish to inform that the President, ICSI addressed the students of the Institute across the country and abroad through the monthly series of webcast titled 'Precious 'You' on August 18, 2016. The webcast focused mainly on GST and NCLT and received an overwhelming response from the students.

25. CS Olympiad

In furtherance of Memorandum of Understanding (MoU) signed with the Science Olympiad Foundation (SOF), the Institute shall be organising its first ever CS Olympiad in the schools across India for students of Classes 11 and 12. During the month of August, press from about 65 cities and close to 300 newspapers covered the announcement of the same. The information relating to CS Olympiad has also been updated on CS Olympiad portal www.csolympiad.info. We urge you to visit the above website and encourage the students $\mathcal E$ schools to participate in this mega event.

26. Study Centre Scheme

The Institute had launched 'ICSI Study Centre Scheme', primarily to enhance the point of contact with the students and reach the places which are not getting the desired level of services due to distantly located Regional Offices and Chapters of the Institute. We are pleased to apprise you that till now Institute has opened 25 Study Centres in association with reputed Colleges/ Universities located at Jalgaon, Bilaspur, Shillong, Bhilai, Hubli - Dharwad, Moradabad, Solapur, Srikakulam, Vizianagram, Ujjain, Rourkela, Silliguri, Tirunelveli, Rohtak, Mathura, Tirupati, Jhansi, Rampur, Erode, Jorhat, Gorakhpur, Muzaffarnagar, Udupi, Chennai, Jamnagar thereby expanding the reach of ICSI throughout the length and breadth of the country.

27. A Programme on 'Career as a Company Secretary' on Doordarshan

Programme on 'Career as a Company Secretary' was telecast during the Live Show 'Good Evening India' on Doordarshan National Channel on August 29, 2016. The programme covered the interview of President, ICSI.

28. Training of employees

With a view to sensitize the employees of the ICSI about various modalities of the law relating to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Institute conducted training of employees through online interactive course on Prevention of Sexual Harassment.



29. Release of Publication - Ministry of Corporate Affairs - Swacch Bharat

Ministry of Corporate Affairs (MCA) observed 'Swachh Bharat Pakhwada' and reached out to 11 lakh corporate entities and professionals in collaboration with various Industry bodies and Institutes, including the Institute of Company Secretaries of India. We are happy to share that a Compendium sharing the glimpse of activities undertaken during the fortnight has been published by the MCA and the Institute has been praised for its efforts towards Swacchta drive carried out by its Head Quarter, Regional Offices and Chapters.

Regards

CS Mamta Binani President, ICSI





October 2016

Dear Professional Colleagues

We express our sincere thanks for sharing your feedback and views about the monthly communication of the Institute. In furtherance to our earlier communications, we are pleased to share the following initiatives taken by the Institute during the month of September, 2016:

1. Meetings

Taking forward our initiatives for exploring opportunities towards joint participation in flagship Government initiatives, the Institute met the following dignitaries:

- Mr. Suresh Prabhu, Hon'ble Minister of Railways
- Ms. Smriti Irani, Hon'ble Minister of Textiles Department
- Mr. Narendra Singh Tomar, Hon'ble Minister of Rural Development, Panchayati Raj, Drinking Water and Sanitation
- Mr. Arjun Ram Meghwal, Hon'ble Union Minister of State for Finance and Corporate Affairs
- Mr. P. P. Chaudhary, Minister of State, Law & Justice, Electronics and Information Technology
- Ms. Meenakshi Lekhi. Hon'ble Member of Parliament
- Mr. Bharatendra Singh, Hon'ble Member of Parliament
- Mr. Ajit M. Sharan, Secretary, Ministry of Ayush.
- Mr. Vinai Kumar Saxena, Chairman, Khadi & Village Industries Commission (KVIC), Ministry of MSME
- Mr. Devender Kumar Sikri, Chairperson, Competition Commission of India
- Mr. M.S. Sahoo, Chairperson of the Insolvency and Bankruptcy Board of India

2. CS M.S. Sahoo appointed as the Chairperson of the Insolvency and Bankruptcy Board of India

The Appointments Committee of the Cabinet (ACC) has approved the appointment of CS M. S. Sahoo, as the Chairperson of the Insolvency and Bankruptcy Board of India (IBBI). The Institute welcomes CS M.S. Sahoo as the chairperson of the Insolvency and Bankruptcy Board of India and extends its heartiest congratulations to him. We are sure that the Insolvency and Bankruptcy Board of India would be immensely benefited with his exceptional leadership acumen and would pave the way for setting up of a complementary eco-system for successful implementation of the Bankruptcy Code.



Th National Convention of Company Secretaries | Mahatma Mandir Convention Centre Gardhinagar, Gujarat 1,7-19 November, 2016 Thursday-Friday-Saturday

3. Meeting with Hon'ble Prime Minister of the Federal Democratic Republic of Nepal

The Institute represented at a Business Meeting with Rt. Hon'ble Mr. Puspa Kamal Dahal (Prachanda) Prime Minister of the Federal Democratic Republic of Nepal and the accompanying delegation at The Taj Mahal Hotel, New Delhi on September 16, 2016.

4. Meeting with Her Excellency Nengcha Lhouvum, Ambassador of India in Jakarta, Indonesia

The ICSI delegation met Her Excellency Nengcha Lhouvum, Ambassador of India in Jakarta, Indonesia on September 13, 2016 and apprised her of the initiatives of the Institute towards growth & development of the profession of Company Secretaries, promotion of good Corporate Governance and Make in India drive of the Government of India.

5. Meeting with Chairman of Indonesian Corporate Secretary Association, Jakarta, Indonesia and his team

On September 13, 2016, the ICSI delegation met Mr. Hardijanto Saroso, Chairman, ICSA and his team to discuss the areas of mutual interest. The Institute's delegation also apprised them about the recent initiatives of the Institute towards growth $\ensuremath{\mathcal{E}}$ development of the profession, promotion of Corporate Governance and Make in India drive of the Government of India.

6. Suggestions/ Representations Submitted

With a view to explore opportunities for contribution by the profession and partake in ensuring better governance, the Institute submitted its suggestions and representations to the following:

- Ministry of Finance for GST
- Ministry of Labour and Employment
- Ministry of Electronics and Information Technology
- Ministry of Mines
- Insurance Regulatory and Development Authority of India
- Ministry of New and Renewable Energy
- Tax Commissioner(s) of different States.

7. ICSI support under Insolvency and Bankruptcy Code

The Insolvency and Bankruptcy Code, 2016 is the contemporary law set to streamline the restructuring and winding up processes and the ICSI is extending its wholehearted support to the Ministry of Corporate Affairs in the process of drafting Rules and Regulations under the Code covering Insolvency Professionals, Insolvency Professional Agencies, Corporate Insolvency Resolution Process, Winding up Process



etc. The Institute also brought out a special issue of Chartered Secretary dedicated to the Insolvency and Bankruptcy Code, 2016.

8. National Convention - uploaded on website- registration open

We are pleased to inform you that the Institute has released the brochure and opened registrations for the much awaited mega event of the Institute, 44th National Convention of Company Secretaries scheduled from November 17 to 19, 2016 at Mahatma Mandir, Gandhinagar, Gujarat. We take pleasure in inviting the members and students to register for the Convention. Complete details of the Convention are available at the link https://www.icsi.edu/National Convention.aspx

9. Release of Brochure of Global Congruence on Corporate Governance

The Institute is hosting its first ever Global Congruence to promulgate International Corporate Governance Day on December 08 - 09, 2016 in Hyderabad. The Curtain Raiser Brochure of the same has been placed on the website. The objective of the congruence is to re-iterate and create further sensitization with respect to adoption of good governance practices, with this the Institute has conceptualised the idea of having a day declared as "International Corporate Governance Day". We urge you all to make it a grand success as it is a significant step towards creating international consensus for the International Corporate Governance Day.

10. 16th ICSI National Awards for Excellence in Corporate Governance, 2016

The Institute invited the participation of companies for the 16th ICSI National Awards for Excellence in Corporate Governance, 2016. The participation remained open from September 06, 2016 to September 30, 2016. The Awards this year would be given to two best governed companies and certificate of recognition be awarded to five companies for their exemplary corporate governance practices.

11. 1st CSR Excellence Awards, 2016

With a view to provide further impetus to the Government's efforts towards implementation of provisions relating to CSR and to recognize the good practices undertaken by Corporates under the CSR umbrella, the Institute has initiated its '1st ICSI CSR Excellence Awards'. The Institute is inviting participation of corporate entities for the Awards. The participation shall remain open till 10th October, 2016.

12. Release of e-book - 'Golden Leafs of ICSI National Conventions 1972-2015'

The Institute released 'Golden Leafs of ICSI National Conventions 1972-2015' with a view to commemorate the glorious success of Conventions during the month of August, 2016. The book gives a glimpse of the yesteryears of ICSI National Conventions. The e-book of this publication was released during the month of September. The same could be accessed at the link: http://www.icsi.edu/webmodules/ICSI_Goldenebook/ICSI_GOLDEN_LEAF.html



13. INSOL Seminar at Jakarta

INSOL International is a world-wide federation of national associations of professionals specializing in turnaround and insolvency. The Institute participated at the one day seminar organized by INSOL International in Jakarta, Indonesia on the September 14, 2016. The Seminar provided a forum for the exchange of information and ideas among insolvency practitioners, judges and regulators from various jurisdictions.

14. MACS Conference

The Institute represented at the Malaysian Association of Company Secretaries (MACS) Conference 2016 organized on September 27 - 28, 2016 at Aloft KL Sentral, Kuala Lumpur. The Institute's representative also addressed the participants at the session on the topic, 'The Role of the Company Secretary as the Chief Governance Officer -The India Experience'. The conference served as a premier platform to update knowledge about the latest regulatory changes and developments in the area of Corporate Law, Governance and Compliance in India.

15. Series of Programmes on GST

With a view to sensitive Goods and Services Tax law, the Institute organized a series of programmes including GST Awareness Programs, GST Awareness Walks, Webinars, Seminars, Workshops, Study Circle Meet, Panel Discussions etc. across the country. These programs fetched an inspiring response.

16. GST Master Classes

The GST regime is set to create a harmonized tax structure, re-defining Indian economy on the global front. In this backdrop, the Institute conducted a series of Master Classes on GST through webinars with a view to create more awareness about the proposed law on Goods and Services Tax.

- September 02, 2016 on GST An overview and professional opportunities for members
- September 05, 2016 on Procedural aspects of GST ITC, Matching principle, filing of returns, refunds, assessment, etc.
- September 09, 2016 on Constitutional provisions vis-à-vis indirect taxation
- September16, 2016 on Supply of goods and services under GST
- September 23, 2016 on Valuation issues under GST.

The series received an overwhelming response from the members, students and public at large. The recorded version of the classes is available at Youtube.

17. Second Series of Master Class on GST

Appreciating the overwhelming response towards the Master Classes on GST, the Institute launched Second Series of Master Classes on GST on September 30, 2016. This online series encapsulates deliberations on the detailed provisions of the Model GST law like Input tax credit, transitional provisions under GST, IGST, Returns, records,



Show cause, Adjudication, Revision, Review & Appeals, TDS, TCS, Refund etc. The detailed schedule of the Series is available under the GST Corner of the Institute's website. You may join the webinar through the link http://webcast.vouchpro.in/gstseries2016/.

18. FAQs on GST

Central Board of Excise and Customs (CBEC) has released a comprehensive set of FAQs providing an insight into the provisions of the proposed GST law structure. To disseminate the same among the members, we have uploaded these FAQs under the GST Corner of the Institute's website. You may go through them and enhance your understanding about the intricacies of the proposed law.

19. Capacity Building Seminar on NCLT and NCLAT

To sensitize the members and students about NCLT and NCLAT and assist them in gaining insight into the updated provisions of law , a capacity building seminar was organised on NCLT and NCLAT at Hotel Manohar Begumpet, Hyderabad on September 10, 2016.

20. PMQ Result

The Institute offers Post Membership Qualification (PMQ) courses on varied subjects of contemporary interest with the aim of providing application oriented knowledge to the members and to facilitate them in updating their knowledge and rendering quality services in diversified areas. The result of PMQ Course Examinations, held in June 2016 was declared on September 01, 2016. The result is also available on the Institute's website. We extend our heartiest congratulations to the members who have cleared the examination.

21. Certificate Course on Valuation

The Institute has launched Online Certificate Course in Valuation (CCV) in association with National Institute of Financial Management, Faridabad (NIFM), in July, 2016. We are pleased to apprise that the first batch of the Course commenced on September 10, 2016. We are sure that completion of the Course will definitely sharpen the skill sets of our esteemed members in practice as well as in employment and open up vast areas of opportunities.

22. Diploma in Internal Audit (DIA)

Section 138 of the Companies Act, 2013 introduced the concept of Internal Audit to the forefront and has widened its scope to a great extent. In this backdrop, the Institute launched Diploma in Internal Audit (DIA) in association with National Institute of Financial Management, Faridabad (NIFM) with a view of endowing its members with the specialized knowledge in the area of Internal Audit and further develop their skills to conduct internal audit including compliance and operational audits. We are glad to share that the first batch of the Course commenced on September 24, 2016.



23. Short Term Course on International Business Taxation

Appreciating the response of members to the online Courses, we delightfully apprise you of a new online 15 days short term Course in International Business Taxation which is designed to provide members, students and professionals with a visible means of having acquired specialized knowledge in all aspects of the international taxation. The detail of the Course are available at the link https://www.icsi.edu/CourseinIBTaxation.aspx

24. Annual General Meeting of CSBF

The 40th Annual General Meeting of the Members of the Company Secretaries Benevolent Fund was held on September 30, 2016 at the Head Quarters of the Institute, New Delhi, to adopt the Audited Income and Expenditure Account for the year ended March 31, 2016 and Balance Sheet as at that date and the Auditor's Report thereon, to elect members to the Managing Committee and transact other relevant businesses.

25. Precious You

The latest webcast in the series 'Precious You' was held on September 18, 2016. The webcast focused on latest amendments in corporate laws and innovations like GST was informative and received an overwhelming response from the students across the country.

26. CS Olympiad

The First ever International Company Secretaries Olympiad (ICSO) was successfully conducted on September 15, 2016 across various Schools all over the Country. More than 32,000 students have registered to take the Olympiad. The second lap of ICSO will be conducted on October 04, 2016. We would be delighted to have your views / feedback on the same.

27. Study Centre Scheme

The Institute is actively engaged in promoting its study centre scheme to reach every nook and corner of the Country, we are pleased to share that till September we have set up 27 Study Centres across the nation in association with reputed Colleges/Universities. In its continuous endeavour to provide efficient services to the students, Institute is focusing on regions where our students are in need of proper services due to non-existence of chapter offices. In this drive, Tinsukia and Assam study centres will go a long way in facilitating the students in North Eastern region.

28. Khadi, the Dream project of Government of India

Appreciating the importance of Khadi and the role played by Khadi & Village Industries Commission (KVIC) in nation building, the KVIC VAN carrying Khadi products was stationed at ICSI Head Quarters at Lodi Road to facilitate the employees working in the offices to buy the Khadi products at their doorsteps instead of going to KVIC outlets.



29. Swacchta Drive

The Ministry of Corporate Affairs now proposed to observe Swachhta Diwas on September 05 and 30, 2016, accordingly, the Institute carried out Swachhta Drive on the occasion of Teachers' Day and a Swachhta Rally at the Institute Head Quarters, New Delhi on September 30, 2016 to create awareness about cleanliness among the general masses.

Regards

CS Mamta Binani

President



November 2016

Dear Professional Colleagues

In furtherance to our earlier communications, we are pleased to share the following initiatives taken by the Institute during the month of October, 2016:

1. Suggestions/ Representations Submitted

With a view to explore professional opportunities for our esteemed members and participate in vivid initiatives of the Government in ensuring better governance, the Institute submitted its suggestions and representations to the following:

- Ministry of Shipping
- Reserve Bank of India
- Food Safety and Standards Authority of India
- Pension Fund Regulatory and Development Authority
- Insurance Regulatory and Development Authority of India
- Telecom Regulatory Authority of India
- Government of Kerala
- Government of West Bengal.

2. Suggestions on Pre-Budget Memorandum

The Institute submitted Pre-Budget Memorandum containing its suggestions and proposals for the Union Budget 2017-18 to Ministry of Finance.

3. Representation on Extension of last date for annual filing for financial year 2015-16 under the Companies Act, 2013

Extension of last date for annual filing for financial year 2015-16 under the Companies Act, 2013 was successfully made. All thanks to the Ministry of Corporate Affairs for accepting to the plea of the industry and all the professionals.

4. Regulations/Rules under Insolvency and Bankruptcy Code, 2016

The Ministry of Corporate Affairs had invited public comments on the following regulations/Rules made under The Insolvency and Bankruptcy Code, 2016 during October, 2016.

- 1. Draft Insolvency and Bankruptcy (Liquidation of Insolvent Corporate Persons) Regulations, 2016
- 2. Draft Insolvency and Bankruptcy (Insolvency Resolution Process for Corporate Persons) Regulations, 2016



- 3. Draft Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016
- 4. Insolvency and Bankruptcy (Model Bye- Laws of Insolvency Professional Agencies) Regulations, 2016
- 5. Insolvency and Bankruptcy (Registration of Insolvency Professionals) Regulations, 2016.
- 6. Insolvency and Bankruptcy (Registration of Insolvency Professional Agencies) Regulations, 2016

The Institute had invited comments from its esteemed Members, Regional Councils, and Chapter Offices. The consolidated views were presented to the Ministry for consideration.

5. ICSI submitted views on Consumer Grievance Redressal Mechanism to MCA

The Institute submitted its views on the mechanism for mandating consumer complaint redressal mechanism by the companies under the Companies Act, 2013 to the Ministry of Corporate Affairs.

6. ASSOCHAM: Preparatory Meeting for SAARC Women Economic Forum

ASSOCHAM, India's oldest and Apex Chamber for Commerce & Industry has proposed to organise the SAARC Women Economic Forum, Annual Meet in December 2016. In this regard, President, ICSI attended preparatory Meeting of the Women Members on October 14, 2016 at New Delhi and expressed her views on the issues faced by Women on economic as well as social front and opportunities available to them.

7. Association with Khadi & Village Industries Commission

Khadi represents the country's self-reliance, legacy, tradition and the pride of rural productivity. We are pleased to apprise you that ICSI has associated with Khadi & Village Industries Commission (KVIC) and plans to take various initiatives in furtherance of the cause of promotion of Khadi. As a part of this initiative, KVIC has decided to extend 25% discount to all the members and students of ICSI on the purchase of 'Khadi', through their 'Khadi India' sales outlets. The details of this discount is available at the link https://www.icsi.edu/ webmodules / Letter_ to_ President_ICSI.pdf. We are sure that this initiative will encourage our members and students to purchase Khadi products from the designated KVIC outlets, thereby promoting the cause of Khadi and creating a positive impact on the 'Make in India' initiative of the Government of India.

8. CSIA Council Meeting at Bangkok

ICSI representatives attended the Council meeting of Corporate Secretaries International Association (CSIA) hosted by Thai Listed Company Association (TLCA) at the Centara Grand Hotel, Bangkok on October 27, 2016 and the Stock Exchange of Thailand Offices on October 28, 2016. The corporate governance roundtable was also organised on October 27, 2016 which was attended by esteemed representatives from fifteen member countries of Corporate Secretaries International Association.



9. London Global Convention on Corporate Governance and Sustainability

ICSI was an Associate Partner with the Institute of Directors (IoD) for the '16th London Global Convention 2016' held on 17-19 October, 2016, at Millennium Hotel, London. The plenary session was addressed by the President, ICSI on the topic 'Enhancing Effectiveness of Tomorrow's Boards' based on the contemporary theme, 'Boards Evolving Role in an Uncertain Global Economy'. The Convention was attended by over 300 global participants including regulators, industry and academia.

10. Global Congruence to promulgate International Corporate Governance Day

The Institute having conceptualised the idea of International Corporate Governance Day, is organising sensitisation programmes towards building consensus on the same. The Institute is holding its first ever "Global Congruence to promulgate International Corporate Governance Day" on 8th -9th December, 2016 in Hyderabad. The congruence is expected to see Corporate governance experts, academicians, industry captains from various jurisdictions. The prologue brochure of the event is available at https://www.icsi.edu/docs/webmodules/Global Congruence.pdf

11. OECD Asian Roundtable on Corporate Governance

On the invitation of OECD, ICSI delegation represented the Institute at the OECD - Asian Roundtable on Corporate Governance in Seoul, Korea on 24th -25th October, 2016. As a discussant at the Focus Group Session on the Environmental pressures w.r.t. 5-10 year outlook for Corporate Governance in Asia, ICSI delegation shared Indian CSR experiences, explaining the discussants about the legislative provision and the factual impact of CSR, the same was well appreciated by the delegates. During the discussions at the Task Force on the Role of Stock Exchanges the delegation shared their views and Indian experiences.

12. ICSI National Awards for Excellence

The evaluation process for the 16th ICSI National Awards for Excellence in Corporate Governance and 1st CSR Excellence Awards, 2016 is under process. The Jury meeting for the Award is scheduled for December 24, 2016 in Delhi.

13. MOU Management Application

The Institute has developed and implemented an Application Software for maintenance of data regarding MOUs. Through this application, a centralized database of MOUs and the related activities would be maintained which would enable the stakeholders of the Institute to fetch the information regarding various MOUs.

14. CS Day

To commemorate the day when our profession was imparted statutory recognition, the Institute celebrated its 48th CS day on October 04, 2016. The day witnessed Celebrations across the Regional Office(s) & Chapter(s) of the Institute with a mega event held at



Gorky Sadan Auditorium, Kolkata in the august presence of Mr. Derek O' Brien, MP, Rajya Sabha & Leader All India Trinamool Congress, the Chief Guest for the programme. The Celebrations served as Reminiscence to the journey of the Institute from a tiny strand to a premier Institute at Global Platform.

15. National Training Programme for Women Empowerment

The Institute organized a National Training Programme for Women Empowerment on the theme 'Emancipate Women Prodigy to Rule the Roost' on October 07-08, 2016 at Ramoji Film City, Hyderabad. The programme was hosted by Hyderabad Chapter of ICSI and eminent speakers from across the nation addressed the participants on topics like Enterprising – Entrepreneurial Skills, Women Directors– Opportunities & threats, Transforming & Transcending Professionals, Women Prodigy to Rule the Roost, Appreciation of Listing Regulations etc. Smt. Daggubati Purandhareswari, Former Minister of State for Human Resource Development, Government of India graced the occasion as the Chief Guest. Further, Smt. Sailaja Kiran, Managing Director, Mangaldas Chit Funds Pvt. Ltd. and Smt. Meenakshi Datta Ghosh, IAS (retd), Former Secretary Government of India were the Guests of Honour.

16. Workshop on Secretarial Audit

The National Stock Exchange has approached ICSI for conducting a series of workshops on Secretarial Audit at various places across the country. First of such programme was held as ICSI - NSE Joint Workshop on Secretarial Audit on October 14, 2016 at The Park, New Delhi. Mr Naved Masood, Former Secretary, Ministry of Corporate Affairs, was the Chief Guest at the program. Dr V R Narasimhan, Chief Regulations, National Stock Exchange presented the observations and expectations of NSE on the Secretarial Audit Reports.

17. Program on Secretarial Audit

The Institute organised a program on Secretarial Audit in association with the Bombay Stock Exchange Ltd. on the topic 'A Dynamic mechanism to ensure Governance & Compliance' at BSE International Convention Hall, Fort Mumbai on October 17, 2016. The Inaugural session of the program was addressed by Mr. Ashish Chauhan, Managing Director & CEO, BSE Ltd. The program was attended by approximately 450 participants.

18. Training Programmes for Peer Reviewers

During the month of October, 2016, two training programmes were conducted for Peer Reviewers at following locations:

- Kolkata on October 01, 2016
- Raipur on October 22, 2016.

19. GST Awareness Programmes

With a view to sensitize on Goods and Services Tax (GST) law, the Institute has been organizing a series of programmes including GST Awareness Programs, Webinars,



Seminars, Workshops, Study Circle Meet, Panel Discussions etc. across the country. In line with this, following Symposium/Awareness programmes were organized during the month of October:

Venue	Date
Indore	October 01, 2016
Guwahati	October 02, 2016
Bhilwara	October 09, 2016
Jaipur	October 15, 2016
Udaipur	October 20, 2016

20. Knowledge Series on GST

The implementation of GST will have a far-reaching impact on almost all the realms of business operations in our country. With the objective of analyzing the detailed provisions under GST vis-à-vis the provisions under existing indirect tax regime, ICSI has joined hands with PHD Chamber as an associate partner for conducting the second Knowledge Series on Goods & Services Tax. During October, two full day seminar in this series were conducted on 07 and 21 respectively.

21. GST Second Series

The Institute launched Second Series of Master Classes on GST on September 30, 2016, four sessions in this series were conducted during the month of October, 2016. The details of the sessions are:

- October 07, 2016 Transitional provisions under the Model GST Law
- October 14, 2016 Integrated Goods & Services Tax
- October 21, 2016 Returns & Records under the Model GST Law
- October 28, 2016 Show cause, Adjudication, Revision, Review & Appeals

The recordings of the session are available at the link http://www.icsi.edu/GST events.aspx.

22. Dubai Webinar

The Institute organized an international webinar on 'GST and its Impacts on NRI & Global Business Community' on October 01, 2016. The webinar was aired from Delhi at 9:00 PM (UAE time 7:30 PM). The webinar fetched an overwhelming response from the participants, considering which the Institute is in the process of organizing more such international webinars in the areas of contemporary interest.

23. Webinar on Simplified Process for Incorporating Company Electronically (Spice)

As an initiative in Government Process Re-engineering (GPR), the Ministry of Corporate





Affairs vide its notification dated October 01, 2016 launched Simplified Process for Incorporating Company Electronically (Spice) through the Companies (Incorporation) fourth Amendment Rules, 2016. The main objective of launching this e-Format pro forma, SPICE, is to provide speedy incorporation related services within stipulated time frames which are in line with the international best practices. To familiarize with this Simplified Process for Incorporating Company Electronically, a Webinar was organised at ICSI headquarters on October 07, 2016, wherein senior officials of Ministry of Corporate Affairs with the team addressed the viewers.

24. Course on International Business Taxation

Appreciating the response to the online Courses, ICSI launched an Online Course on International Business Taxation for members, students as well as non-members. We are pleased to share that the first batch of the Course commenced on October 15, 2016 and concluded on October 23, 2016. The Course fetched an inspiring response from the participants.

25. Release of Survey Report on 'Implementation of Sexual Harassment at Workplace'

The Institute released a report on the survey conducted on 'Implementation of Sexual Harassment at Workplace', at National Training Programme exclusively for Women Empowerment –Emancipate Women Prodigy to Rule the Roost organised at Hyderabad. The report encapsulating and analysing the responses from a total of 614 organisations was released by the gracious hands of Hon'ble Smt. Daggubati Purandhreswari, former Minister of State for Human Resources. Smt. Sailaja Kiran, Managing Director, Mangaldas Chit Funds Pvt. Ltd. and Smt. Meenakshi Datta Ghosh, IAS (retd), Former Secretary Government of India were also present on the occasion. Complykaro Services Pvt. Ltd was the associate partner of the Institute in coming out with this report.

26. Online Applications for Associate Membership

An online module has been made live for accepting applications for new ACS members. Now students can submit all supporting documents for new ACS membership under self-attestation through online mode. This will significantly simplify the procedure for accepting & processing the applications for new ACS membership.

27. Agencies approved for imparting 15 days specialized training

The Institute has approved 10 agencies for imparting 15 days specialized training to CS students under Regulation 50(b) of The Company Secretaries Regulations 1982. These include: Export Promotion Council, Export Credit Guarantee Corporation, Reputed NGOs (with specific approval of TEFC), International organisations like United Nations or UN affiliated offices, Secretariat of Lok Sabha/ Rajya Sabha/ Assembly, Bankruptcy Insolvency Board, Real Estate Regulatory Authority (RERA), Labour Department, NCLT/ NCLAT (in place of Company Law Board) and Other statutory body or regulatory body.



28. Release of EDP Module

The Institute has earlier launched 15 days academic program applicable for all Executive pass students. Under this academic program, 5 days Professional Entrepreneurship Development Program (PEDP) is also conducted. In order to supplement the learning in 5 days development programme, the Institute released a module on 'Entrepreneurship Development Program' during the month of October. We are sure that this module will assist in inculcating a balanced learning approach in the students.

29. Felicitation Programme of Rank holders

In a path-breaking initiative, the Institute felicitated the Rank Holders of June, 2016 Examination Session of all the three Stages of CS Course across the country during the Foundation day Celebrations at Kolkata on October 04, 2016. We are glad to inform you that the feedback from the students and their guardians have been overwhelming which highlights the need for continuing such initiatives in future.

30. CS Olympiad

In furtherance of the Memorandum of Understanding (MoU) with the Science Olympiad Foundation (SOF) for conducting the CS Olympiad for students of Classes 11 and 12 in each academic year in schools across India, the CS Olympiad was successfully conducted in two phases i.e. on September 15, 2016 and October 04, 2016. The CS Olympiad was conducted in 29 States/ Union Territories across about 400 Cities, about 1300 Schools and more than 36,000 students were enrolled. We wish to thank all the esteemed members and students of the Institute for their efforts in propagating the details about CS Olympiad among the prospective students and schools across India.

31. ICSI Study Centre Scheme

With a view to break the distance barrier between the students and the Institute, the Institute is actively involved in opening study centres under the Study Centre Scheme. Apart from providing basic services, the Study Centres also impart coaching to the students of various stages. Till date, 29 Study Centres have been opened at reputed Colleges/ Universities located throughout the length and breadth of the country. In the month of October, Institute has opened two (2) more study centres at Hindu College, Chennai and New Law College, Ahmednagar, Maharashtra.

32. ICSI Signature Award Scheme

ICSI Signature Award Scheme has been launched in January, 2016 under which top rank holders in B.Com. stream of reputed universities and specialised programmes of IITs / IIMs are awarded a Gold Medal and Certificate. Till date, total 12 MOUs have been signed with IIM/IIT/University located throughout the length and breadth of the country. In the month of October, the Institute has signed an MOU with IIM, Raipur, Chhattisgarh. Further, the toppers of Alagappa University, Tamilnadu and Kumaun University, Uttarakhand were bestowed with ICSI Signature Award Gold Medal in October, 2016.



33. 'Precious You' - Monthly webcast series

The latest webcast in the series 'Precious You' was conducted on October 18, 2016. This webcast focused on the importance of motivation as a part of personality development in the students. The webcast was well received and got an overwhelming response from the student community. All the 'Precious You' webcasts of this year are available on Youtube.

34. Student Member Application Software Hosting (SMASH) Project

Further to the launch of 12 modules in the first phase of SMASH project, the Institute has successfully launched additional 7 modules including Executive Registration, Exemption (Qualification based), Switch Over, Revert Switch Over, Denovo, Extension, Duplicate Receipt & New features of receipt module under the second phase of SMASH Project. Now the registration for both Foundation and Executive programmes are being accepted through SMASH application only.

35. Upgrading online Examination enrolment module to facilitate compulsory switch over from Professional Programme (Old Syllabus) to Professional Programme (New Syllabus)

Professional Programme (Old Syllabus) has come to an end with the result declaration of June, 2016 session. For the upcoming sessions, the students should enrol themselves for Professional Programme (New Syllabus) only. To deal with this requirement change, the Institute has upgraded its online examination enrolment system to facilitate compulsory switch over from Professional Programme (Old Syllabus) to Professional Programme (New Syllabus).

Regards

CS Mamta Binani

President



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44th National Convention of Company Secretaries 17-18-19 November, 2016

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CS - The Governance Professional

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The Role of the Company Secretary as the Chief Governance Officer - The India Experience

Mamta Binani*

"Governance is not about maximization, but about optimization.

And Role of Company Secretary is not just being Compliance Keeper, it's about being Conscious Keeper"

Roots of India in Corporate Governance

For rest of the World, 'Corporate Governance Concept' may just be a few years old phenomenon, but, for India, it is a phenomenon which is not decades but centuries old as it has its roots in our ancient literature like Vedas especially Rigueda, Manu Smriti, Somadeva Neeti Stuti, Baharspatya Neeti Stuti, and Arthashastra etc. Most comprehensive account of Governnace in ancient times in India, however, can be found in the book 'the Arthashastra', which is, one of the most comprehensive treatise of statecraft of classical times, and perhaps of all times. The roots of the Arthashatra can itself be traced from the Rig Veda (which is some 7,000 years old). It is meticulously written by Kautilya (popularly called as Chanakaya) (c. 350–283 BC), who was a Scholar at Takshashila and the teacher, minister, advisor and guardian of Emperor Chandragupta Maurya, founder of the Mauryan Empire (existed in 4th Century), the contemporary of Alexander the Great (4th Century BC). Chanakya has been considered as the pioneer of the field of economics and political science.

Arthashastra, the book written in Sanskrit, one of the oldest languages in the World is a vast repository of knowledge on how to run a state. It is an exhaustive and detailed inventory of Governance system, and contains 6,000 Sutras (Sermons) divided in to 15 Chapters and 18 Sub-chapters instructions about Administration, Management, Law, Justice, Economy, and Foreign Policy etc. It gave such a meticulously and intelligently written description of Good Governance that Megasthanese (Greek Historian who visited India during rule of Chandragupta Maurya) in his book 'Indika' lavishly praised the administration and governance system set up during Mauryan Empire and made a special reference to Arthashastra, following which, even some Western countries developed interest in the philosophy of Chanakya's Arthashastra at that time and they adopted some of the styles of Mauryan administration too.

The Arthashastra provides minute details of inventory of duties of a State as well as its Officials. A more detailed secular constitution of governance and daily life than provided in Arthashastra cannot be imagined. More than eighty per cent of the book is devoted to

^{*} President, ICSI. The views expressed are personal views of the author and do not necessarily reflect those of the Institute.



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explaining the internal working of the state and alternatives to improvements in its Governance. It is indeed an excellent light house for the Governance professionals today.

In the time of *Arthshastra*, the King used to be Supreme power of the State same as a CEO for the modern day. Though, the CEO has replaced the designation of the King in those times today, yet, the basic principles still remain unchanged i.e. Good Governance. Some of the key lessons on Governance given in *Arthashastra* are:

- King is the central point in Chanakya's Arthashastra. A King (the Leader or CEO in the context of organizations' today) should have no self-interest, happiness and joy for himself, his satisfaction lies in the welfare (happiness) of his people (Stakeholders today), i.e. he has to submerge his personality into the larger personality of his people. Bahujana Sukhaya Bahujana Hitayacha (the welfare of the many and the happiness of the many). This clearly indicates the Governance module which Chanakya insisted, it is more or same what we practice in Corporate Governance today, where it is expected that the Directors should act in such a way so as to benefit the stakeholders, investors, institutions and other who work in the organization. In fact, this concept of 'the happiness of the many' need integrated into the area of corporate Management as the basic principle. Here, comes the role of Company Secretary who is guides and advises his Board on such corporate management and efficient administration being a Chief Governance Officer by:
 - Guiding the Board on Corporate Governance policy of the company
 - Guiding the Board on Corporate Laws policy of the company
 - Ensuring corporate accountability by communicating with the organisation's stakeholders and broader community
 - Updating the Board and functional heads on legislative and regulatory developments
 - Taking up the responsibility that directors operate within the boundaries of the law and ensuring proper compliance with statutory and regulatory requirements
- According to Chanakya, Good Governance should avoid extreme decisions and extreme actions. He suggests to take Soft action (Sam, Dam) and also Harsh action (Dand, Bhed) whenever there is a wrongful act. A Company Secretary helps to maintain the balance between these two extremes as and when required. The role of CS as a Chief Governance Professional is crucial here. In India, there are thousands of laws governing the corporate world, some of which require mandatory disclosure of required information, while others are voluntary attracting penalties and punishments. Depending on the class and nature of Company/Industry, a Company Secretary keeps his Board abreast of these ever changing laws so that the companies can save themselves from the Dand, the harsh action (penalties attached) by complying with the same, thereby exhibiting good governance practices on the part of his company.
- He goes on to explain the selection process to be followed to select right person for right jobs. According to Chanakya, the King should appoint trusted people for





administration purpose, while selecting the people he should be very cautious and should see in them qualities of high birth, wisdom, heroism and loyalty. He propounded few tests for selection and tests were conducted in areas of judiciary, wealth, pleasure and fear. A minister would be selected if he successfully clears all the mentioned four tests. Selecting the right person through such tests will help in fighting corruption, better management and also will help in delivering Good Governance.

Modern day Corporate Governance borrows the principle of Board Diversity from this. A Company Secretary makes effective contribution in corporate strategies thereby helping the management to find right kind of directors whereby optimal composition the Board can be ensured. He primarily advises the company on its ideal Board composition with right mix of executive/non-executive and independent Directors. He tries his level best to balance the Board by ensuring Board Diversity. Not only this, he ensures adequate representation of Women directors in the Board room. In India, it has been made mandatory by The Securities and Exchange Board of India for all listed companies to appoint at least one Woman Director on their Board of Directors by 31st March, 2015 in alignment with the requirement of Section 149 of the Companies Act, 2013, under Corporate Governance norms. The Company Secretaries in India as Governance professionals are ensuring that such appointment of women director is made in the Board rooms.

- According to Arthashastra, the King should act according to Dharma (utmost moral and conscious duty of a human being) and should stick on to the ethics and principles of what is told to him. Chanakya was very much against corruption and he is of the opinion that corruption will destabilize the King and the country and as such the person who is involved in any act of corruption should be penalized severely. He insisted on accountability, sharing of work and delegation as the key Mantra for Good Governance. Had these teachings of Arthashastra been imbibed in the modern day Corporate Governance practices by the Companies, the menace of corruption would have been rooted out and major corporate scams across the World and also in India such as Lehman Brothers and Satyam would not have taken place. The Company Secretary is Conscious keeper of his Company and guides it to be accountable and fair to the stakeholders.
- The important qualities and duties of the King as per Arthashastra (the CEO today) are:

Yogakshma Welfare of the State by obtaining what has yet to be obtained

Raksha Security or protection of what has been obtained

Palan Growing and properly using what has been obtained

It is the duty of a Company Secretary as a Chief Governance Professional to ensure:

- Growth of the company.
- Making effective contribution in corporate strategies.



- Developing, implementing, communicating and maintaining governance, risk and compliance policies, processes and procedures.
- Insisting on making effective disclosures to stakeholders on financial and non-financial matters.
- Actively participate and contribute in improving the Internal Control Systems including risk-management.
- Devise, develop and monitor effectiveness of Competition Compliance Programme.
- Looking after success of IPO, ADRs / GDRs for building wealth for the Company and its stakeholders.
- Guiding board on decisions related to Stakeholder Relationship, Capital Markets, Stock Exchanges & Listing Agreement, Mergers & Amalgamations, Insider Trading & Takeovers, Direct and Indirect Taxes.
- Ensuring effective information flows within the Board (or governing body) and with and between Board Committees, and between Non-Executive Directors and Management.
- Chanakya stressed the importance of happiness to all stakeholders of an organisation.
 He stated **Sukhasya Moolam Dharma** which means that happiness is obtained not only by wealth and profit, but also by doing things rightly and doing right things. As a Chief Governance Officer, the Company Secretary ensures happiness of the stakeholders by:
 - Guiding the Board on decisions related to Stakeholders' relationship
 - Strengthening the stakeholders communication mechanism, media policy etc.
 - Bringing environmental sensitivity in board room discussions and business processes
 - Addressing the sustainability issues of business
 - Ensuring that CSR polices are framed and executed in the Board rooms
- Relationship between Wealth and Dharma: Dharma without Wealth, according to Kautilya is toothless (Dharmasya Moolam Artha), and Wealth without Dharma is useless because a poor person cannot support the entire society. Indian culture has always emphasised that Sukhasya Moolam Dharma and Dharmasya Moolam Artha taken together namely, wealth does not lead to directly happiness. Happiness for self and others results through ethical behaviour, earning wealth or acquiring resources through such ethical behaviour. This also means that one must strive to generate wealth resources and money share it equitably to create happiness for oneself and others. Such generation of wealth must also be through ethical means, which alone would lead to overall happiness. The Company Secretaries as Cheif Governance professionals try their best to balance the two.

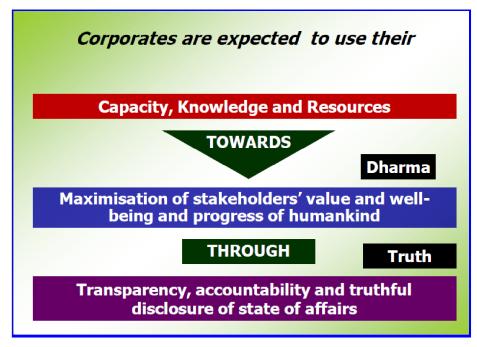




• Qualities of CEO: Chanakaya further stated to generate wealth required by an an enterprise or an organisation or an asset (Arthasya Moolam Rajyam). He then stated the support for organisation is the organs (Rajyasya Moolam Indriyajayah), the functions, processes, activities etc. The victory over organs of the body, which is the literal meaning of the word Indiyajayah, is a well-known concept in the Indian culture and this refers to the control over the five organ of sense (eyes, ears, tongue, nose and skin), an on five organs of action (hands, feet, mouth, genitals and anus). Conquering the body organs are manifested through control over the six enemies of the mind – desires (Kama), anger (Krodha), greed (Lobha), arrogance (Mada), infatuation (Moha) and envy (Matsara). Arthashastra mentions that only the King or CEO who has conquered the organs of his body would be able to put the goals of the organisation first, especially when in conflict with self-interest.

A stable, well-ordered, and highly motivated state that excels in internal management will be in a better position to calibrate itself to meet challenges from its rivals, absorb shocks and defeats, and have a slightly larger margin of error that may well make the difference between survival and oblivion or success and failure. The Company Secretary plays an important role here as he advises on effective the board room practices that guide corporate growth. He ensures effective information flows within the Board (or governing body) and with and between board committees and between non-executive directors and management, advising directors and officers on director's duties, so as to avoid any communication gaps coming in the way of internal management.

To sum up, governance principles of Arthashastra, the age old 'Mantra' of Good Governance can be depicted in the diagram below:





National Convention of Company Secretaries

Mahatma Mandir Convention Centre Gandhinagar, Gujarat
17-19 November, 2016
Thursday-Friday-Saturday

Governance Issues since Last Decade

Governance issues have occupied a primary focus, and since the year 2007, the canvas has become wider following the global financial upset through the housing price bubble in the US. A Bank for International Settlements report revealed that investors lost \$550 trillion as the difference between the disclosed value of securitized assets of \$592 trillion and the real value of the same at \$34 trillion. This eroded confidence within the financial sector, among investors and in the global financial economy which in turn was responsible for the great recession of 2007-2009. The Responsibility for lies in the failure of Corporate Governance in the too-large-to-fail entities like Lehman Brothers; failure of regulatory governance and a catastrophic failure of business ethics, probity and financial accountability. Then, in India, the Satyam episode happened within the Indian shores made the Indian corporate sector sit up with gaping eyes, again responsibility was failure of corporate governance. These developments time and again re-emphasize the role of governance professionals, Company Secretaries being the flag holders amongst all.

After the calamities of Lehman Brothers and the like happened as both the cause and effect of the global financial crisis, the need for continuous strengthening governance professionalism has become the call of the time. The role of Company Secretaries as Chief Governance Professionals comes forward in the form of ethics leaders, expert corporate compliance managers, legal luminaries, financial and accounting experts, and corporate visionaries. Realizing their importance Company Secretaries as governance professionals in multiple sectors such as financial, banking, capital market regulation and corporate governance in large as well as micro, small and medium enterprises, the Institute of Company Secretaries of India has assumed the responsibility to devise, launch and conduct Corporate Governance research and training programmes for making our members as well as corporate directors true governance professionals.

In light of the Satyam episode, we, the governance professionals need to take more responsibility on their shoulders as the entire society holds stake in good corporate governance and regulatory. We need to become proactive.

Present Governance Scenario in India

Companies play an important role in a country's economy and make special contribution to national development. In the first quarter of 2016, the total number of companies registered in the country stood at 1,535,848. Such a huge number of India Inc. affects all facets of national life. In mixed economy such as India, the Government's major economic policies are implemented through the support of corporate sector. A modern company has assumed the character of a major socio – economic institution and public at large is vitally interested in its activities. It should functions not simply as an economic machine intended to churn out profits for its shareholders, but rather as an institution which has social responsibility to a variety of interest. A company's operation must be conducive to the economic growth of the country and for the purpose a comprehensive mechanism is provided in the form of legislations for



regulating corporate affairs. Due to this, Corporate Governance has succeeded in attributing a good deal of public interest because of its importance for the economic health of the corporation and the welfare of society in the contemporary era in India.

Role of Company Secretary as a Chief Governance Professional in India

In India, the profession of Company Secretaries is governed by The Institute of Company Secretaries of India(ICSI) which is constituted under an Act of Parliament i.e. the Company Secretaries Act, 1980 (Act No. 56 of 1980). ICSI is the only recognized professional body in India to develop and regulate the profession of Company Secretaries in India. The vision and mission of ICSI itself stress on promiting good governace practices as given hereunder:

Vision

"To be a global leader in promoting Good Corporate Governance"

Mission

"To develop high calibre professionals facilitating good Corporate Governance"

ICSI Definition of Corporate Governance

"Corporate Governance is the application of best management practices, compliance of law in true letter and spirit and adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for the sustainable development of all stakeholders."

Company Secretaries - As Chief Governance Professionals

Corporate Governance, the buzzword in today's business environment is a combination of legal practices, ethics, best management practices, wealth creation management and foresight. Today's governance professional is a senior decision-maker charged with advising



management and the board on the right policies to be a well-run, legally compliant and socially responsible organisation.



Company Secretary is the key person, who implements all these in an encouraging environment.

Besides, he plays a vital role in planning Company's future. A Company Secretary who represents a company to the internal and external stakeholders, coordinates the management functions and company policies, keeps an eye on ethics and mutual trust, helps in strategic decisions - aligning the company towards excellence.

As a qualified professional from the Institute of Company Secretaries of India, world's largest Institute for Company Secretaries, he is a true multifaceted, who executes the day to day activities encompassing all key areas of Corporate Governance, all the way to corporate growth through foresight and professional dexterity. Today, besides being Chief Governance Officer, he is Chief Business Officer, Strategic Manager and Corporate Planner, Conscious keeper, partner in corporate growth and an extended arm of Government.

Paritcularly, referring capital market, the Company Secretary, over a period of time, has developed themselves as professional having core competence in compliances and corporate

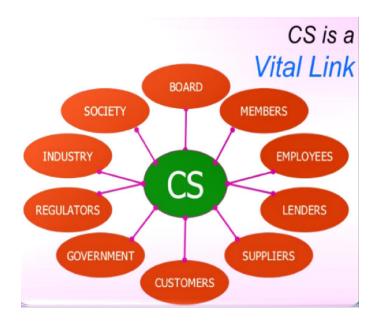




governance, moving from their traditional role of Secretary of the Company. They are now popularly known as governance professionals in capital markets and are more frequently called upon to guide the Corporate Board on various strategic, governance and compliance issues related to capital markets.

The disclosures, transparency, accountability and investor protection are the back bone of the orderly development and growth of the capital markets. This requires companies listed on the Stock Exchanges and various capital market intermediaries to comply with requirements under various Regulations and Guidelines issued by SEBI and Stock Exchanges. The companies accessing the capital markets for raising funds, to listing their securities and thereafter post-listing requirements, need to have a professional who is expert in capital market and corporate governance in ensuring compliances A Company Secretary has the necessary competence to handle all issues concerning corporate governance and capital markets in ensuring compliances as a Chief Governance Officer.

A Company Secretary has substantial exposure in securities laws and capital market related matters. He is not only thoroughly conversant with the technicalities and substantive provisions of the corporate laws but is also a specialised professional in the matter of compliances enjoined under various statutes and the rules, regulations, bye-laws, guidelines made there under.



Attribute of CS as a Chief Governance Professional

- Guiding corporate growth
- Advise the company on ideal Board composition with right mix of executive/non? executive and independent directors



- Advise on effective board room practices
- · Address the sustainability issues of business
- Bring environmental sensitivity in board room discussions and business processes
- Guide the Board on Corporate Governance policy of the company
- Guide the Board on Corporate Laws policy of the company
- Strengthen the stakeholders communication mechanism, media policy etc.
- Make effective contribution in corporate strategies
- Update the Board and functional head on legislative and regulatory developments
- Actively participate and contribute in improving the internal control systems including risk-management
- Devise, develop and monitor effectiveness of Competition Compliance Programme
- Looking after success of IPO, ADRs / GDRs
- Guiding board on decisions related to Stakeholder Relationship, Capital Markets, Stock Exchanges & Listing Agreement, Mergers & Amalgamations, Insider Trading & Takeovers, Direct and Indirect Taxes
- Arbitration & Reconciliation
- Investor Education and Protection
- Corporate Compliance Management.

ICSI is a pioneer Institute in developing Chief Governance professionals who are well equipped and competent to meet the challenge of complying with complex legal, regulatory $\mathcal E$ governance matters.

A Company Secretary is a close confidant of the Board thereby acts as a vital link between the company and its Board of Directors, shareholders and other stakeholders and regulatory authorities Provides the board with guidance such as its duties, responsibilities and powers under various laws, rules and regulations. He ensures that the culture of independence is promoted at the board and committee meetings and at the level of individual directors. He plays a key role in ensuring that the Board procedures are followed and regularly reviewed and acts both compliance officer as well as Chief Governance Officer to advise the Board and the functional department of the company on various corporate, business, economic and tax laws is an important member of the corporate management team.

I will be concluding my talk on this note as well quoted by our Hon'ble Prime Minister Sh. Narendra Modi ji

"While transparency reduces corruption, good governance goes beyond transparency in achieving openness. Openness means involving the stakeholders in decision-making process. Transparency is the right to information while openness is the right to participation."



Transforming Governance through Corporate Boards

Vineet K. Chaudhary*

Introduction

Effective corporate governance is more complex and challenging than ever. The controversies surrounding the corporate landscape have brought the focus and attention on the effectiveness of the board as never before. The role of the board of directors has undergone rapid transformation over the past decade. The board's role is to provide entrepreneurial leadership of the company within a framework of prudent and effective controls which enables risk to be assessed and managed. An effective board develops and promotes its collective vision of the company's purpose, its culture, its values and the behaviours it wishes to promote in conducting its business.

The definition of board effectiveness has shifted dramatically over the past decade. To be truly effective, a board needs directors who can work as a group to clearly define their role and mission, and in specialized individual roles, such as succession planning, acquisitions and capital allocation. High-functioning boards conduct a variety of activities to ensure their members have the right knowledge, skills, and personal capabilities to govern effectively and continue to improve their performance.

Effective boards should be strategically competent. The board has a vital role to play in overseeing management's development of the strategy and its implementation. Strategy sets the direction for a company and impacts virtually everything the company does. The right strategy is the starting point for success. They keep a sharp eye on the future, identify trends in the political and social environment, and formulate responses that position their organization for future success. Their active involvement in envisioning and shaping institutional direction ensures a strategic approach to the organizations future position. Such boards cultivate and concentrate on processes that sharpen priorities and direct attention to a few key matters of symbolic magnitude to the organization.

A board can be considered strategically competent when it focuses most of its attention on issues and priorities that are vital to enhancing the organization's future. When assessing board performance on the strategic dimension, it needs to first focus on the broad question: "How well does this board help envision and shape organizational direction and ensure a strategic approach to its future?"

^{*} Council Member, ICSI & Chairman, Corporate Laws & Governance Committee, ICSI. The views expressed are personal views of the author and do not necessarily reflect those of the Institute.



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Jim Collins' in his book, "Good to Great: Why Some Companies Make the Leap...and Others Don't" says, the moment you think of yourself as great, your slide toward mediocrity will have already begun. Your vision and mission statements trumpet arrogance or humility? Greatness is not a function of circumstance, Greatness, it turns out, is largely a matter of conscious choice, and discipline.

Boards should understand and take into account the culture and norms of the organization they govern. They intentionally rely on the organization's mission, values, and traditions to guide their decisions. Through its actions, the board exemplifies and reinforces its core values. Today's actions must be grounded in organization values, traditions, and mission and be aligned with external environmental changes.

The right tone at the top, reinforced by business unit managers throughout the company, is vital to ensure these values cascade to all employees. The tone set at the top and the role boards can play in overseeing company culture, especially in times of change or crisis is very important. Boards should begin by asking the broad question: "To what extent are our decisions guided by a clear, shared understanding of the organization's mission, culture, and values?"

Diversity among board members facilitates bringing multiple viewpoints to bear on issues before the board. Boards should seek balance of ethnicity, gender, age, sexual orientation, etc. to ensure diversity of views, concerns, and skills which in turn enriches the quality of analysis. Members should be encouraged to raise critical questions about proposed solutions, challenge assumptions, brainstorm about alternative approaches to resolving problems, seek creative direction and, in general, try innovative ways of addressing issues.

Today's boards must better understand the changing landscape of risk oversight, management's role in managing risk, and effective ways to oversee the process. It also includes insights on how boards can most effectively discharge their responsibilities when a crisis strikes. Companies face a vast array of risks — both known and unexpected. It is one of the critical responsibilities of the board.

A primary board responsibility is to develop and sustain healthy relationships and maintain open, two-way communication with all constituencies in the community who have a stake in the organization's success. They need to cultivate alliances with other community organizations where that will be in the best interest of their organization. They enable a board to understand and balance multiple interests of diverse constituencies while arriving at solutions that sustain organizational goodwill toward all stakeholders. Boards must insure open access with the external community whose leaders may have their own perceptions of the organization, its actions and its problems.

Boards should best discharge their oversight responsibilities to ensure that communications are transparent, accurate, and reliable, while balancing stakeholders' demands for more information. Disclosure requirements — for financial statements, proxy filings, and other regulatory filings — have become more voluminous and complex and are under greater scrutiny. Stakeholders have also been asking for more information, beyond what companies are required to provide, to really help them understand performance and risks. These factors



alone make the board's role more challenging. In addition, new technologies are changing how companies communicate with stakeholders and how stakeholders and company critics exchange information.

Composition and leadership are critical in supporting a board's ability to carry out its responsibilities effectively. Boards need the right combination of skills and experience — and to be alert to the fact that the "right" combination changes over time. They also need a leader who will ensure the board effectively discharges its responsibilities and a process that engages directors most productively.

Effective boards should also ensure that all members are well informed about their organization; the board's roles, responsibilities, and performance expectations; and trends and changes in the field. Toward this end they carve out opportunities for members' education and development; seek feedback on their performance; reflect periodically on their work; assess their strengths and limitations; and examine mistakes or missed opportunities. In short, effective boards are intentional learners. Both internal and external environmental changes affect the learning process. Internally, board membership changes over time, and newcomers should learn as much as possible about the organization, how trends in the environment affect it, and how the board operates. Externally factors like hifts in information technology, labour and population trends, etc. also affects the organisation. Understanding the implications in both environments is essential to effective governance.

Rick Legon in his article "The 10 Habits of Highly Effective Boards" has highlighted following 10 characteristics and habits of boards that meet the test of strategic governance. Highly effective boards:

- 1. Create a culture of inclusion.
- 2. Uphold basic fiduciary principles.
- 3. Cultivate a healthy relationship with the president.
- 4. Select an effective board chair.
- 5. Establish an effective governance committee.
- 6. Delegate appropriate decision-making authority to committees.
- 7. Consider strategic risk factors.
- 8. Provide appropriate oversight of academic quality.
- 9. Develop a renewed commitment to shared governance.
- 10. Focus on accountability.

If boards want to transition from good to great, they need to understand how effective they are across a very wide range of matters and, in particular, need to identify areas where improvement will be most likely to increase their effectiveness. With the current global uncertainty and the increasing call for improved corporate governance and board



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accountability, this becomes even more important. Boards can demonstrate their leadership, their commitment to good corporate governance and their accountability to stakeholders by conducting a regular review of their effectiveness. In a survey titled - "Taking your board room from good to great - 101 ways to improve' by Insync, following factors have been identified which impacts board effectiveness -



In India, the Companies Act 2013 (hereinafter referred as the Act) realizing the trends and challenges has introduced a slew of regulations focussed towards enhancing overall governance standards. The Act marks a major step forward and appreciates the current economic environment in which companies operate. It goes a long way in specifically providing for various provisions facilitating boards in India from good to great. The SEBI (Listing Obligations and Disclosure requirements) Regulations 2015 for listed entities also provides for several obligations pertaining to improving corporate governance in listed entities. Some of the provisions are discussed hereunder -

Board composition: Section 149 (1) of the Act stipulates the minimum number of director as three in case of public company, two in case of private company and one in case of One Person Company. The maximum number of directors stipulated is 15. Section 149(4) of the Companies Act 2013 provides that every listed company shall have at-least one third of total number of directors as independent directors and Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 prescribes that the following class or classes of companies shall have at least two independent directors:

Public Companies having paid-up share capital of 10 crore rupees or more; or



- · Public Companies having turnover of 100 crore rupees or more; or
- Public Companies which have, in aggregate, outstanding loans, debentures and deposits, exceeding 50 crore rupees.

Ceiling on number of directorships: Section 165 of the Act provides that a person shall not hold office as a director, including any alternate directorship in more than 20 companies at the same time. The maximum number of public companies in which a person can be appointed as a director shall not exceed 10.

Gender Diversity: Diversity in board composition is an important driver of a board's effectiveness, creating a breadth of perspective among directors, and breaking down a tendency towards 'group think'. The Act provides that certain class of company should appoint at least one woman director on the Board. Section 149(1) and Companies (Appointment and Qualification of Directors) Rules, 2014 Rule (3) read with Section 149(1) provides that every listed company and every other public company having paid—up share capital of Rs.100 crores or more; or turnover of Rs.300 crore or more shall appoint at least one woman director.

Resident director: There is also the provision for resident director. Company should have at least one director who has stayed in India for a total period of not less than hundred and eighty two days in the previous calendar year under section 149(3).

Qualification of independent directors: Rule 5 of Companies (Appointment and Qualification of Directors) Rules, 2014 prescribes an independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business.

Rotation of independent directors: Section 149(10) & (11) provides that no independent director shall hold office for more than two consecutive terms, but such independent director shall be eligible for appointment after the expiration of three years of ceasing to become an independent director. It ensures independence and transparency in the board.

Separate meeting of independent directors: Section 149 read with Schedule IV provides that independent directors of the company shall hold at least one meeting in a year, without the attendance of non independent directors and members of management. All the independent directors of the company shall strive to be present at such meeting.

Board evaluation: With a view to improve performance and effectiveness, progressive boards across Section 134 (3) (p) read with Sub-rule (4) of Rule 8 of the Companies (Accounts) Rules, 2014 provides that every listed company and every other public company having paid-up share capital of twenty five crores or more calculated at the end of the preceding financial year should include in the report by its Board of Directors, a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors. However, this does not apply in case the directors are evaluated by the Ministry or Department of the Central Government which is administratively in charge of the company, or, as the case may be, the State Government, as per its own evaluation methodology.



An effective board evaluation exercise helps the board, committees and individual directors perform to their optimum capabilities. It improves leadership/performance culture, clarifies differing directors' roles, improves board communication and facilitates board teamwork, improves decision making processes and efficiency of board operations etc.

Duties of directors prescribed: The Act clearly indicates focus of regulators toward enhancing the responsibility and accountability of boards. The Act outlines various requirements for Governance, disclosures and enhanced roles, responsibilities and liabilities of the board, its committees and independent directors. Section 166 of the Act, outlines the "Duties of Directors" as under: "A director of a company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment." This leaves no doubt in terms of the all-encompassing ambit of oversight mandated and hence, requires a concerted effort toward implementation of a mechanism to ensure that the responsibilities entrusted are discharged effectively.

Succession planning: Regulation 17(4) of the SEBI (Listing Obligations and Disclosure requirements) Regulations 2015 provides that the Board of the listed entity shall satisfy itself that plans are in place for orderly succession for appointments to the Board and to senior management.

Code for independent directors: The role of an independent director is considered to be of a great significance. The guidelines, role and functions and duties and etc are broadly set out in a code described in Schedule IV of the Act, 2013. The code lays down certain critical functions like safeguarding the interest of all stakeholders, particularly the minority holders, harmonizing the conflicting interest of the stakeholders, analyzing the performance of management, mediating in situations like conflict between management and the shareholder's interest and etc.

The code also lays down certain important duties like keeping themselves updated about the company and the external environment in which it operates, not disclosing important and confidential information of the company unless approved by the board or required by law, actively participating in committees of the board in which they are chairperson or members, keeping themselves update and undertaking appropriate induction and refreshing their knowledge, skills and familiarity with the company, regularly attend the general meetings of the company and etc

Secretarial standards in conduct of meetings: There have been significant developments with regard to conduct of board meetings in the Companies Act 2013. One significant development with regard to conduct of board meetings is observance of secretarial standards. According to Section 118 (10) of the Companies Act 2013, every company shall observe secretarial standards with respect to general and Board meetings specified by the Institute of Company Secretaries of India and approved as such by the Central Government.

The ICSI had issued "SS-1: Meetings of the Board of Directors" which prescribes a set of principles for convening and conducting Meetings of the Board of Directors and matters related thereto. Adherence by a company to this Secretarial Standard is mandatory, as per the provisions of the Companies Act, 2013.





Secretarial Standard 1 provides clarity on various aspects of conducting a board meeting and promotes standard practices to be followed by all companies in similar situations. The adoption of secretarial standards by the corporate sector will have a substantial impact on the quality of secretarial practices followed by companies and also making them at par with global best practices. Some of the ways by which adoption of Secretarial standard 1 will add value to the companies are:

- Strengthen the board decision making as sufficient time will be given to the Directors to make informed decisions.
- Ensure delivery of proper notice and address disputes arising due to non-receipt of Notices/Agenda as proof of delivery of Notices & Agenda and its delivery is required to be maintained by the company.
- Facilitate timely decision making in case of urgent matters as time-frame to be given to Directors for responding to the draft of the Resolutions proposed to be passed by circulation has been laid down.
- Protect the interest of directors by introducing the circulation of copy of signed minutes to all the directors within 15 days of signing.
- Prevent insider trading as Notes on Unpublished Price Sensitive Information are allowed to be placed at a shorter notice with the consent of a majority of directors, which shall include at least one independent director, if any.
- Enable the Auditors to discharge their duties fairly and to the best of their knowledge, they have been conferred the right to inspect important documents of the company, which they may consider necessary for the performance of their duties.
- Avoid manipulation of Minutes maintained in electronic form as the concept of maintaining Minutes in electronic form with Timestamp has been introduced.

Risk management: The Act has brought into the forefront, requirements which necessitate risk management and internal control. Section 134(3)(n) provides that the Board's report as prescribed under Section 134(3) required to include in the Board's Report, a statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, this in the opinion of the Board may threaten the existence of the company.

Concluding Remarks

As Desmond Tutu has quoted- "Do your little bit of good where you are; its those little bits of good put together that overwhelm the world." – The Companies Act 2013 has ushered in a new era of corporate governance and transparency in the Indian corporate sector by introducing significant changes in the provisions related to governance, e-management, compliance, enforcement, disclosure norms etc. The responsibility and accountability of boards have been enhanced. The Act has laid down greater emphasis on good governance through the boards and board processes and enhancing board's effectiveness. The Act has certainly facilitated transition from good to great boards which if implemented in true letter and spirit would definitely take good governance in India to greater heights.



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Quintessence of International Corporate Governance Day - ICGD

Ahalada Rao V.* & Mahadev Tirunagari**

From times immemorial, the world sways towards the good dialect, good endeavours, good character etc., which emancipates more of peace, harmony, pleasantness. Then the moot question lies – Why one should show more of affection and attachment towards good?

The answer is very simple, the homo-sapiens are peace mongers, and they like harmony more than the noise or disturbance.

In such circumstances, are we witnessing a smooth functioning of corporate world which spreads more of harmony and doing some good to the public or society or environment or for that matter any of the stakeholders whether direct or indirect?

Though the evolution of corporate world has witnessed an exponential velocity, there was an inclination towards profit making alone rather than pitching for a balance between the ethical behaviour and profit making.

Amidst these thoughts, a ray of hope to bring back the balance and to set the corporate on the right groove, we have an effective tool in the form of Corporate Governance.

Corporate governance in today's environment is important for everyone. It contributes to sustainable economic development of the country as a whole. It is a multi-level and multi-tiered process that is distilled from an organization's culture, its policies, values and ethics. Corporate governance is perhaps one of the most important differentiators of a business that has impact on the profitability, growth and even sustainability of business. It leads to the creation of value that is not only profitable to the business but sustainable in the long-term interests of all stakeholders.

But then are we really reaping the benefits of Corporate Governance? There are so many quintessential matters which have been the triggering points for coming up with an Idea of having an International Day for Corporate Governance.

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- ** Chairman, Hyderabad Chapter of ICSI.

The views expressed are personal views of the author(s) and do not necessarily reflect those of the Institute.





Corporate Governance - Nonchalant Approach

At present the Corporate Governance is totally a nonrelated subject to the Common man. The common man thinks that this is related only to companies and he is no way connected with this concept.

But the fact is the good governance behaviour of companies makes them to derive the profits in more ethical manner and the profits shown in the financial statements are the base for paying the corporate taxes on properly arrived profits.

Those taxes are utilised by the Government for all the welfare activities for its citizens. In such scenario is it not relevant to common man to understand the importance of Corporate Governance?

Apart from this citizens are the ultimate stakeholders and consumers, It has been found in various studies that the consumers are more attracted towards products of those companies which have adopted good governance practices. The citizens invest in those companies which have performed well in terms of ethics and good governance.

Corporate Governance - Restrictive Approach

Corporate Governance is nothing but ethical behaviour by the corporate houses in doing their transactions.

When Corporate Governance is about ethics, is it only required for listed companies and only big companies?

It has to be extended to all forms of business entities who are doing the business like unlisted companies, Societies, Firms, NGOs, Trusts etc

Corporate Governance - Holistic Approach for Global Economic Harmony

All companies are functioning for achieving their objectives of profit making. But a structured execution with more precision towards compliance will give the ease of executing their business motto and removes the hassles of non-compliance/violations.

When Corporate Governance can achieve the ease of doing business and brings more ethics in doing the business, then will it not boost the economy of the nations?

In-fact this brings the greatest harmony in the economies of all the nations.

When the companies of particular nation are more ethical then everyone will invest in that country and show willingness to do more business.

In the era of globalisation it is of utmost importance to have vigilant corporate sector with an edge on corporate governance. Companies with good governance practices attract huge investments from national and international investors. This will further boost the employment opportunities and flow of fund beyond boundaries.



Corporate Governance - Humanitarian Approach

When the companies are utilising the resources of the nation, be it natural resources, be it human resources or be it any form of resources, then is it not the responsibility on the corporate to give back the society. The corporate governance is all talking about the ethics and responsibility.

This is a big boost for culmination of CSR into the DNA of the companies.

Corporate social responsibility (CSR) has now become a part of mainstream corporate governance as there is a recognition that a company cannot – in the long-term – operate in isolation from the wider society in which it operates. The Corporate Governance is no longer merely about maximising stock value; rather, it concerns the 'relationships among the many players involved (the stakeholders) and the goals for which the corporation is governed.

Corporate Governance - Business sense rather than legal sense

So far the Corporate Governance was looked after in the legal parlance like haunting it as a statutory requirement.

But the underlying fact is it should be understood in a business parlance. This is because the ethical behaviour of the company makes itself stand as a stalagmite among peers and will gain more respect in the public.

The most ethical company is in fact a great asset to the society as well as the government. This is because it will yield all applauds for the government in the form of boosting its economy, serving the GDP, uplifting the employment generation, enhancing the living standards of the people connected with it etc.

International Corporate Governance Day (ICGD)

The conscience of the Corporate Governance should be there internally right from the Board level personnel till the last rung of employees and it should also exist externally right from the Regulator to Investor *vis-a-vis* to a Common Man.

The day would symbolize the importance of corporate governance and would be an opportunity to recreate and stand for the benefits of adopting good corporate governance practices.

An International Day will be a symbolic representation of systematic procedures, processes and their compliances in order to bring transformation in the whole corporate world into a more transparent, ethical, reliable and sustainable corporate.

What more can be achieved with ICGD?

ICGD shall serve as a platform to discuss and enumerate the possible methods and procedures for various corporate governance issues to be adopted by corporates, thereby achieving good corporate citizenship across the globe.

— Annual revisiting of progress on Governance



- Reiterating and strengthening Governance bonds between countries of world by developing standard Governance practices
- Examining and course corrections based on the experiences of member countries on Governance
- Developing Sustaining models on governance for future development.

Lot of discussion, deliberation, brain storming is needed for gradual evolution of good corporate governance.

First and foremost aspect of Corporate Governance is ethics and morality. ICGD shall lead towards concentrating on imbibing the ethics and morality into the DNA of corporate.

The Benefits are multifold to various stakeholders. The stakeholders are:

Countries

- International Visibility for every nation which is following best corporate governance practices
- The countries will get relationship with various foreign Industrial bodies and companies
- Because of the Corporate Governance ecosystem stability, all companies from each country will tend to establish their place of business in other countries
- International Capital flows will grow, further leading to international financial stability
- Corporate Governance models will be established and these models can be utilized in the local bodies/authorities

Corporate Houses

- Improved relations between various foreign Industrial bodies, financial institutions and other companies.
- Industries globally will gain confidence of Investors and stakeholders because of its involvement in Corporate Governance and prevention of frauds and are looked upon as a more stakeholder vigilant Industrial house.
- World becomes a play field for all business houses as they all would like to do business with good and ethical companies irrespective of their location.
- Standardize the corporate functioning as well as make them highly effective and accountable.
- Make management of the corporate aware of their work, internal processes and work with full commitment.
- Enhance the growth and development of corporate both nationally and internationally through good corporate governance measures.



• Can standup as a stalagmite among the entire pool of corporates taking the role of a torchbearer for others.

Organisations/Regulators

- A common consensus about the varied policies and procedures to be adopted by the corporate institutions across the world can be achieved.
- A common platform is available to share the thoughts and experiences in relation to the corporate governance issues.
- A think tank for the entire globe will come into existence for appraising the Corporate Governance matters which will work like a proper guidance note for the entire world.

Shareholders

- Better norms for shareholder protection and transparency in Corporate Affairs.
- Can achieve open and accountable administration in corporations.
- Better returns for their investments.

Common Man

- Indirect benefit because all the welfare activities taken by the government is dependent on the taxes paid by the corporate and a well governed company is a true asset to the government and a loyal tax payer.
- Creation of employment opportunities.

Corporate Governance shall be enhanced from its existing horizons to newest scales. The awareness on critical governance issues shall be farthest.





Introduction of Simplified Proforma for Incorporating Company electronically (SPICe) forms by Ministry of Corporate Affairs is one more step towards Ease of Doing Business

Bhaskar Subramanian*

The Ministry of Corporate Affairs has taken another bold initiative in Government Process Re-engineering (GPR) and launched Simplified Proforma for Incorporating Company Electronically (SPICe) form, electronic MoA and AoA with the specific objective of providing speedy incorporation related services within stipulated time frame which are in line with international best practices. The introduction of Simplified Proforma for Incorporating Company electronically (SPICe) forms will not only accelerate the process of Incorporation of Companies but also reduce the time spent by professionals while incorporating them. The Companies (Incorporation) Third Amendment Rules notified on 27th July 2016 has liberalized many requirements in respect of Proof of Identity and Proof of residence in respect of Subscribers and Directors having a valid DIN. Accordingly it has relaxed the mandatory attachment of proof of identity and residence in respect of a subscriber having a valid DIN. Let us discuss briefly the salient features of SPICe forms.

 Name already approved in form INC-1 can also be used for incorporating a company via SPICe.



Note: Reference of form INC-1 is mandatory in case of Section 8 company, as a prerequisite to application for incorporation is issue of license under section 8 vide e-form INC-12 (having reference of INC-1).

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Changes done in fields/attachments in SPICe (vis-à-vis existing INC-29):

- New sub-field 1(f) is introduced to capture the license number issued u/s 8 to the company.
- Option to apply for deviation from standard MOA and AOA is deleted from field 2.
 User is bound to opt for standard template except where attachment of manual MOA and AOA is required.
- New sub-field 5(a)(i) is inserted for inclusion of reference to INC-1. This enables to enter the approved name and fasten the incorporation process.
- Existing sub-field 5(b)(ii) and (iii) are deleted (with regard to relative/blood relative) as rule 8(4) of the Companies (Incorporation) Rules, 2014 has already been 'omitted' vide amendment rules, 2016.
- Aadhaar number is made mandatory for persons having PAN. Also copy of aadhaar card will be accepted as a residential proof in form SPICe.
- MoA and AoA shall be filed as linked e-forms (exceptions being in case the proposed company is section 8 company or any subscriber is a foreign national without having DIN).
- Table in field 6(a) is re-arranged and made user friendly
- Omission of sub-field 5(b)(ii) and (iii) resulted in deletion of attachment no. 7 (Proof of relation) and 9 (NOC from any other person).
- Insertion of field for SRN of form INC-1 requires a new attachment 'NOC in case there is change in the promoters (first subscribers to Memorandum of Association)'
- In case name already approved via form INC-1 contains prescribed word(s) requiring approval from CG or sectoral regulator, new attachments of 'Copy of approval in case the proposed name contains any word(s) or expression(s) which requires approval from Central Government' and 'In principle approval from the concerned regulator' are required.
- Based on the type of company, following standard templates of eMoA and eAoA shall automatically become applicable:

Type of company	MoA	AoA
Company limited by shares	Table A	Table F
Company limited by guarantee not having share capital	Table B	Table H
Company limited by guarantee having share capital	Table C	Table G
Unlimited company not having share capital	Table D	Table J
Unlimited company having share capital	Table E	Table I



Standard format of Memorandum of Association (SPICe MOA - INC-33)

- 3rd (a) The objects to be pursued by the company on its incorporation are:—
 - (b) Matters which are necessary for furtherance of the objects specified in clause 3(a) are:—
- 4th The liability of the member(s) is limited and this liability is limited to the amount unpaid, if any, on the shares held by them.
- Standard format of Articles of Association (SPICe AOA INC-34)

ARTICLES OF ASSOCIATION OF A COMPANY LIMITED BY SHARES

Interpretation

- **I.** (1) In these regulations—
 - (a) "the Act" means the Companies Act, 2013,
 - (b) "the seal" means the common seal of the company.
- (2) Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the company.

Share capital and variation of rights

II. 1. Subject to the provisions of the Act and these Articles, the shares in the capital of the company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.



— Entrenchment of Articles: If user wants to entrench any article, applicant may select alteration option against that and modify the same: SPICe AoA has facility for adding, modifying, deleting and entrenching Articles.

Article No	Description Interpretation			
I	 (1) In these regulations (a) "the Act" means the Companies Act, 2013, (b) "the seal" means the common seal of the company. (2) Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the company. 			
	Share capital and variation of rights			
II 1	Subject to the provisions of the Act and these Articles, the shares in the capital of the company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.			

— DSC of subscribers and witness is mandatory in eMoA and eAoA (Presently Digital signatures of maximum of 7 Subscribers and 1 witness can be affixed):

S.No.	Subscriber Details				
S. NO	Name, Address, Description and Occupation	DIN/PAN/Passport Number	Place	DSC	Dated
				Thread .	
				The red	
				2000	



Signed before Me					
Name		Address, Description and Occupation	DIN/PAN/Passport Number/ Membership Number	DSC	Dated

- eMoA (INC-33) and eAoA (INC-34)shall be filed as linked e-forms to SPICe (INC-32) and the total file size being 6 MB.
- Users may obtain approved eMoA and eAoA through 'Certified Copies' facility.

Next version of SPICe to include

Incorporation of 'Part I company' is not enabled presently and MCA may consider taking this also in the next version of SPICe.

 However, Form URC-1 being a pre-requisite to incorporation process of Part I Company may add 13 attachments in form SPICe and thus would increase the overall attachments to form SPIC e(approx. 30+)

Due to size constraint presently, the eMoA and eAoA has provision for affixing the DSCs of a maximum of 7 subscribers and 1 witness only. However, many of the companies may want to have the signatures of more than 7 subscribers and 1 witness at the time of Incorporation and the same has to be facilitated at an early date to encourage filing of SPICe forms. Further, process for enabling foreign nationals to be subscribers to eMoA and eAoA has also to be expedited. Undoubtedly, professionals can submit the SPICe forms faster enabling Central Registration Centre (CRC) Officials to process faster as the eMoA and eAoA are machine readable. Further, easy resubmission and reduction in attachments will considerably reduce the processing time. All professionals engaged in the incorporation of companies may use SPICe forms more in number to hasten the process of incorporation. The introduction of SPICe forms by the Ministry of Corporate Affairs is another step towards Ease of Doing Business in our country.

* * *



Abuse of Dominance and the Competition Act, 2002

Surendra U Kanstiya*

'It is not necessary to blow out the other person's light to let your own shine'.
-Edmund Burke

Abuse of Dominance

'Abuse of dominance' is a key anti-competitive practice prohibited under the competition regime all over the world. Also known as monopolization or misuse of market power, such practices cause immense harm to the healthy competition culture in an economy and hence prohibited. It was observed in the case $Hoffmann-La\ Roche\ \mathcal{E}\ Co.\ AG\ v.\ Commission\ of\ the\ European\ Communities.$

"The concept of abuse is an objective concept relating to the behaviour of an undertaking in a dominant position which is such as to influence the structure of the market whereas a result of the very presence of the undertaking in question, the degree of competition is weakened and which through recourse to methods different from those which condition normal competition in product or services on the basis of the transactions of commercial operators, has the effects of hindering the maintenance of the degree of competition still existing in the market or the growth of that competition."

The Competition Act, 2002 (the Act) prohibits the abuse of dominance by any enterprise or group. The Competition Commission of India (the Commission) is empowered to impose monetary penalty and to pass orders directing the erring enterprise to discontinue such abuse. The Commission may also direct the division of an enterprise having the dominant position in the relevant market. This paper gives an overview of the provisions of the Act on abuse of dominance.

Prohibition of Abuse of Dominant Position

Section 4 of the Act dealing with the abuse of dominance reads as under:

- 4. (1) No enterprise or group shall abuse its dominant position.
 - (2) There shall be an abuse of dominant position under sub-section (1), if an enterprise or a group.—
 - (a) directly or indirectly, imposes unfair or discriminatory—
 - (i) condition in purchase or sale of goods or service; or

^{*} FCS, Practising Company Secretary. The views expressed are personal views of the author and do not necessarily reflect those of the Institute.



- (ii) price in purchase or sale (including predatory price) of goods or service.
- Explanation.— For the purposes of this clause, the unfair or discriminatory condition in purchase or sale of goods or service referred to in sub-clause (i) and unfair or discriminatory price in purchase or sale of goods (including predatory price) or service referred to in sub-clause (ii) shall not include such discriminatory condition or price which may be adopted to meet the competition; or
- (b) limits or restricts
 - (i) production of goods or provision of services or market therefor; or
 - (ii) technical or scientific development relating to goods or services to the prejudice of consumers; or
- (c) indulges in practice or practices resulting in denial of market access in any manner; or
- (d) makes conclusion of contracts subject to acceptance by other parties of supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of such contracts; or
- (e) uses its dominant position in one relevant market to enter into, or protect, other relevant market.

Explanation.—For the purposes of this section, the expression—

- (a) "dominant position" means a position of strength, enjoyed by an enterprise, in the relevant market, in India, which enables it to—
 - (i) operate independently of competitive forces prevailing in the relevant market; or
 - (ii) affect its competitors or consumers or the relevant market in its favour.
- (b) "predatory price" means the sale of goods or provision of services, at a. price which is below the cost, as may be determined by regulations, of production of the goods or provision of services, with a view to reduce competition or eliminate the competitors.
- (c) "group" shall have the same meaning as assigned to it in clause (b) of the Explanation to section 5.

The section prohibits the abuse of dominance by any enterprise or group in the relevant market. The section declares that there shall be an abuse of dominant position in case the unfair practices listed under clauses (a) to (e) of sub-section (2) are followed by any enterprise or group. Following are the key elements of section 4:

a. Relevant market



- b. Assessment of dominance
- c. Ascertainment of the abuse of dominance.

Relevant Market

Section 2(r) of the Act defines the relevant market to mean the market which may be determined by the Commission with reference to the relevant product market or the relevant geographic market or with reference to both the markets. Relevant geographic market means a market comprising the area in which the conditions of competition for supply of goods or provision of services or demand of goods or services are distinctly homogenous and can be distinguished from the conditions prevailing in the neighbouring areas. For determining the relevant geographic market, the factors that may be considered are: (a) regulatory trade barriers; (b) local specification requirements; (c) national procurement policies; (d) adequate distribution facilities; (e) transport costs; (f) language; (g) consumer preferences; (h) need for secure or regular supplies or rapid after-sales services. Relevant product market means a market comprising all those products or services which are regarded as interchangeable or substitutable by the consumer, by reason of characteristics of the products or services, their prices and intended use. For determining the relevant product market, the factors that may be considered are:(a) physical characteristics or end-use of goods; (b) price of goods or service; (c) consumer preferences; (d) exclusion of in-house production; (e) existence of specialised producers; (f) classification of industrial products.

Assessment of Dominant Position

According to the explanation (a) to section 4, 'dominant position' means a position of strength, enjoyed by an enterprise, in the relevant market, in India, which enables it to-

- (i) operate independently of competitive forces prevailing in the relevant market; or
- (ii) affect its competitors or consumers or the relevant market in its favour.

In his dissenting order in the case 2 No. 17 of 2010, Shri R Prasad, Hon'ble Member, CCI offered a good analysis of the said explanation in the following words:

The use of the word "or" in the above provision implies that the provision contemplates 4 distinct types of dominant position:

- Type A The position of strength enables the enterprise to completely insulate itself competitive forces in the relevant market;
- Type B The position of strength enables the enterprise to affect the relevant market in its favour;
- Type C The position of strength enables the enterprise to accept its competitors in its favour;
- Type D The position of strength enables the enterprise to affect consumers in its favour. (emphasis added)





It was held by the Commission in the case 3 No. 29 of 2015 that 'the underlying principle in defining dominant position of an enterprise in a relevant market is linked with the concept of market power which allows an enterprise to act independently of competitive forces. Such independence allows an enterprise to affect the relevant market in its favour'.

Ascertainment of the Abuse of Dominance

To ascertain whether an enterprise enjoys a dominant position or not, the Commission is supposed to take in to account, certain factors which are listed in section 19(4). It is pertinent to note that the Commission is not supposed to consider all these factors while ascertaining the dominance. In Appeal 4 No. 15 of 2011 the Competition Appellate Tribunal held that the duty of the Commission while considering the position of dominance is to take into consideration all the factors under section 19(4). However, sub-section (4) also empowers the Commission to take "any" of the factors, considering that market share is but one factor, size and resources of the enterprise, economic power of the enterprise, vertical integration of enterprises or sale or service network of such enterprises are also some of the other relevant factors. These factors are as follows:

- (a) market share of the enterprise;
- (b) size and resources of the enterprise;
- (c) size and importance of the competitors;
- (d) economic power of the enterprise including commercial advantages over competitors;
- (e) vertical integration of the enterprises or sale or service network of such enterprises;
- (f) dependence of consumers on the enterprise;
- (g) monopoly or dominant position whether acquired as a result of any statute or by virtue of being a Government company or a public sector undertaking or otherwise;
- (h) entry barriers including barriers such as regulatory barriers, financial risk, high capital cost of entry, marketing entry barriers, technical entry barriers, economies of scale, high cost of substitutable goods or service for consumers;
- (i) countervailing buying power;
- (j) market structure and size of market;
- (k) social obligations and social costs;
- (l) relative advantage, by way of the contribution to the economic development, by the enterprise enjoying a dominant position having or likely to have an appreciable adverse effect on competition;

(m) any other factor which the Commission may consider relevant for the inquiry.

Prohibited Practices

A dominant enterprise following any of the below mentioned practices as listed under section 4(2) shall be deemed to be guilty of abuse of dominance:

(i) directly or indirectly, imposes unfair or discriminatory condition in purchase or sale of goods or service; or



- (ii) directly or indirectly, imposes unfair or discriminatory price in purchase or sale (including predatory price) of goods or service.
- (iii) limits or restricts production of goods or provision of services or market therefor; or
- (iv) limits or restricts technical or scientific development relating to goods or services to the prejudice of consumers; or
- (v) indulges in practice or practices resulting in denial of market access in any manner; or
- (vi) makes conclusion of contracts subject to acceptance by other parties of supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of such contracts; or
- (vii) uses its dominant position in one relevant market to enter into, or protect, other relevant market.

The Competition Appellate Tribunal in Appeal 5 No. 20 of 2011, noted that as a dominant player in the market, it has a special duty to be within the four corners of law. An abuse of dominance whether it is on one count or on many remains an abuse and therefore it must be dealt with iron hands.

It is interesting to note that there is no need to establish that the practices would result in appreciable adverse effect on competition. Explaining the same, the Commission, in its majority order in Case 6 No. 15 of 2010, held as under:

Section 4 of the Act gives an exhaustive list of practices that shall constitute abuse of dominant position and, therefore, are prohibited. Abuse of dominance is judged in terms of specified acts committed by a dominant enterprise. Such acts are prohibited under the law. There is no need for any reference by the Commission to the adverse effect on competition in Indian Markets. These practices are just prohibited, as an abuse of its dominant position and therefore, the Act does not envisage to explicitly prove such abuse of dominance only when it causes or likely to cause an appreciable adverse effect on competition in the relevant market within India. Rather, any abuse of the type specified in the Act by a dominant firm shall stand prohibited.

Huge Penalties

Contravention of the provisions of section 4 results in to imposition of huge penalties on the erring enterprise. In addition to passing the cease and desist power, the Commission may impose penalty of an amount up to 10% of the average of the turnover for the last 3 preceding financial years, upon the errant enterprise. Section 28 confers an overriding power on the Commission for division of the enterprise. While passing such order, the Commission, may provide for all or any of the following matters:

- (a) the transfer or vesting of property, rights, liabilities or obligations;
- (b) the adjustment of contracts either by discharge or reduction of any liability or obligation or otherwise;
- (c) the creation, allotment, surrender or cancellation of any shares, stocks or securities;



- (d) the formation or winding up of an enterprise or the amendment of the memorandum of association or articles of association or any other instruments regulating the business of any enterprise;
- (e) the extent to which, and the circumstances in which, provisions of the order affecting an enterprise may be altered by the enterprise and the registration thereof;
- (f) any other matter which may be necessary to give effect to the division of the enterprise.

Section 28 also provides that, notwithstanding anything contained in any other law for the time being in force or in any contract or in any memorandum or articles of association, an officer of a company who ceases to hold office as such in consequence of the division of an enterprise shall not be entitled to claim any compensation for such cesser.

Conclusion

In line with the key principles of corporate governance, it is imperative, the large enterprises recognize their responsibilities towards numerous stakeholders including the competitors and the consumers. Introduction of competition compliance programme by the organization can be an important step in this direction. Compliance with fair business practices can be made a specific norm in the code of conduct for the decision makers operating at various levels and thereby good governance within the organization can be ensured.

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Nuts and Bolts on Commercialisation of IPRs, created through Innovation, National IPR Policy (2016) with Reference to Rural India

Saibal C. Pal*

Innovations, which started from time immemorial, have taken the world forward. Invention of electricity, computers and internet *inter alia* changed the world landscape. Innovations, based on scientific principles, resulted in development of technology which was transformed into reality by engineers. Invention of computers, internet, e-mail, mobile phones revolutionized trade, commerce and industry also impacting our personal lives.

Knowledge is the key to innovations leading to inventions. Innovations are protected through Intellectual Property Rights laws in force. The laws differ in countries but their basis is the same. World Trade Organisation (WTO) through Trade Related Intellectual Property Rights (TRIPs) brought about uniformity in the laws. Each WTO member country protects software embedded in computers under the Patent Act by granting a patent if the same is novel. All Brands are protected by registration under the Trade Mark Act. There are other IPR laws which protect different aspects of creation.

The world is connected through internet and the countries are gradually moving towards a single market place. To-day, sitting in a city, one can buy a packet of branded, 'Makaibari Tea' organic Darjeeling Tea from other city, payment made from a Bank Account in another city to a consumer at yet another city. The purchase and delivery being completed in a span of about four days. There is innovation at each stage and each effort and contribution needs protection. In this process several assets are created by the IPR laws. The laws protect such assets. IPRs created in India can be protected in different counties too. 'Darjeeling Tea' brand is registered under the Geographical Indications of Goods (Registration and Protection) Act, 1999 in India. The registration in India is accepted world-wide. Now, tea produced in Kenya cannot be marketed as 'Darjeeling Tea'. Through registration under GI, India has the exclusive right over,' Darjeeling Tea, (word and logo)' world over. The logo and word, 'Darjeeling Tea' is also registered under the Trade Mark Act, 1999. Trade Marks protect the brands which turn into assets. Through the Madrid System, in vogue, brands registered under Trade Mark Act, 1999 in India cannot be registered by anyone other than the owner, in another WTO country.

Industrialisation is dependent on the advancement and protection of knowledge. Key factor

^{*} FCS. The views expressed are personal views of the author and do not necessarily reflect those of the Institute.

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giving fillip to industrialization is the protection of innovations through registrations under the various IPR laws. World-wide, Alphabet, an IT based company, is the most valued company with market capitalization of \$ 498.56 Billion followed by Apple's \$ 496.69 Billion. In India TCS is the highest valued company with market capitalization at Rs 466639.98 Cr. Reliance Industries comes second with market capitalization of Rs 359984.53 Cr. Of the ten wealthiest persons in India, two persons, namely Azim Premji and Shiv Nadar are from the Information Technology Sector. If we consider the world, Bill Gates from the Information Technology field leads as the wealthiest person. Information Technology Sector companies lead amongst industries world-wide. It leads in terms of value and this is created through the support of the IP laws namely, Patent, Trade Mark, Copyright Acts.

IPRs recognised by Trade Related Inellectual Property Rights (`TRIPS') include Copyright dealt under the Copyright Act, 1957, Geographical Rights under the Geographical Indications of Goods (Registration and Protection) Act, 1999, Information Technology under the Information Technology Act, 2000, industrial designs under the Design Act, 2000, semiconductor integrated circuit layout designs and the other connected or incidental matters under the Semiconductor Integrated Circuits Layout – Design Act, 2000, inventions under the Patents Act, 1970, protection of plant variety through the Protection of Plant varieties and Farmer's Rights Act, 2001, trademarks through the Trade Marks Act, 1999 and bio-diversity through the Biological Diversity Act, 2002.

IPRs are intangible assets and considered in certain sectors as the most valued assets of the company. As per Schedule III to the Companies Act, 2013, IPRs owned by a company are required to be shown under, Non-current Assets under Fixed Assets included under Intangible Assets. The Companies Act, 1956 did not include Intangible Assets under Schedule VI. Assets registered as an IP and harnessed increases revenues and profits for companies and its value can be raised through ensuring development and protection of the proprietory rights over them which creates bundle of rights in relation to certain material objects created by the owner. Revenue can be earned through Licensing of IPRs. Microsoft, IBM, HP are dependent on licensing for revenues to a large extent.

To bring about uniform application of IPR laws in the country, Ministry of Commerce and Industry, Department of Industrial Policy & Promotion, on 12/5/2016 notified the National Intellectual Property Rights Policy aims at promotion of a total and familiar eco-system to catalyse the full potential of intellectual property for India's economic growth and socio-cultural development, protecting public interest. Objective of announcing the National IPR Policy is to create and spread awareness of the importance of IPRs as a marketable financial asset and economic tool.

The Vision Statement of the Policy states that it aims at an India where creativity and innovation are stimulated by Intellectual Property for benefit of all; an India where Intellectual Property promotes advancement in science and technology, arts and culture, traditional knowledge and biodiversity resources, an India where knowledge is the main driver of development and knowledge owned is transformed into knowledge shared.

The Mission Statement states that it is to stimulate a dynamic, vibrant and balanced IPR



system in India to: (i) foster creative and innovation and thereby, promote entrepreneurship and enhance socio-economic and cultural development, and (ii) Focus on enhancing access to healthcare, food security and environmental protection among other sectors of vital social, economic and technological importance.

The Policy includes seven objectives as under:

- 1. IPR Awareness: Outreach and Promotion.
- 2. Generation of IPRs
- 3. Legal and Legislation Framework
- 4. Administration and Management
- 5. Commercialization of IPR
- 6. Enforcement and Adjudication
- 7. Human Capital Development.

The Policy is summarized under the seven objectives as under:

- (a) It emphasizes capitalization of the existing IP assets of the country as a priority. Value of IPRs can be obtained through encouragement of growth of the spirit of entrepreneurship. Incubators and Accelerators set up for promotion of entrepreneurship need strengthening by focusing on IP-oriented services. Finance for business enterprise is a constraint and connecting investors with IP creators is considered sin qua non. Valuation of IP and exploiting the potential needs are to be harnessed. Government and the bodies, BIRAC, NRDC and TIFAC fund IP creation but the existing funding criteria need examination. Public –funded research laboratories, academia and other institutions are to act towards commercialization of proven research. State support for development and deployment of the IPRs created and held is emphasised.
- (b) Creativity, innovation and encouragement of entrepreneurship are focused. Spread of IPR awareness, building strong legislative framework, modernizing administration and management of IP are included as factors that must be taken up in the right direction.
- (c) Department of Industrial Policy and Promotion ('DIPP') will be the nodal point for coordination, guidance, overseeing the implementation and future development of IPRs. Copyright, administered by the Ministry of Human Resources Development, will be under DIPP which will also administer Ministry of Communications and Technology. 'Cell for IPR Promotion and Management (CIPM)' will be set up under the administration of DIPP to oversee promotion, creation and commercialization of IPRs.
- (d) The Controller General of Patents Designs and Trademarks will fix timelines for granting registration, disposal of opposition matters pertaining to trademarks. From the year 2017, trade mark registration would be brought down to one month.



- (e) Traditional Knowledge Digital Library (`TKDL') beyond Ayurveda, Yoga, Unani and Siddha, will be allowed to be accessed by public research institutions and private entities for R& D.
- (f) Emphasis will be laid for Inclusion of less visible IP creators and holders, with importance to rural areas, small business, farmers, holders of traditional knowledge, traditional culture, expressions and folklore, designers and artisans.
- (g) Focus on development of IPR knowledge among academia, legal practitioners, judiciary, IP users and civil society. Arrangement of training and introduction of multi disciplinary IP courses in major training institutions will be taken up. IPR will be included as a part of the curriculum in all legal, technical, medical and management institutions, schools and colleges.
- (h) Government will conduct comprehensive IP audit in various sectors, to prepare and bring into force sector-wise programs to reach out to potential creators of IP.
- (i) Incentives to promote R & D for IP creation is as under:
 - (a) Tax benefits by simplifying direct and indirect tax benefits.
 - (b) Financial support for sale and export of products based on IPRs of public funded research.
 - (c) Effective loan guarantee schemes for encouragement of start-ups covering risk of genuine failure in commercialization based on IPRs as mortgage-able assets.
- (j) Encourage creation of IP by removing hurdles by providing financial assistance, tax sops with aim of commercialization of IP created. Government to emphasise implementation of the existing IP laws for IP creation as a national mission.

Commercialization of IPRs as an Objective included in the Policy

Commercialisation is included under fifth objective of the Policy. Commercialistion of IP is a must for deriving its value. The Patent Act makes industrial application which means commercialisation a must for obtaining a patent. The Policy lays down commercialization as a criteria for commercialisation of technology/IPRs with special reference to the MSME sector, academic institutions, individual innovators who are not in a position to exploit IP assets commercially. Commercial exploitation varies for each IPR.

Steps for commercialization include

- 1. The Cell for IPR Promotion and Management (CIPAM), set up, will create:
 - (a) Platform for IPR owners and users, for creators and innovators to connect with potential users, buyers and funding agencies.
 - (b) Undertake study for examination of feasibility of setting up an IPR Exchange for buying and selling of IPRs.
 - (c) Facilitate access to data bases on Indian IP and global data bases of creators/innovators, market analysts, funding agencies, IP intermediaries.



- (d) Promotion of public sector initiatives.
- 2. Promote licensing and technology transfer of IPRs, deriving suitable contractual and licensing guidelines, promote patent pooling and cross licensing to create IPR based products and services.
- 3. Support MSMEs, individual investors and innovations from informal sectors by setting up facilitation centres with single window services.
- 4. Incentivize Indian investors, MSMEs, start-ups, to acquire and commercialize IPRs abroad also.
- 5. Examine availability of standard Essential Patents (STEPs) on fair, reasonable and non-discriminatory (FRAND) items.
- 6. Identify opportunities for marketing Indian IPR-based products, especially GIs, and services internationally.
- 7. Promotion of collaborative IP generation and commercialization efforts among R& D institutions, Industry, Academia and Funding Agencies.
- 8. Ensure enhanced access to affordable medicines and other healthcare solutions by: (a) encouraging cross-sector partnerships between public sector, private sector universities and NGOs; (b) promoting novel licensing models, and (c) developing novel technology platforms.
- 9. Streamline regulatory processes for timely approval for manufacturing and marketing of drugs maintaining safety and efficacy standards.
- 10. Make efforts to reduce dependency on active pharmaceutical ingredients (API) imports, including incentivizing manufacture of APIs in India revitalizing PSUs in health care sector.

Support financial aspects by:

- (a) Enabling valuation as intangible assets by application of appropriate methodologies and guidelines, facilitating securitization of IPRs by creation of enabling legislative, administrative and market framework.
- (b) Facilitating investment in IP driven industries and services through the IP Exchange by bringing investors/funding agencies and IP owners/users together.
- (c) Providing financial support to the less empowered groups of IP owners or creators like farmers, weavers, artisans, craftsmen, artists etc. through financial institutions like rural banks, co-operative banks offering IP friendly loans.
- (d) Providing financial support for development and commercialization of IP assets through link with financial institutions, banks, venture capital funds, angel funds, crowd funding mechanisms.



- (e) Utilizing Technology Acquisition and Development Fund under the manufacturing Policy for licensing or procuring patented technologies.
- (f) Taking stock of all IP funding provided by the Government and make rules as deemed appropriate.

Promote use of Free and Open Source Software along with adoption of open standards, possibility of creating Indian standard operating environments will be examined.

Promote going-to-market activities by:

- (a) Support MSMEs and research institutions to validate pilots and scale up through market testing.
- (b) Provide seed funding for marketing i.e participating in trade fairs, industry standards bodies, other forums.
- (c) Provide guidance and support IPR owners for e-commerce through internet and mobile platforms.
- (d) Encouraging enterprises to create brand equity from their IPRs i.e. trademarks and GIs.

Commercialisation of IP with reference to Rural India

About 70 per cent of Indian population lives in rural India. The IP Policy has stressed need for spreading awareness of IP knowledge to rural areas. Rural India boasts of number of IPs generated. There about 240 GIs registered so far. Many more registrations are in the pipeline. Several factors are to be proved before registration is granted. `Darjeeling Tea', 'Mysore Silk', `Nagpur Orange', 'Joynagar Moa' are some of the GIs registered. GI registration links the products to the place of its origin. The name, Nagpur Orange, goes to link the fruit orange to the place, Nagpur. Rural India can benefit from the traditional products produced from a particular region. Registration will give value to the product due to its uniqueness. With the increase in value of the product, revenue and volume will increase. It would check labour migration. The Policy states of financial and infrastructure support by the Government and aims at providing market for such products in India and abroad.

Farmers' rights in crops produced in certain areas will be provided with the support of the provisions of the Protection of Plant Varieties and Farmers' Act, 2001. Designs of products produced in the rural workshops can be protected by the Design Act, 2000.

The National Intellectual Property Rights Policy, 2016 is here to establish IPRs and to give them the rightful place. The Policy inter alia has focused commercialization of IPRs with reference to rural India also. The Policy if implemented in a proper manner by adhering to the various objectives, is bound to give a push to innovation leading to technological development, increased production, larger market for products. Technology developed to create assets will be protected through registrations under the several Acts. The Policy will bring about awareness to make the country proud of the IPs created to derive value through commercialization.

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Masala Bonds - An Effective Tool to reduce Finance Cost

G. Prasanna Bairy*

Borrowing by Indian companies from the overseas market or external commercial borrowings is regulated by the RBI and is governed by the various directives issued by RBI in this behalf. Until recently, the ability of Indian companies to borrow from the overseas market was predominantly limited to foreign currencies. RBI issued its A.P (DIR series) circular No. 17 on 29th September, 2015 (the 'Rupee Bond Guidelines') which allowed Indian companies to raise funding through the issuance of Rupee denominated debt instruments which are now widely referred to as 'Masala Bonds'.

The International Finance Corporation (IFC) an arm of the World Bank, issued the first Masala Bond in October 2013 as part of its \$2 billion off shore rupee programme. Subsequently, IFC was permitted to expand the issuance programme and issued a 10 year, 10 billion Indian Rupee bonds in 2014. These bonds described as 'Masala bonds' marked the first rupee bonds listed on the London Stock Exchange.

Meaning

Masala Bonds are Rupee denominated bonds issued abroad. In other words, though these bonds are subscribed by overseas investors, it will be denominated in Indian Rupee thus doing away with the need to hedge foreign exchange risk from the perspective of borrower.

Recently HDFC has raised Rs. 3,000 crores though Masala Bonds (refer http://economictimes.indiatimes.com/markets/bonds/hdfc-raises-rs-3000-crore-in-1st-ever-masala-bonds-issue/articleshow/53215611.cms). It is reported that all-in annualised yield to the investors works out to 8.33% per annum. It seems HDFC has agreed to bear the burden of withholding tax of 5% to be deducted from the interest payable to investors.

In this article, an attempt has been made to understand the Masala Bonds from finance perspective as it can dramatically reduce the finance costs and improve the finance leverage.

Framework

RBI has vide its A.P (DIR Series) circular no. 17 dated September 29, 2015 put in place a framework for issue of Rupee denominated bonds within ECB policy. In other words, money borrowed through issue of Masala Bonds will be treated as ECB in borrower's books. Further RBI vide its A.P (DIR Series) circular no. 60 dated April 13, 2016 amended few parameters of

^{*} ACS. The views expressed are personal views of the author and do not necessarily reflect those of the Institute.



circular dated September 29, 2015 and clarified that investment in Masala Bonds will be treated as Foreign Portfolio Investment (FPI) in debt securities and hence issuance of such bonds shall be within the aggregate limit fixed for foreign investment in corporate debt.

Who is an eligible borrower?

As per the RBI Directive following are the eligible borrowers:

- (1) Any Corporate or
- (2) Body corporate.
- (3) Real Estate Investment Trust (REIT) regulated by SEBI.
- (4) Infrastructure Investment Trusts (InvIts) regulated by SEBI.

Who is a recognised investor?

Masala Bonds can be issued in a country only if it fulfills the following conditions:

(1) Such country is a member of Financial Action Task Force (FATF) or a member of a FATF Style Regional Body;

AND

(2) Securities market regular of that country is a signatory to the International Organization of Securities Commission 's (IOSCO's) Multilateral Memorandum of Understanding (Appendix A Signatories) or a signatory to bilateral Memorandum of Understanding with the SEBI for information sharing arrangements;

AND

- (3) it should not be identified in the public statement of FATF as:
 - (a) a jurisdiction which has deficiencies as regards strategic Anti-Money laundering or Combating the Financing of Terrorism to which counter measures apply;

OR

(b) a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the FATF to address the deficiencies.

Only a resident of such a country can subscribe to Masala Bonds.

Indian bank can act as an arranger and underwriter. In case of underwriting, holding of Indian banks cannot exceed 5% of the issue size after 6 months of issue. Further such holdings shall be subject to applicable prudential norms.

Terms and conditions as regards Masala Bonds

RBI circular no. 60 dated April 13, 2016 and circular no. 17 dated September 29, 2015 list



out the terms and conditions as regards the issue of Masala Bonds (Rupee denominated Bonds) which are listed out as under :

- (1) An entity can borrow up to Rs. 50 billion in a financial year through the issue of such bonds under automatic route. If they want to borrow more than Rs. 50 billion in a financial year, they need to obtain prior approval of RBI. Further, the amount borrowed to be within the aggregate limit fixed for foreign investment in corporate debt.
- (2) Minimum maturity period of the bonds will be 3 years.
- (3) Borrowers who issue such bonds shall incorporate a clause in the agreement/offer document so as to enable them to obtain the list of primary bond holders and share the same with Indian regulatory authorities as and when required.
- (4) Agreement/offer document shall specify that offer/sale/transfer of such bonds is subject to compliance with FATF/IOSCO jurisdictional requirements.
- (5) All-in-cost of such borrowings shall be commensurate with prevailing market conditions meaning it cannot be exorbitantly high.
- (6) Only plain vanilla bonds can be issued either privately placed or listed on exchanges as per host country regulations.
- (7) The foreign currency Rupee conversion for the purpose of issue and servicing of bonds shall be at the market rate on the date of settlement of transaction.
- (8) There are no restrictions on end use of Bond proceeds except for a negative list. Proceeds cannot be used for following purposes:
 - (a) Real estate activities other than for development of integrated township/affordable housing projects.
 - (b) Investment in capital market or domestic equity investment.
 - (c) Activities prohibited as per FDI guidelines; i.e.,
 - (i) Lottery business including Government/private lottery, online lottery etc. (Foreign technical collaboration in any form is also prohibited).
 - (ii) Gambling and betting including casinos etc. (Foreign technical collaboration in any form is also prohibited).
 - (iii) Chit funds.
 - (iv) Nidhi company.
 - (v) Trading in TDRs.
 - (vi) Real Estate Business or Construction of Farm Houses other than development of townships, construction of residential/commercial premises, roads and bridges and REITs registered and regulated by SEBI.



- (vii) Manufacturing of tobacco or tobacco substitute products.
- (viii) Activities/sectors not open for private sector investment; for example, Atomic Energy, Railway Operations etc.
- (d) On-Lending to other entities for any of the purposes as listed in (a),(b) or (c) above.
- (e) Purchase of land.
- (9) All other provisions of extant ECB guidelines as regards reporting, parking of bond proceeds, security/guarantee of borrowings, conversion in to equity, corporates under investigation etc. will be applicable to Masala Bonds.

AD Category-I banks are required to report the figures of drawdown(s), repayment(s) by their constituent borrowers to RBI by email. They are also required to furnish such particulars in Form 83 and ECB 2 Returns.

Whether Masala Bonds will be treated as Debentures?

Rule 18 of Companies (Share Capital and Debentures) Rules, 2014 deals with Debentures. Moot question arose in the minds of borrowers was whether this rule 18 is applicable to Masala Bonds? MCA vide its notification dated 12th August, 2016 clarified that Masala Bonds issued exclusively to overseas investors in accordance with RBI Circular No. 17 will not be treated as Debentures and the provisions contained in this rule are not applicable to such bonds.

Whether Masala Bonds will be treated as Deposits?

Masala Bonds will not be treated as deposits in view of sub-clause (ii) of clause (c) of sub-rule (1) of rule (2) of Companies (Acceptance of Deposits) Rules, 2014. This sub-clause exempts the amounts received from foreign bodies corporate, foreign citizens etc. (in accordance with FEMA, 1999) from the purview of deposits.

It is pertinent to note that aforesaid sub-clause (ii) does not require the money to be received in foreign currency; rather it speaks about the person from whom money to be received (foreign bodies corporate, foreign citizens etc).

Recognition and Measurement of Masala Bonds under IndAS

In the case of entities covered by IndAS, Masala Bonds will have to be recognized as Financial Instruments in accordance with IndAS 109 and has to be measured either at amortised cost or fair value through Profit and Loss Account.

Withholding Tax as per Income Tax Act, 1961

Section 194LD of Income Tax Act, 1961 requires the tax @ 5% (plus applicable surcharge and cess) to be deducted on interest payable on rupee denominated bond of an Indian company or Government security.



Masala Bonds - Financial Leverage

Borrowers derive the following benefits from these bonds:-

- (1) Needy borrowers will be able to borrow money at very attractive rate of interest. Well known Corporates will be able to borrow funds at a discount of 1.50% 2.50% as compared to the interest rate prevailing in India.
- (2) ECB in foreign currency is available at very attractive rate of interest i.e., at a significant discount as compared to interest rate of 8.33% payable by HDFC on Masala Bonds. However, foreign currency loans carry significant foreign exchange risks. Unexpected movement in foreign exchange rates can run havoc and dig a hole in the bottom-line of borrowing entity. If the entity hedges the risk, it will have to earmark 1% 2% towards risk premium. However, Masala Bonds obviate the need for hedging as the bonds are designated in Rupee.
- (3) As per ECB guidelines, whether or not to secure the borrowings is left to the arrangement between borrower and lender. Hence, corporates with brand value will be able to borrow Masala Bonds without creating any charge on their assets.
- (4) This mechanism to borrow money is in the nascent stage. Once the foreign investors are confident about the stability of Rupee as well as geopolitical stability, risk premium will fall dramatically which in turn can reduce the cost of borrowing by 50 100 basis points in the next 1-2 years.

Overseas investors will be immensely benefited by lending money to needy corporates in India as they can earn 3%-4% more as compared to interest rate prevailing in their respective countries. However, the returns are subject to exchange fluctuations. The very fact that overseas investors are prepared to bear exchange risks shows the confidence they have reposed in the stability of Rupee and Indian economy over the next 3-5 years.

Role of Company Secretary

Company Secretaries as a compliance officer and expert in issue management has a pivotal role to play in the entire process of issue of Masala Bonds. They can contribute significantly in the following areas:

- (1) Preparation of Business Plan by factoring the interest cost of bonds, cost benefit analysis of finance cost on bonds vs. cost of current borrowings etc., so as to enable the borrower to take right decision.
- (2) Vetting the draft Application Forms/Offer Documents and carrying out the due diligence.
- (3) Handling the process of overseas issue of bonds.
- (4) Vetting the Application Forms received from prospective investors, checking the eligibility etc.
- (5) Ensuring that ECB guidelines are met by the borrower.



(6) Monitoring the end use of bonds so as to ensure that it does not fall in negative list.

Conclusion

As seen from the above analysis, Masala Bonds can significantly reduce the finance cost of Indian corporates and improve their financial leverage. It will also benefit the overseas investors and thereby create a win-win situation for all. However, long term success of this channel of finance depends on factors such as economic-political stability of the nation and region, stability of Indian economy, stability of Indian currency, reduction/withdrawal in/of withholding tax rate etc. Success of Masala Bonds will automatically drive down the rate of interest on domestic borrowings. Though Masala Bonds are very lucrative option for reducing the finance costs, , successful issue of Masala bonds by Indian corporate would imply faith on country's macroeconomic fundamentals and the Central Banks's role in currency management.



Towards Meaningful Life

K. Tejaswi*

Introduction

With the millions of years passing by, it is important to measure- where we are on a graph and where does our life span reflect. Our life span, say 100 years on a scale reflects a minute/ small dot. When we let go all worries and hatred, we can live life to the fullest, manifesting Peace. Satisfaction and Contentment.

Today's busy life is accompanied with enormous stress. We look to engage ourselves in many activities to lead a peaceful life. Activities like yoga, meditation and service work as perfect remedies. Through meditation we can get off all the worries and tension / stress, back to the cosmos.

There is so much that happens above and beneath, in and around our space. When things are viewed in a broad way, issues and botherations look so little.

A short tour on the universe, Milky Way, galaxy, space and the origin of life:

I. The Universe and the Origin of life

Life on Earth began more than billion years ago.

A Brief overview of our Universe can be assessed as follows -

Our solar system is made up of the Sun and everything that travels around it. This includes eight planets and their natural satellites such as Earth's moon, dwarf planets such as Pluto and Ceres, asteroids, comets and meteoroids.

The Sun is the center of our solar system. It contains almost all of the mass in our solar system and exerts a tremendous gravitational pull on planets and other bodies. Our solar system formed about 4.6 billion years ago.

Many objects in our solar system have atmospheres, including planets, some dwarf planets and even a couple of moons. But none of them are suitable for human existence.

Our solar system is located in the Orion Arm of the Milky Way Galaxy. There are most likely billions of other solar systems in our galaxy. And there are billions of galaxies in the Universe.

^{*} ACS. The views expressed are personal views of the author and do not necessarily reflect those of the Institute.





Our Sun is one of at least 100 billion stars in the Milky Way, a spiral galaxy about 100,000 light years across. The stars are arranged in a pinwheel pattern with four major arms, and we live about two-thirds of the way up one of them. Many, if not most of the stars, host their own families of planets. More than a thousand of these extrasolar (or exoplanets) have been discovered and thousands more are awaiting confirmation.

The Sun at the heart of our solar system is a yellow dwarf star, a hot ball of glowing gases. Its gravity holds the solar system together, keeping everything from the biggest planets to the smallest particles of debris in its orbit. Electric currents in the Sun generate a magnetic field that is carried out through the solar system by the solar wind — a stream of electrically charged gas blowing outward from the sun in all directions.

The connection and interactions between the Sun and Earth drive the seasons, ocean currents, weather, climate, radiation belts and aurorae. Though it is special to us, there are billions of stars like our Sun scattered across the Milky Way galaxy.

The Earth is the third planet from the Sun and the fifth largest in the solar system. Just slightly larger than nearby Venus, Earth is the biggest of the terrestrial planets. Our home planet is the only planet in our solar system known to harbor living things.

The name Earth is at least 1,000 years old. All of the planets, except for Earth, were named after Greek and Roman gods and goddesses. However, the name Earth is an English/German word, which simply means the ground.

It takes about eight minutes for light from the sun to reach our planet.

Earth has an atmosphere that consists of 78 percent nitrogen, 21 percent oxygen, and 1 percent other gases such as argon, carbon dioxide and neon. The atmosphere affects Earth's long-term climate and short-term local weather and shields us from much of the harmful radiation coming from the sun.

It also protects us from meteoroids, most of which burn up in the atmosphere, seen as meteors in the night sky, before they can strike the surface as meteorites.

Potential for Life

Earth has a very hospitable temperature and a mix of chemicals that have made life possible here. Most notably, Earth is unique, most of our planet is covered in water, since the temperature allows liquid water to exist for extended periods of time. Earth's vast oceans provided a convenient place for life to begin about 3.8 billion years ago.

Some of the features of our planet that make it great for sustaining life are changing due to the ongoing effects of climate change. Before we reach a point of no return it is our responsibility to plant trees to control air pollution, avoid use of plastics and ensure a sustained living for the next generations and save our planet, the only place for life.

Earth is the only planet that has a single moon. Our moon is the brightest and most familiar object in the night sky. In many ways, the moon is responsible for making Earth such a



great home. It stabilizes our planet's wobble, which has made the climate less variable over thousands of years.

Beyond Our Solar System: Basic Facts

Our solar system may seem big to us. But it is only a tiny part of a huge galaxy - the Milky Way. The Milky Way Galaxy is a tiny part of the universe.

What's beyond our solar system?

There are lots of stars like our Sun. They are all so far away they look like tiny points of light-the stars we see when we look up into the sky at night. Some are bigger. Some are smaller. Some are hotter. Some are colder. Some even have planets in orbit around them.

Could there be another planet like Earth?

Planet hunters are on the job. So far they have discovered giant planets that are similar to Jupiter. But nothing like our home planet. It is very hard to spot a planet the size of Earth so far away.

Billions and billions - Even though we can't actually count the number of stars in our galaxy, we can estimate the number of stars in the galaxy at roughly 100,000,000,000.

Things we need to know

- Expanding Universe Edwin Hubble discovered that the Universe is expanding and that at one point in time (14 billion years ago) the Universe was all collected in just one point of space.
- Roughly 70 percent of the Universe is made of dark energy. Dark matter makes up about 25 percent. The rest everything on Earth, everything ever observed with all of our instruments, all normal matter adds up to less than 5 percent of the Universe.
- Cosmic Neighborhood The Milky Way galaxy is in the Local Group, a neighborhood of about 30 galaxies. Our nearest major neighboring galaxy is called Andromeda.
- Two-thirds of the galaxies within the Universe are similar to the Milky Way galaxy. Scientists are searching for other planetary systems could have the potential for life.

Beyond Our Galaxy

Scientists calculate that there are at least 100 billion galaxies in the observable universe, each one brimming with stars. On a very large scale, they form a bubbly structure.

The Milky Way is the galaxy that contains our Solar System. Its name "milky" is derived from its appearance as a dim glowing band arching across the night sky whose individual stars cannot be distinguished by the naked eye.

Our understanding about the universe and our place in it has changed over time. New information can cause us to rethink what we know and re-evaluate how we classify objects





in order to better understand them. New ideas and perspectives can come from questioning a theory or seeing where a classification breaks down. As our knowledge deepens and expands, the more complex and intriguing the universe appears.

II. Our Education System, Culture and Tradition

Ever since the man began thinking, our country has been a temple of learning. For the ages our country has been imparting to the world pure knowledge and science with the high quality of life and great culture. Our sages with all their effort and immense knowledge gave us Vedas and Upanishads, the storehouse of all knowledge and wisdom.

History of Education in Ancient India

The Vedic Age

Education in India started many years back, even before 5000 BC and one can say that Vedic knowledge came along with human civilization.

In this Vedic period, the following objectives were ascribed to education:

- 1. Self-control.
- 2. Development of character.
- 3. Generation of sociability or social awareness.
- 4. Integral development of personality.
- 5. Propagation of purity.
- 6. Preservation of knowledge and culture.

During the period, Vedas were also called SHRUTI (means that has been heard) and this knowledge was passed from one generation to next, and is preserved till today.

Gurukul system

Education in Ancient India originated with the Gurukul system. This type of ancient school in India was residential in nature with the Shishyas or students and the Guru or teacher living in the same house.

In the Vedic days, the teaching of the four Vedas, the hymns and ritual practices were seen. In fair weather classes were held under the shelter of the tree. In the rainy season schools ran under thatched roof. Gurukuls and Ashrams were generally situated on the river banks or on the lake to attain the knowledge.

Education was free of cost. No student was required to pay any fees as no outside agency could interfere in the matters of education. There was perfect autonomy. No external authority, no external beneficiary and no politics were permitted to enter the school or college system.

A Student was not required to pay any monetary fees in return for education he received in a Gurukul or Ashram. Access to good education depended not on wealth but on talent.



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The student was expected, if desired but never compelled to offer a field, cow, horse or the elements of the daily needs to his teacher according to his financial position in the society.

There are 4 Vedas, 18 Puranas and 108 Upanishads. These are explained in brief below:

The Vedas

The Vedas are the primary texts of Hinduism. The Vedas contain hymns, incantations, and rituals from ancient India. They are among the most ancient religious texts still in existence.

Besides their spiritual value, they also give a unique view of everyday life in India four thousand years ago. The Vedas are also the most ancient extensive texts in an Indo-European language, and as such are invaluable in the study of comparative linguistics.

The four Vedas are:-

- 1. Rig Veda
- 2. Sama veda
- 3. Yajur veda
- 4. Atharva veda

Upanishads

The Upanishads are a continuation of the Vedic philosophy, and were written between 800 and 400 B.C. They elaborate on how the soul can be united with the ultimate truth through contemplation and mediation, as well as the doctrine of Karma - the cumulative effects of a persons' action.

Upanishads describe the experience of divinity in 4 stages for seekers:

- 1. Sameepaya feeling the proximity of the divine.
- 2. Sannidhya feeling the presence.
- 3. Saaroopya doing what the divine is doing, imitating the divine.
- 4. Saayoojya merging with divine.

Puranas

The Puranas are post-Vedic texts which typically contain a complete narrative of the history of the Universe from creation to destruction, genealogies of the kings, heroes and demigods, and descriptions of Hindu cosmology and geography. These are named after a deity: Brahma, Vishnu and Shiva.

The Bhagawad Geeta

A modern man's progress in the field of technology, finance and social sphere is vast and extraordinary. Unfortunately, the fruit of these efforts is not being experienced for the lack of spiritual knowledge.





As learning is never ending, the Bhagawad Geeta should be introduced and made part of today's education for a complete education, upbringing with awareness and quality of life of an individual. Sessions based on this holy and sacred scripture are also held for the corporate and other organizations these days.

Concept and Purpose

The Bhagawad Geeta is a sacred Hindu scripture from ancient India. It reveals the purpose and goal of human existence. In a very clear and wonderful way the Supreme Lord Krishna describes the science of self – realization and the exact process by which a human being can establish their eternal relationship with Divine.

The primary purpose of the Bhagawad Geeta is to illuminate for all of humanity the realization of the true nature of divinity; for the highest spiritual conception and the greatest material perfection is to attain love of God. It discusses selflessness, duty, devotion, and meditation, integrating many different threads of Hindu philosophy.

The following is the summary description of the Bhagawad Geeta:

It consists of 18 chapters.

Chapter 1 – Wrong thinking is the only problem in life.

Chapter 2 – Right knowledge is the ultimate solution to all our problems.

Chapter 3 – Selflessness is the only way to progress and prosperity.

Chapter 4 – Every act can be an act of prayer.

Chapter 5 – Renounce the ego of individuality & rejoice in the bliss of infinity.

Chapter 6 – Connect to the higher consciousness daily.

Chapter 7 – Live what you learn.

Chapter 8 – Never give up on yourself.

Chapter 9 – Value your blessings.

Chapter 10 – See divinity all around.

Chapter 11 –To see the truth as it is.

Chapter 12 – Absorb your mind in the higher.

Chapter 13 – Detach from Maya and attach to Divine.

Chapter 14 – Live a lifestyle that matches your vision.

Chapter 15 – Give priority to divinity.

Chapter 16 – Being good is reward in itself.



Chapter 17 – Choosing the right over the pleasant is a sign of power.

Chapter 18 – Let go, let's move to union with God.

"OM"

OM is a sacred sound and spiritual mantra in Indian religion. The following are the numerous and tremendous benefits of this mantra:-

- 1. Chanting of OM Mantra purifies the environment around the chanter and produces positive vibrations.
- 2. The OM not only gives positive results to the one who is chanting it but to the entire vicinity wherever its vibrations flow.
- 3. It cleanses your aura.
- 4. It takes you alpha, a meditational state which gives you deep relaxation.
- 5. Your concentration increases when you chant this universal hymn.
- 6. The Om chanting removes toxin from your body. It gives you better immunity and self-healing power.
- 7. It improves your concentration and helps you focus on your target.
- 8. The Om chanting improves your voice and gives strength to vocal cord and muscles during old age.
- 9. The Om chanting produces a vibration and sound which is felt in your vocal cord and sinus. It opens pore which in turn helps in removal of sinus problems gradually and if done in complete faith.
- 10. Om Mantra has a cardiovascular benefit too which keeps blood pressure normal.
- 11. It helps in keeping your emotions controlled and thus by putting a control over emotions and leads you to excel in life.
- 12. It is just like any other supplement that will help in the overall development of your body and mind positively without any side effects.
- 13. The regular chanting helps in taking you to a spiritual journey and which will only result if it is done daily for a longer period of time.
- 14. When OM Mantra is chanted in group, produces immense positive vibrations which charge up the entire vicinity.
- 15. The attendants feel fully charged up even though a person is completely tired.
- 16. Some people also claim to lose weight through? chanting As it puts your entire body in work and its vibrations affects you positively hence enhancing your metabolism which leads to weight loss.
- 17. Om cleanses your skin and gives a sunny glow on your face when you chant OM regularly.



- 18. When you tend to chant it regularly you start feeling stronger.
- 19. Spinal cord efficiency is also increased by vibrations caused by sound of 'Aaaa'. As this sound is generated from abdomen and mainly supported by spinal cord.
- 20. The sound 'uuu' is created by vocal cord which affects thyroid glands and throat.
- 21. Even a picture of OM purifies the environment around.

NASA recorded the voice of sun. It is said to be the sound of OM.

III. Yoga and Meditation

Our great practice of Yoga is replaced and we are forced to do PT (Physical training) in schools for years. The practice of Yoga plays an important role in one's life if made a part of education in schools and colleges, institutions etc. We can have a good Work - life balance with regular Yoga and Meditation.

The Yoga

The word yoga is derived from the Sanskrit word yuj. Yoga means union of the individual consciousness or soul with the Universal consciousness or spirit. Yoga is a 5000 year old Indian body of knowledge.

Though many think of yoga only as a physical exercise where people twist, turn, stretch and breathe in the most complex ways, these are in reality the most superficial aspect of this profound science of unfolding the infinite potentials of the human mind and soul.

One of the many benefits of practicing yoga asanas / postures is the fact that it allows us to slip into meditation effortlessly. Meditation being one of the main aspects of yoga, it is essential that we sit for meditation after practicing yoga asanas and pranayama. In meditation one delves deep into the self.

Meditation is that which gives deep rest. Meditation is not concentration, it is deconcentration says Gurudev Sri Sri Ravi Shanker.

"Faith is the subject of head

Devotion is the subject of heart and meditation connects both"

Surya Namaskar

Surya Namaskar or Sun Salutation is a Yoga warm up routine based on a sequence of gracefully linked asanas. The nomenclature refers to the symbolism of Sun as the soul and the source of all life.

A set of 12 powerful yoga asanas (postures) that provide a cardiovascular workout is in the form of Surya Namaskar. Literally translated to sun salutation, these postures are a good way to keep the body in shape and the mind - calm and healthy.

The following are the 12 Asanas (postures) of Surya Namaskar:-

1. Pranamasana – Prayer pose



- 2. Hastauttanasana Raised arms pose
- 3. Hasta padasana Hand to foot pose
- 4. Ashwa sanchalanasana Equestrian pose
- 5. Dandasana Stick pose
- 6. Ashtanga namaskara Salute with eight points
- 7. Bhujangasana Cobra pose
- 8. Parvatasana Mountain pose
- 9. Ashwa sanchalanasana Equestrian pose
- 10. Hasta padasana Hand to foot pose
- 11. Hastauttanasana Raised arms pose
- 12. Tadasana.

Yoga Mudras

The Sanskrit word Mudra is translated as gesture or attitude. A Mudra may involve the whole body or could be a simple hand position.

The physical body is made up of five elements namely - Air, Water, Fire, Earth and Aakash (ether - the tiny intercellular spaces in the human body).

Imbalance of these elements disrupts the immunity system and causes disease(s). Deficiencies in any of these elements can be made up in a particular manner through Mudras.

When a finger representing an element is brought into contact with the thumb, that element is brought into balance. Therefore the disease caused by the imbalance is cured. Mudras create electromagnetic currents within the body which balance various constituting elements and restore health. The joining of fingers creates an effect on the human body.

Man is the great creation of god. The human body constantly emits electro-magnetic waves and it is a cluster of energy. They create an 'Aura" of brightness.

We can create hundreds of Mudras and it depends on how the formation is performed with different fingers. The five fingers represent the five elements present in the nature. Each formation helps us to balance certain deficiencies in the body.

The Five Fingers represent Five Elements:

- 1. Thumb finger fire (Agni)
- 2. Index finger air
- 3. Middle finger Aakash / sky
- 4. Ring finger earth
- 5. Little finger water



When to do?

- Can be practiced at all times while sitting, lying, standing, walking or even talking.
- For good results it should be practiced for 20 minutes continuously. It can be practiced for 5-10 minutes initially.
- A mudra can be practiced with both the hands or with a single hand too.

The following are different types of Mudras:-

- 1. Gnana / Dyana Mudra Builds concentration, eliminates tension and depression.
- 2. *Varuna Mudra* purifies the body, cures skin problems and improves the deteriorated quality of blood due to shortage of water.
- 3. *Pruthvi Mudra* This Mudra relieves from all kinds of physical weakness. It keeps us active and healthy.
- 4. Vayu Mudra Helps to get rid of gas in stomach, arthritis etc.
- 5. Sunya Mudra Provides relief from the ear pain in just about 4 5 minutes. Also, throat and nose related illness or diseases are cured.
- 6. Surya Mudra The working of thyroid gland gets to perfection with this Mudra. This also Reduces fat, bad cholesterol and anxiety.
- 7. *Prana Mudra* Improves blood circulation. Cures eye related disorders. This Mudra helps in pumping the life force into our body. It is Beneficial for all types of diseases. And it imparts special power to the eyes.
- 8. Apana Mudra this Mudra controls the sugar and indigestion.
- 9. *Apana Vayu Mudra* this Mudra is also called as Mrutha Sanjeevani Mudra. This Mudra is good to heart that during a heart attack it works as powerful as an injection. It relieves from severe headache too.

Being thankful

During the monsoon why do frogs sound aloud? It is said to be the sign of being thankful to the lord / almighty for the rains that are required for the survival. We as humans are we? The moment the child is born, mother's milk is ready for the just born. Things are all set for the survival.

We need to be thankful to the land for the food, for the Sunlight, moonlight, cold breeze, rains, flowers with fragrance, fruit providing trees and much more.

A fact to be accepted that we have no right on all the above mentioned, yet they are given to us expecting nothing in return. It is our responsibility that we understand the need and work for the sustainable development of the country.

A short story on the Empty pickle jar - A lesson on life

A Professor stood before his Philosophy class, holding a large and empty pickle jar. When



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the class began he proceeded to fill the jar with golf balls. He then asked the students if the jar was full. They agreed it was.

So the professor picked up a box of pebbles and poured them into the jar. The pebbles rolled into the open areas between the golf balls. He asked the students again if the jar was full. They agreed it was.

The professor next picked up a box of sand and poured it into the jar. Of course the sand filled up everything else. He asked once more if the jar was full. They responded with a unanimous "yes".

The professor then took a bottle of chocolate milk from under the table. He poured it into the jar effectively filling the empty space between the sand. The students laughed.

"Now", said the professor, "I want you to recognize that this jar represents your life."

The golf balls are the important things - your family and children, your health and friends. The pebbles are the other things that matter, like your job, your home, your car.

The sand is everything else, the small stuff.

If you put the sand into the jar first, there is no room for the pebbles or the golf balls. The same goes for life. If you spend all your time and energy on the small stuff, you will have no room for the things that make you happy.

Play with your children, get regular checkups and enjoy dinner with family and friends. There will always be time to clean the house. Take care of the golf balls first, the things that really matter.

Set your priorities, the rest is just sand. One student asked "what about the chocolate milk? The professor responded, "No matter how full your life may seem, there's always room for chocolate.

Remember every day is a gift and the quality of your life is your gift to yourself.

Conclusion

Thus, we need to realize our real potential in leading the life towards our meaningful existence and to a higher level of wisdom and spiritual living. the realization of our real potential is dependent on the cherishing principles of our culture, which will surely pave the way towards a meaningful life.

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Empowering Stakeholders through Corporate E-governance Meenu Gupta*

"E-Governance: A transparent, smart governance with seamless access, secure and authentic flow of information crossing the inter-departmental barrier and providing a fair and unbiased service to citizens".

- APJ Abdul Kalam

Driven by the Digital India initiative, the Indian Government spending on Information Technology products and services, i.e. Internal services, software, IT services, data centres, devices and telecom services has gradually increased from \$6.4 billion in 2014 to \$6.8 billion in 2015 to reach \$7.2 billion by 2016. The initiative, making government's processes streamlined and integrating the data repositories, is aiming to connect 1.2 billion Indians through ICT and providing government services online at an estimated investment of Rs. 1.13 lakh crore over the next three to five years. Digital power, in hands of citizens, is the first step towards empowerment of citizens and the stakeholders. The functioning of depository under the Depositories Act, 1996, was one of the first initiatives to introduce online concept in corporate world to maintain shares in electronic form instead of handling of physical shares way back in mid-nineties. The government has chalked out a National E-Governance Plan (NGEP) for implementation of MCA-21 programme related to enforcement and compliance of legal requirement under the Companies Act, 2013 as a non-plan scheme with an outlay of Rs. 357.81 crore which aims to improve Corporate Governance through better scrutiny of company disclosures, better enforcement of corporate plans and paperless working. The article intends to focus on corporate e-governance initiatives to empower stakeholders and the role of governance professionals towards them.

Need for E-Governance

In today's globalized business world, companies are required to access global pools of capital, need to attract and retain the best human capital from various parts of the world, need to partner with vendors on mega collaborations and to live in harmony with the community. In view of company's recognizing the cooperation of all stakeholders in their growth and with the large number of corporate scams and scandals surprising the nation, e-governance tools have to be deployed on a large scale to improve corporate governance. Unless a company embraces and demonstrates ethical conduct and adopts good governance practices, it will not be able to survive. E-Governance holds tremendous potential to improve the way,

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government delivers the public services and enhances broad stakeholders' involvement in public services.

Unlike the colonial view of Govt. as a 'controller' and a 'ruler' in present global environment, it is gradually changing its role to a 'facilitator' and 'regulator'. Business corporates have discovered over last few decades that Information Technology can make the value chain more efficient and lead to quality improvements and cost savings. Similarly, governments have discovered that information technology can make the provision of services to the citizens more efficient and transparent and can also save costs and lead to a higher level of efficiency. E-Governance is in essence, the application of Information and Communications Technology to government functioning in order to create 'Simple, Moral, Accountable, Responsive and Transparent' (SMART) governance. The revolution in Information and Communications Technology (ICT) has brought a whole new agenda for governance into the realm of possibility. E-Governance comprises decisional processes and the use of ICT for wider participation of citizens in public affairs. Citizens are participants in e-Governance. The purpose of implementing e-Governance is to improve governance processes and outcomes with a view to improving the delivery of public services to citizens.

A company is a congregation of various stakeholders, namely, customers, employees, investors, suppliers, government and society. A company should be fair and transparent to its stakeholders in all its transactions and corporate governance practices help achieve the objectives. The use of Information Technology in corporate governance leads to enhanced efficiency, greater transparency and cost reduction. With the help of e-governance, services can be delivered at greater speed and the interests of all stake-holders can be better protected. E-Governance signifies the shift in the manner of interaction between the Government and those who are governed. It aims for improving efficiency and effectiveness of Governance by making the information available anywhere and anytime.

In order to ensure good corporate governance, it is necessary to ensure information integrity and prevent abuse/misuse of information by those involved in the internal or external governance system of the companies. In this context, the use of information technology (IT) can be viewed as a real support. Good corporate governance has five essential elements: fairness, transparency, accountability, responsibility, and independence. It is important that the companies' disclosures are timely, adequately, clearly, accurately and comparably, and it should be easy for the stakeholders to access. Keeping these in view, supporting tools for providing this information particularly in decision-making is obviously needed. Therefore, egovernance becomes one of the major factors to improve the good corporate governance and its controlling mechanisms.

MCA-21: First Step towards E-Governance in Corporate World

The National E-Governance Plan (NGEP) of Government has envisioned to provide public, corporate entities, professionals and others an easy and secure online access to the information at any time and from anywhere. A paperless corporate environment was conceived coupled with convenience for statutory compliance and inspection through the MCA-21 e-Governance program in 2006. It is the only authentic information repository on corporate sector and serves as the registry for all filings/public records.

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In the past, the corporate reporting was characterized by large amounts of paper work, time consuming processes and complicated set of controls. But the increasing globalization necessitated creation of a favourable climate for encouraging sustainable economic growth and maintaining a healthy business eco-system.

The phenomenal growth of the corporate sector in India from around 30,000 companies in the year 1956 to approximately 8,00,000 companies in last decade, is a symbol of improving delivery mechanism. Efficiently managing and monitoring of hefty paper filing prompted the launch of MCA-21 in 2006. MCA-21 is the authentic information repository on the corporate sector and serves as the registry for all filings / public records. It has brought about transformational change in the corporate affairs. MCA-21 has utilized the possibilities offered by technology to simplify the interfaces between the Government and the stakeholders. The comprehensive, end-to-end service oriented solution has helped establish a fine balance between facilitation and compliance. In the words of Dr. Manmohan Singh, the then Honourable Prime Minister of India, "E-Governance has the potential to transform governance and contribute to the reform of administration by enabling greater speed and efficiency in official transactions. The commissioning of the MCA-21 project is a landmark measure for advancing the cause of the national e-governance plan and implementing it."

Keeping in pace with the present time, it is also the first green project that has successfully cut down large scale usage of paper, i.e. around 6 crore sheets of paper routinely filed by companies.

MCA-21 is an outcome-oriented initiative and the objectives of the program are to address the concerns of all the major stakeholders:

- Business: MCA-21 enabled to register a company and file statutory documents quickly and easily and in a convenient manner.
- *Public*: Public get easy access to corporate records and get their grievances redressed effectively.
- Professionals: They are able to offer efficient services to their client companies.
- Financial Institutions: They find registration and verification of charges easy;
- *Government*: MCA-21 ensures proactive and effective compliance of relevant laws, corporate governance and transparency.
- *MCA Employees*: It enabled to deliver best of breed services to all the stakeholders in a speedy and transparent manner.

The benefits that can be derived from this e-governance initiative of the government are huge especially those related to the mammoth data that is being created on the web.

(i) The initiation of allotting CIN (Corporate Identity Number) and DIN (Director Identification Number) allow the most authentic centralized database of all companies registered in India and foreign companies having branch or liaison office in India



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being available at MCA which could be used for statistical purposes. The database will help other registered authorities including SEBI, Income Tax, Service Tax, VAT for cross-referencing of financials and to verify the documents filed with them. Also, it could be a source of data or corporates, analysts, researchers, academicians, to build a system for study, analysis and research papers of performance of companies, region-wise and on national basis.

- (ii) The professionals associated with corporate sector, the individual investors, investor protection groups, prosecuting agencies of Government will be benefitted from this MCA database. Banks and financial institutions can use it for improving credit evaluation norms and also the overall quality of credit.
- (iii) With complete availability of identification of Directors through DIN, it would facilitate effective legal action against directors who commit fraud, serving court notice/summons on directors of companies in liquidation and companies which default in legal compliances, as it happens to be a massive problem for law enforcement agencies. The official liquidators attached to various high courts and prosecutors on behalf of ROC will be able to expedite disposal of cases. This will ultimately lead to curbing the practice of companies vanishing after raising funds from public.
- (iv) It can be easily detected if the directors obtain directorship in more than 15 companies in violation of the provisions of Companies Act.
- (v) E-Governance will help business community by becoming a catalyst and a channel for e-business.
- (vi) Its inherent transparency has reduced redundancy, duplication and facilitates the analysis and audit in much easier way.
- (vii) Designated partners of LLP having DIN will be exempted from obtaining separate PIN (Permanent Identification Number) under the regime of MCA.
- (viii) Availability of data/details on MCA website will also enable other government departments to keep a vigil on the companies especially with regard to timely compliances by companies of all other connected economic laws and regulations.
- (ix) Pre-certification in e-Governance scenario has proven to be a boon to regulator and the corporates where it certifies correctness of contents of any document by an individual professional before the same is filed with ROC.
- (x) There has been efficiency in delivery of services under MCA-21 for name approval, company incorporation, change of name of, charge creation/modification, certified copy from 10-15 days to approximately 2-3 days. Now there is an instantaneous registration of Annual Return and Balance Sheet from the time taken of 60 days prior to MCA-21.

Maintenance of Records in Electronic Format

With a view of Digital India Initiative and the Information Technology Act, 2000, Companies Act, 2013 provides express recognition to maintenance of records in electronic format.

Section 120 of the Companies Act, 2013 enables the maintenance and inspection of

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documents in electronic form. Any document, record, register, minutes, etc. required to be kept by a company; or allowed to be inspected or copies to be given to any person by a company under this Act, may be kept or inspected or copies given, as the case may be, in electronic form.

Section 2(36) defines the term "document" which includes summons, notice, requisition, order, declaration, form and register, whether issued, sent or kept in pursuance of this Act or under any other law for the time being in force or otherwise, maintained on paper or in electronic form.

Rule 27 of the Companies (Management and Administration) Rules, 2014 provides that every listed company or a company having not less than one thousand shareholders, debenture holders and other security holders, may maintain its records, as required to be maintained under the Act or rules made there under, in electronic form. In the case of existing companies, data may be converted from physical mode to electronic mode within six months from the date of notification of provisions of section 120 of the Act.

The records in electronic form shall be maintained in such manner as the Board of directors of the company may think fit, provided

- (i) Records have to be maintained in the same formats as prescribed by the Act and the rules made thereunder. All provisions applicable to the maintenance of records in physical form would be applicable to the maintenance of records in electronic form as well.
- (ii) Information must be adequately recorded for future reference.
- (iii) Records must be capable of being readable, retrievable and reproducible in printed form.
- (iv) Records must be capable of being dated and signed digitally wherever it is required.
- (v) Records, once dated and signed digitally, should not be capable of being edited or altered.
- (vi) Records should be capable of being updated and the date of such updating should get recorded.

The term "records" here means any register, index, agreement, memorandum, minutes or any other document required by the Act or the rules made there under to be kept by a company.

Security of Electronic Records

The Managing Director, Company Secretary or any officer of the company, as authorised by the Board of Directors from time to time, is responsible for guarding the security of electronic records.

The following is required to be ensured by the respective person responsible:

(a) Adequate protection should be ensured against unauthorized access, alteration or tampering of records.



- (b) Ensure against loss of the records.
- (c) Ensure that computer systems, software and hardware are adequately secured.
- (d) Ensure that records are accurate, accessible, and capable of being reproduced for reference later.
- (e) Ensure that records are at all times capable of being retrieved to a readable and printable form.
- (f) Ensure records are kept in a non-rewriteable and non-erasable format.
- (g) Ensure that at least one backup, taken at a periodicity of not exceeding 1 day is authenticated taken and dated. Ensure that such backups are securely kept at such places as may be decided by the Board.
- (h) Limit the access to the records to the managing director, company secretary or any other director or officer or persons performing work of the company as may be authorized by the Board in this behalf.
- (i) Ensure that any reproduction of non-electronic original records in electronic form is complete, authentic, true and legible when retrieved.
- (j) Arrange and index the records in a way that permits easy location, access and retrieval of any particular record for the authorised and permitted persons only.
- (k) Take necessary steps to ensure security, integrity and confidentiality of records.

Inspection and copies of Records maintained in electronic form:

- (i) Records should be made available for inspection in electronic form;
- (ii) Wherever copies are to be made available, the same should be given on payment of not exceeding Rs. 10 per page.

In case of company maintaining such books on Cloud, the company is required to intimate the Registrar of Companies, annually, the following:

- (i) Name of the service provider
- (ii) Internet protocol address of the service provider
- (iii) Location of the service provider and
- (iv) Cloud address.

The spirit of law is crystal clear and deeply thought to bring in more transparency in Company management and administration and also to curb possible manipulation or fraud.

Electronic Aspects of Board Meeting and General Meeting as per Secretarial Standards

The Secretarial Standards issued by the Institute of Company Secretaries of India have clarified on the electronic aspects pertaining to conducting of Board Meeting and General Meeting.



- (i) Notice in writing for every Meeting is required to be given to every person entitled to receive it. Such notice can be delivered by hand or can be sent by speed post or by registered post or by courier or by facsimile or by e-mail or by any other electronic means. The proof of sending notice and its delivery must be maintained by the Company.
- (ii) Any director may participate in the Board Meeting through Electronic mode, if the company provides such a facility. In such case, the Meeting notice should specify that such facility is available and the place where the recordings of such meetings would be done.

It is necessary under the Act and rules made thereunder that the proceedings of the meeting held through electronic mode (audio-visual mode) are recorded. It is clear from the provisions that audio-conference meetings are not recognised as a valid meeting under the Act. Given the phrase used in the statute, it is necessary that meetings are held through audio-visual mode or video conferencing.

It is important to ensure that where the meetings held through third party service provider providing facilities of video conferencing meetings, they have secured server. Given the confidentiality and sensitivity of the discussion being taking place at the Board meetings, it is necessary that the company ensures adequate safeguards and have proper systems in place while conducting meetings through electronic mode.

- (iii) A director shall not be reckoned for quorum in respect of an item in which he is interested and he shall not be present whether physically or through Electronic Mode during discussions and voting on such item.
- (iv) Minutes may be maintained in electronic form in such manner as prescribed under the Act and as may be decided by the Board. Minutes in electronic form are required to be maintained with Time stamp.
- (v) The draft Minutes of the Board Meeting are required to be circulated within 15 days of the meeting to the Board /Committee members by hand or by speed post or by registered post or by courier or by e-mail or by any other recognized electronic means for comments.
- (vi) Any document, contract, agreement, the Memorandum of Association or Articles of Association, as referred in the explanatory statement to the notice of the general meeting shall be made available for inspection in physical or in electronic form during specified business hours at given Offices of the company and also at the Meeting.

With the introduction of Secretarial Standards, it has become mandatory to include the time of commencement and the time of conclusion of the meetings held. In order to avoid discrepancies, the use of time stamp has been introduced so as to enable the maintenance of minutes of the meetings in electronic form in timely and chronological manner.

Efficiency in Board Processes due to E-Governance

(i) Saving of paper: "Save paper-save tree." Generally one Audit Committee and Board



meeting of a Listed Company having at least 5 directors generates more than 1,000 pages which due to confidentiality nature can't be recycled and need to be trashed.

- (ii) No need to prepare multiple sets of physical agenda for Directors. One electronic agenda in PDF format can be sent to all directors by e-mail.
- (iii) Security feature by introducing password protection for opening agenda when sent by outlook express or general e-mail. Alternatively, one can upload agenda on company's central server through which can reach special board portal developed for Board meetings and accessed by Directors through their unique Login id and Password on their TABs/i-PADs.
- (iv) Easy storage and back-up facility than physical storage.
- (v) Less risk loss in comparison to mutilation or tearing off of papers.
- (vi) Creating alerts in advance for sending notices, agenda, draft minutes, circulation of certified true copy of minutes by simply adding it in Task Manager of Outlook express or creating event in calendar and delegating task to the concerned officer.
- (vii) The Agenda, setting out the business to be transacted at the Meeting, and Notes on Agenda shall be given in advance before the date of the Meeting."

Further, in case the company sends the Agenda and Notes on Agenda by post or courier, additional two days shall be added for the service of Agenda and Notes on Agenda. These two days can be saved, if Agenda and Notes on Agenda sent by e-mail. For e.g. if Board meeting was scheduled on September 30, 2015, as per SS-1, agenda and notes on agenda can be given to the Directors on or before September 23, 2015. However, if the same is sent by speed post or by registered post or by courier, it needs to be sent on or before September 21, 2015.

Same concept is applicable for sending agenda, minutes and also for sending General meeting notice under SS-2. Also, retaining evidence of sending e-mail through sent logs is much easy and convenient than obtaining receipts and delivery proof for documents sent by post or courier.

- (viii) Sending documents through electronic form helps in making the task of maintaining and retrieval of data much easier.
- (ix) Can affix DSC on Minutes and Statutory Register which bears date and time stamp of putting signature and has unique sequence number every time it is affixed, which can avoid possible manipulation and enables exact proof of entering minutes and making entry in register.
- (x) Electronic mode of communication is admissible as valid evidence in the court of law.

Role of Governance Professionals

Role of the Chairperson and the Company Secretary with respect to Electronic meetings is





specified in the sub-rule (2) of MCA-21 which is as mentioned below. The Chairperson of the meeting and the company secretary, if any, shall take due and reasonable care –

- (a) to safeguard the integrity of the meeting by ensuring sufficient security and identification procedures;
- (b) to ensure availability of proper video conferencing or other audio visual equipment or facilities for providing transmission of the communications for effective participation of the directors and other authorised participants at the Board meeting;
- (c) to record proceedings and prepare the minutes of the meeting;
- (d) to store for safe keeping and marking the tape recording(s) or other electronic recording mechanism as part of the records of the company at least before the time of completion of audit of that particular year.
- (e) to ensure that no person other than the concerned directorare attending or have access to the proceedings of the meeting through video conferencing mode or other audiovisual means: and
- (f) to ensure that participants attending the meeting through audio visual means are able to hear and see the other participants clearly during the course of the meeting.
- (g) With the concept of e-Governance, a Company Secretary, can, with a click of a button, obtain world full of information, ie. Case laws and judgments, Bare Acts & Commentaries, compliance calendar, fee and tax calculators, draft agenda, notices and minutes, latest news and updates, event based checklists, circulars and notifications, online consultations and much more.
- (h) Through the availability of MCA-21, Management Information System (MIS), Software's like Co-SECY/ERP, Online Secretarial Audit, E-Incorporation, E-Search, Digital Signatures, meetings through video-conferencing, it becomes easy for IT-enabled Company Secretary to concentrate its time more on MIS, problem solving, strategy orientation, than on routine paper filing.
- (i) It takes Company Secretary to the Whole World, increases confidence of people in profession and leads to enhanced reputation of fellow professionals help coordinate diverse functions effectively.

Economic Impact of E-Governance

With a view to empowering stakeholders, the Digital India initiative and the e-Governance, proves to be a boon to the citizens, thereby, positively impacting the Indian Economy.

The Digital India plan is expected to boost GDP up to \$1 trillion by 2025. It can play a key role in macro-economic factors such as GDP growth, employment generation, labour productivity, growth in number of businesses and revenue leakages for the Government.

As per the World Bank, new information and communications technologies (ICT), in particular high-speed internet, are changing the way companies do business, transforming



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public service delivery and democratizing innovation. With 10 percent increase in high speed Internet connections, economic growth increases by 1.3 percent. India is the 2nd largest telecom market in the world with 915 million wireless subscribers and world's 3rd largest Internet market with almost 259 million broadband users. There is still a huge economic opportunity in India as the tele-density in rural India is only 45 where more than 65% of the population lives. Future growth of telecommunication industry in terms of number of subscribers is expected to come from rural areas as urban areas are saturated with a tele-density of more than 160%.

The digital platform can enable more creative and service-oriented business models that create employment opportunities. The Digital India project itself will create employment opportunities for 17 million people directly or indirectly which will help in fighting against unemployment problems in India. Government has planned to give IT training to 100 million students in smaller towns and villages as employment opportunity in IT sector is very high in India.

Conclusion

The ultimate goal of e-Governance is to establish and implement a Corporate Governance framework which would ensure timely compliance, avoid delays caused due to interpretative deviation and contribute to growth of companies and will prove to be a role player in the way corporate governance functions in coming future. The initiative is a major step forward towards making Indian business globally competitive and it requires the joint efforts of experts, professional bodies, chamber of commerce to further develop various initiatives under the board processes for good corporate governance.



A Study of Women Representation on Boards of Listed Banks in India

Dr. S K Gupta* & Shukla Bansal**

The Perspective

Corporate governance frameworks defining the way corporates are managed and controlled have taken root globally. One of the areas of focus is women representation on the Board as a step towards better governance and creating an appropriate dynamic to challenge group-thinking with an eye towards enhancing shareholder value. It's a remarkable anomaly that with women representing 50% of most geographic population groups, they are underrepresented in the boardrooms of their nations.

The interest in the gender diversity of boards has increased in recent years in part due to some evidence from industry studies demonstrating a positive link between women in leadership positions and corporate performance. Credit Suisse's study (2014) for example, shows that between 2012 and 2014, large companies (greater than USD 10 billion in market capitalization) with at least one woman on the board outperformed other large companies by 5 percentage points on a sector-neutral basis. Academic research in management and social psychology has long shown that groups with more diverse composition tended to be more innovative and made better decisions. Page, Scott (2007) and Hong, Lu and Page, Scott (2004).

Literature Review

International research on women on corporate boards mainly focuses on identifying the barriers to women's attainment of board positions. In accordance with these studies, discrimination, stereotypes, "old boys' network", women's choices of career, family commitments and other factors have been identified to influence women's progress on boards (Adair, 1999; Burke, 1994b; Fondas, 2000; Levin & Mattis, 2006; Pajo, McGregor, & Cleland, 1997; Richard, 1999; Singh & Vinnicombe, 2004; Still, 2006). International research on women in corporate governance indicate that although the number of women in the work force continuously increased, there has been minimal or no increase in the proportion of women in Board positions (Francis, 2007; Gammie, Matson, & Duncan, 2007; Heilman, 1997; Lahtinen& Wilson, 1994)

A key theme in the literature is that women represent a resource that is still greatly underutilized. Their presence at the top managerial and executive ranks not only introduces

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The views expressed are personal views of the author(s) and do not necessarily reflect those of the Institute.



benefits such as higher business competitive advantage, but also results in better quality decisions and consequently the better financial performance of the firms. Women's increased representation on the corporate boards can result in more innovative and creative board deliberations and better decisions (Fondas, 2000). Interviews with women CEOs in a study of the boardroom dynamics by Huse and Solberg (2006) revealed that women are more committed to their board responsibilities than their male colleagues

Literature indicates that the presence of women on boards not only improves corporate governance but also changes the boardroom environment (Huse & Solberg, 2006; Rosener, 2005). Women directors interviewed by Huse and Solberg (2006) indicated that women were able to create a good atmosphere in the boardroom which facilitated openness among the board members. Women are also considered to listen more, to ask more questions and to see problems and solutions differently from their male counterparts.

A number of studies in the corporate governance literature reveal that gender diversity on the boards is positively related to the firm's performance and value. Carter et al. (2003) in a study of board diversity argues that overall board diversity (including gender diversity) produces more effective problem-solving. According to them, while heterogeneity may initially produce more conflict in the decision making process, the variety of perspectives that emerge cause decision makers to evaluate more alternatives and more carefully to explore the consequences of these alternatives

According to a number of the researchers, women's lower representation on corporate board may be merely an act of discrimination as a result of their token status on the top management and board positions. Kanter (1977) argues that the problems faced by women in the organizations are not the product of their gender per se. These problems are created as a result of the rarity of women in the male-dominated organizations and any group (men or women) in the extreme minority will suffer consequences similar to the experiences of women in male-dominated positions. On the other hand, criticizing Kanter's gender neutral theory Zimmer (1988) and Ciancanelli et al. (1990) claim that negative male behavior in the workplace is seen to be more motivated by the notions of female inferiority rather than scarcity;

According to researchers, women's lower representation on the boards is also influenced by their career choices. Research shows that most women occupy lower level jobs and staff positions that have lower promotional prospects (Hyland & Marcellino, 2002; Levin & Mattis, 2006). A significant number of studies reveal that the lower number of women board memberships are associated with the negative perceptions of CEOs and other executives of companies. In a study of the Canadian corporate boards, Burke (1994b) examined views of the male CEOs of those corporations that had at least one woman board member. The findings of this study showed that approximately 50% of the CEOs believed that there were not enough women qualified for board service. The study also showed that a large number of CEOs believed that having women on their boards had no impact on their board or company performance. More than half of the respondents (57.7%) indicated that women board members are there only to focus on the female employee issues.

The reason most commonly attributed by the existing CEOs and directors for the poor

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representation of women at corporate level is that usually company authorities do not know where to look for qualified women. As a result, informal networks are considered helpful to locate qualified women which consequently limit the pool of potential female candidates only to women in the informal networks of a particular group of people (Burke, 1994b; Sheridan & Milgate, 2003). Recommendations or personally knowing other board members are the two important factors that may help women to enhance their visibility and get appointed to the boards. In another study, Shilton et al. (1996) interviewed four women who held multiple directorships on the boards of Crown and corporate companies in New Zealand. These women directors suggested that to help women progress into directorship, in addition to the acquisition of commercial experience and a desire to become a director, women will need to be active in soliciting contacts, networks and agencies to help increase their visibility for their first board appointments.

Studies reveal that executive-level experience is an important selection criterion for corporate board memberships (Bryant, 1998). Therefore, women's advancement to executive-level roles is dependent upon the company's success in exposing potential women to challenges that will eventually prepare them for strategic decision making roles and executive-level responsibilities. Such developmental opportunities may involve responsibilities for profit and loss, revenue production and general management roles.

According to the pipeline theory, women's absence from the top levels of management is a natural consequence of them not having been in managerial positions long enough for the natural career progression to take place. Forbes et al. (1988) predict that the number of women in executive suites will increase as time passes and as women progress to top management positions. On the other hand, Heilman (1997) argues that the explanation provided by the pipeline theory for women's lack of representation at the top is unsatisfactory. Heilman (1997) adds that such explanations are inadequate, because, although the number of women in middle and lower management has continuously increased, few women have advanced to the executive suites. Therefore, the pipeline theory alone may not provide a thorough explanation for the lower representation of women on corporate boards.

There is an often made assumption that women's lack of representation at the top is due to their lack of motivation or drive for such positions (Heilman, 1997; Lamsa & Sintonen, 2001; Miner, 1977; Sheridan & Milgate, 2003). However, these claims were rejected by Huse and Solberg (2006) who conducted a number of in-depth interviews with Swedish and Norwegian female directors. Their findings indicated that women directors displayed excitement and motivation in being board members.

Another important factor associated with the lower representation of women in higher ranks is women's commitment to family and child bearing responsibilities. Mavin (2000) explains that women are usually forced to choose between their careers and their family stability. A study of women in middle management reveals that the majority of women turned down promotion offers due to their family commitments and relocation problems (Crawford, 1977 cited in Mavin, 2000).

Looking at the barriers to women's advancement in the workplace, it can be observed that



currently, although women are motivated to enter Board of organizations (Huse& Solberg, 2006), organizations have difficulty in developing and retaining women and advancing them into senior management and executive ranks.

Women representation on Board - International Perspective

Concerns continue to mount about the slow progress of women's membership on Fortune 500 boards of directors (Dalton & Dalton, 2010). While there have been numerous research studies about the significance of having women on corporate boards (e.g., Wang & Coffey, 1992; Daily, Certo, & Dalton, 1999; Campbell & Vera, 2008), women remain greatly underrepresented. Although women comprise approximately half of the population, only about 15 percent of corporate board members on large American firms are women (The Economist, 2011). A global review in 2011 by Jhunjhunwala (2012) revealed that female representation on corporate boards of the top 25 countries ranged from 36 percent in Norway to eight percent in the Czech Republic. Women representation on corporate boards in the United States was the fifth highest (16 percent), following Norway (36 percent), Sweden (27 percent), Finland (25 percent), and France (19 percent) (Jhunjhunwala, 2012). A report by the Equality and Human Rights Commission in 2008 in the United Kingdom suggested that at the current rate of change, it will take more than 70 years to achieve gender-balanced boardrooms in the UK's largest 100 companies (Sweeney, 2011). In 2011, the UK had 14 percent women representation on corporate boards (Jhunjhunwala, 2012).

Women Directors - Legal framework in India

The business world has for long experienced inequality in gender representation at the work place. However, in the modern era the status of women is changing. The Government of India has propagated many laws for the empowerment of women. One such revolutionary initiation taken by the Government is the appointment of at least one woman director in certain class of companies' board of directors under the land mark legislation The Companies Act 2013. The second proviso to section 149 (1) of the act makes it mandatory for every listed company to appoint at least one Woman director. Every other public company having paid up share capital of Rs. 100 crores or more or turnover of Rs. 300 crore or more as on the last date of latest audited financial statements, is also required to appoint at least one woman director. SEBI vide its circular dated 17th April, 2014 has made it mandatory for all the listed companies to appoint at least one Woman Director on their Board of Directors in alignment with the requirement of Section 149 of the Companies Act, 2013, under corporate governance norms.

This legislation by the Indian Government is a good start for empowering women in the corporate world. There are several capable women around who can add value to the boards, with this mandatory requirement these deserving women will get a chance to prove their mettle and companies will start witnessing the merit of women directors.

Banking Industry in India

The Indian banking system consists of 26 public sector banks, 25 private sector banks, 43 foreign banks, 56 regional rural banks, 1,589 urban cooperative banks and 93,550 rural

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cooperative banks, in addition to cooperative credit institutions. Public-sector banks control nearly 80 percent of the market, thereby leaving comparatively much smaller shares for its private peers. Of these 24 Public sector and 18 Private sector banks are listed on BSE. Indian banking industry has recently witnessed the roll out of innovative banking models like payments and small finance banks. The central bank granted in-principle approval to 11 payments banks and 10 small finance banks in FY 2015-16. RBI's new measures may go a long way in helping the restructuring of the domestic banking industry.

The ownership in the banking sector remained predominantly in the public sector despite a gradual decline in their share in recent years. Public sector banks (PSBs) accounted for 72.1% of the total banking sector assets. However, in terms of profits, the share of private banks surpassed that of PSBs. In FY15, PSBs had a share of 42.1% in overall profits. With the potential to become the fifth largest banking industry in the world by 2020 and third largest by 2025 according to KPMG-CII report, India's banking and financial sector is expanding rapidly. The Indian Banking industry is currently worth Rs. 81 trillion (US \$ 1.31 trillion)

The Indian economy is on the brink of a major transformation, with several policy initiatives set to be implemented shortly. Positive business sentiments, improved consumer confidence and more controlled inflation are likely to prop-up the country's economic growth. Enhanced spending on infrastructure, speedy implementation of projects and continuation of reforms are expected to provide further impetus to growth. All these factors suggest that India's banking sector is also poised for robust growth as the rapidly growing business would turn to banks for their credit needs. Also, the advancements in technology have brought the mobile and internet banking services to the fore. The banking sector is laying greater emphasis on providing improved services to their clients and also upgrading their technology infrastructure, in order to enhance the customer's overall experience as well as give banks a competitive edge.

The percentage of women employees in Banks in India is 24% which is among the highest ratios in female to male workforce in any industry. This is due to the work culture in banks being suited to female candidates, pay and perks, banking professionals are viewed at a higher pedestal than all the other working classes especially female bank employees, and the growth prospects that banks offer to female employees.

Objective of Study

The study has been conducted to assess and analyze the representation of woman directors on Board of Directors of listed Indian Banking companies in response to the legal mandate of Companies Act, 2013 that each listed company must have at least one woman on the board.

Data and Methodology

For the purpose of study, the list of all the public and private sector banks listed on (BSE), was drawn. There are 24 public sector and 18 private sector banks which are listed in India. The details of the board of directors of these 42 banks were accessed from the websites of the selected banks and the details of top 15 Banks of the world by market capitalization were accessed from the websites of the respective banks. The information was examined and analyzed



to determine the number and proportion of total number of directors and woman directors among them. The results were also analyzed to study whether variation in women representation on the Board of listed Public sector and Private sector banks in India, and Top 15 Indian and top 15 banks of the world (by market capitalization) is statistically significant.

Analysis and Findings

The results of the study have been shown in Table 1,2 and 3 attached as Annexure I.The findings relating to women representation on the Board emanating from the analysis of data pertaining to women directors on the boards of Indian Banks listed on BSE, and top15 Indian banks, and top 15 banks(by market capitalization) of the world are summarized herein below:

Table 4

		0 Women Director	1 Women Director	2 Women Director	3 Women Director	Total
Indian Listed Banks	No. of Banks	2	28	10	2	42
	%	5	67	24	5	100
Indian Listed Public Sector Banks	No. of Banks	1	16	7	0	24
	%	4	67	29	0	100
Indian Listed Private sector Banks	No. of Banks	1	12	3	2	18
	%	6	67	17	11	100

- It is observed from Table 4 that 95% of the listed banks in India have complied with the legal requirement of having at least one women Director on the Board. Two banks, one each in public and private sector is yet non compliant with the stipulated legal mandate. However, 28 banks (67%) have just one women Director, whereas 10 banks have 2 women Directors, and 2 banks have 3 Women Directors on their Board. Thus two third of the listed banks have only tended to merely comply with legal provisions by inducting just one Women Director on the Board.
- It is observed that there is no difference between Public sector and Private sector banks in India so far as minimum level of women representation on the Board is concerned as in both the group of banks 67% of the entities have a minimum of one Women Director. However, a higher percentage (29%) of Public sector banks have two Women Directors as compared to just 17% of the private sector banks who have two

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Women Directors. Further none of the public sector banks has three or more Women Directors, whereas 2 banks in private sector have three Women Directors.

• 5(21%) public sector banks have a Women Chairman and /or Managing Director as against 4(22%) amongst the private sector banks.

Table 5

% of Women Director		No. of banks in India	
	Public sector	Private Sector	Tota
0 - 5%	1	1	2
6 - 10%	10	10	20
11 - 15%	8	4	12
16 - 20%	3	3	6
21 - 25%	2	0	2
Average	12%	11.27%	11.7%

• It is observed from Table 5 that women representation on Board is up to 15% in approx 80% of the listed public sector banks, and 83% in case of listed private sector banks in India. 5 (out of 42) banks in public sector, and 5 (out of 18) banks in private sector each have women representation on Board in excess of 15%. The average of women Directors in Public Sector listed banks in India is 12% and in private sector listed banks in India is 11%. It should however be seen in the context of the divergent size(s) of the Board of various listed public and private sector banks as the law mandates appointment of minimum one women Director on the Board of certain class of companies irrespective of the total number of Directors on the Board. Accordingly a company having 3(minimum required as per law) or may be 15 Directors on its Board need to appoint just women Director to comply the legal provisions.

Table 6
Variation between Private vs. Public Sector Banks

	Sum of Squares	DF	Mean Square	F-value	p-value
Between Groups	5.24	1	5.236	0.21	0.652
Within Group	1013.06	40	25.326		
Total	1018.29	41			



• It is observed from Table 6 that the value of p is >0.05 thus there is no significant difference between the means of the women Directors on the Board of listed Public sector and Private sector banks in India

Table 7

Variation between top 15 Indian Vs top 15 International Banks
(by market capitalization)

	Sum of Squares	DF	Mean Square	F-value	p-value
Between Groups	30	1	30	12.09	0.002
Within Group	69.47	28	2.481		
Total	99.47	29			

• It is observed from Table 7 that the value of p is <0.05 thus there is a significant difference between the means of the women Directors on the Board of top 15 listed banks in India and top 15 banks of the world by market capitalization.

Improving women representation on the Boards of Indian listed Banks

Companies around the world are taking a variety of approaches to address the lack of women on corporate boards. Singh, Vinnicombe and Terjesen (2007) compared the strategies for women advancing onto corporate boards in the United States of America, Scandinavia and the United Kingdom. The USA was described as taking a "liberal" approach (e.g., Catalyst's regular census of Fortune 500 countries), which is rather passive in so far as it does not actively promote a concerted effort to change. In contrast, in 2003, Norway's government adopted a quota system, which was described by Singh et al. (2007), as a "coercive" approach; and The United Kingdom embraced a "consensus" approach. The latter involved engaging the stakeholders and encouraging them to work together in innovative ways to create momentum (Singh et al., 2007). It is interesting to note that a number of European governments including Spain and the Netherlands have joined Norway, and decided that quotas are the best option (Clark, 2010). Other countries such as Australia and Malaysia have also decided to introduce quotas (Jhunjhunwala, 2012). While North America has yet to follow suit, in Canada, the federal government recently announced the establishment of an advisory council to redress the under-representation of women on corporate boards, which stands at 10.3 percent (Ottawa Citizen, 2013). Institutions could play a larger role in increasing the participation of women on corporate boards of directors. For example, the US government could fund training and development for these women. As well, universities and colleges could include in their curriculum the importance of women participating on corporate boards, as well as education and training for women to be more successful in securing these positions.

- In order to attempt to improve the representation of women on the Board the following myths need to be dispelled:
 - Women don't have the right leadership style. According to a study by Cranfield



University, once women are appointed onto FTSE 100 boards, they are more likely to be appointed to subsequent directorships and to hold multiple directorships (15% compared with 11% held by men).

- Women haven't got the right experience. Many male CEOs frequently chalk up women's absence from boards to a lack of general management experience, and too many of them not being in the pipeline long enough. Female directors, on the other hand, say there aren't more women on boards due to male stereotyping.
- Women don't take risks. In fact, women are more likely than men to be appointed onto corporate boards in precarious circumstances (Ryan & Haslam, 2005). There is also evidence to suggest that women who pursue a career path leading to directorship are less risk averse than "typical" women (Adams, 2014).
- Infusing gender diversity in corporate boardrooms is one of the most effective ways of ensuring board diversity, which truly add value. Companies in search of true diversity should look beyond the relatively small inner circle of familiar corporate boardroom faces to find equally qualified individuals who can offer fresh perspectives.
- Bank executives in India must address gender disparity in the boardroom as a business imperative. There is a wider need to recognize that "unconscious bias" often exists in boardroom meetings. This calls for a change in mind set and recognition of women Director as a facilitative resource for progressive enhancement in organizational value.
- Banks need to develop and implement training modules for women at key points in their career progression to groom them for Board positions.
- Nomination and Remuneration Committee should ensure that the Board selection process is non-discriminatory / gender neutral and should actively explore the options of inducting progressively more women in the Board
- Women need to build up knowledge and skills required for Board position, be openminded, and build facilitative network. It is very interesting to be a part of the company decision making. It is worth it.
- Opportunities for Board membership for women are growing. Women need to understand the process, expectations, benefits and need to believe in themselves and be confident that they can achieve Board position. It is also apparent that not all professional women are interested in attaining board membership. It is reasonable to assume that this is as true for men as for women. However, while for some women the decision not to seek board-level positions is linked to their own personal goals in life, for others, this decision has more to do with perceptions of the likely impact that taking up such a role would have.
- Mentoring and Coaching for women could be useful in helping them to make progressive transition to the Board. The process will take some time, but it largely depends on individual motivation. When women are ready, "their performance will speak for



them". In addition it is also recommended that coaching be also offered to men – as key to board-level positions – should focus on what they can do to help move more women into corporate Board.

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Annexure I

Table 1
Women Directors in Indian Banks listed on BSE

S.No.	Name of the Bank	Total no. of Directors	Chairman/ MD M/F	No. of Women Directors	No. of Male Directors	% of Women Directors
	Public Sector Banks					
1	State Bank of India	14	F	1	13	7
2	Bank of Baroda	13	M	2	11	15
3	Punjab National bank	9	F	2	7	22
4	Central Bank	10	M	1	9	10
5	Canara Bank	14	M	1	13	7

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6	IDBI Bank	9	M	1	8	11
7	Bank of India	11	M	2	9	18
8	Indian Bank	11	M	1	10	9
9	Union Bank	11	M	0	11	0
10	Syndicate Bank	8	M	1	7	13
11	Allahabad Bank	12	M	1	11	8
12	IOB	9	M	2	7	22
13	UCO Bank	8	M	1	7	13
14	State Bank of Bikaner & Jaipur	10	F	2	8	20
15	Corporation Bank	12	M	1	11	8
16	Oriental Bank	11	M	1	10	9
17	Andhra Bank	10	M	1	9	10
18	Vijaya Bank	12	M	2	10	17
19	State Bank of Travancore	9	F	1	8	11
20	Bank of Maharashtra	9	M	1	8	11
21	Dena Bank	12	M	1	11	8
22	State Bank of		_			
	Travancore& Mysore	13	F	2	11	15
23	United Bank	9	M	1	8	11
24	Punjab & Sind Bank	9	M	1	8	11
	Private Sector banks					
25	HDFC bank	11	F	2	9	18
26	ICICI bank	13	F	2	11	15
27	Kotak Mahindra	10	M	1	9	10
28	Axis bank	15	F	3	12	20
29	IndusInd bank	9	M	1	8	11
30	Yes bank	10	F	1	9	10
31	IDFC bank	9	M	1	8	11
32	Federal bank	10	M	2	8	20
33	RBL bank	11	M	1	10	9
34	City Union bank	10	M	1	9	10
35	Karur Vysya bank	11	M	1	10	9
36	JK bank	9	M	0	9	0
37	DCB bank	13	M	1	12	8
38	South Bank	10	M	1	9	10



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The state of the s	The Control of Control					
39	Karnataka bank	11	M	1	10	9
40	Lakshmi vilas Bank	11	M	1	10	9
41	Dhanlaxmi bank	11	M	1	10	9
42	Standard Chartered bank	21	M	3	18	14

Source: Compiled from the website of BSE and web sites of respective banks as on 25th September, 2016

Table 2 Women Directors In top 15 banks (by market capitalization) in India

S.No.	Name of the Bank	Total no. of Directors	Chairman/ MD M/F	No. of Women Directors	No. of Male Directors	% of Women Directors
1	HDFC bank	11	F	2	9	18
2	State Bank of India	14	F	1	13	7
3	ICICI bank	13	F	2	11	15
4	Kotak Mahindra	10	M	1	9	10
5	Axis bank	15	F	3	12	20
6	IndusInd bank	9	M	1	8	11
7	Yes bank	10	F	1	9	10
8	Bank of Baroda	13	M	2	11	15
9	Punjab National ban	k 9	F	2	7	22
10	IDFC bank	9	M	1	8	11
11	Central Bank	10	M	1	9	10
12	Canara Bank	14	M	1	13	7
13	IDBI Bank	9	M	1	8	11
14	Federal bank	10	M	2	8	20
15	Bank of India	11	M	2	9	18

Source: Compiled from the website of BSE and web sites of respective banks as on 25th September, 2016.

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Table 3
Women Directors in top 15 Banks (by market Capitalization) in the world

S.No.	Name of the Bank	Total no. of Directors	Chairman/ MD M/F	No. of Women Directors	No. of Male Directors	% of Women Directors
1	Wells Fargo	15	M	6	9	40
2	Industrial & Commercial Bank of China	6	M	2	4	33
3	JP Morgan Chase	12	M	2	10	17
4	China Construction Bank	12	M	1	11	8
5	Agricultural Bank of China	14	М	1	13	7
6	Bank of China	11	M	0	11	0
7	Bank Of America	14	M	4	10	29
8	HSBC	20	M	6	14	30
9	Citigroup	16	M	5	11	31
10	Commonwealth Banl of Australia	12	M	4	8	33
	Westpac banking Con	rp 9	M	2	7	22
12	Royal bank of Canad	a 15	M	5	10	33
13	Toronto - Dominion Bank	14	M	7	7	50
14	Lloyds Banking Grou	p 13	M	3	10	23
15	Bankco Santander	16	F	5	11	31

Source : Compiled from www.Relbanks.com- statistics on largest banks in the world (by market capitalization) and web sites of respective banks as on 25th September, 2016.



Going beyond Regulation and Ensuring more than Adequate and Absolute Compliance

Prof. R. Balakrishnan*

Introduction

In today's world, every organization is interested in pursuing achieving excellence in corporate governance and would like to enhance their image and brand value. Organization are now inventing innovative ways of doing business and most of them are moving forward, to provide more value for money and create wealth for their stakeholders. No organization is interested in being a mere supplier of product and render only the services, rather each one of the organization is interested to work with partnership mode with others by providing greatest value and make each of the stakeholders to feel that they would be proud to be associated with this organization.

The last decade era of LPG (Localization, Privatization and Globalization)

With the enormous development which took place in the last one / one and a half decade or so – especially after the globalization process is phenomenal across the world and also very significant in India. The concept of "doing business easy", digitalization coupled with online dealing across the stake holders, regulators in all the fields, right from the complete supply chain – manufacturing – end to end packing – reaching the end customer "just in time" complying with the concept of "OTIF" – On Time In Full- of Couse with the required quality demanded by the customer.

The vision and mission statements of each and every company is ultimately focusing the customer with clear indication of meeting the customer's needrecognizing that customer is always first, coupled with delivering the promise with continuous improvement and with the faster and prompt response time. In order to achieve the desired results of achieving excellence in governance, the employees who are in the organization – the main force is empowered by the organizations with requisite authority, coupled with responsibility and accountability so that such empowerment makes the things to happen in reality.

Company Secretary Professionals

Coming to professional of company secretaries – whether they are in employment or in whole time practice, they have been thrusted upon larger responsibility under the Companies Act 2013 in relation to compliance and regulations are becoming more and more stringent when it comes to compliance. Gone are the days of adequate compliance since everyone is

^{*} FCS. The views expressed are personal views of the author and do not necessarily reflect those of the Institute.





required to comply and the organizations are now more interested in ensuring compliance much beyond absolute and adeaquate compliance – rather going beyond the regulations. It is now, no longer the company secretary professionals are only ensuring compliance of Companies Act under the same act under which the companies are incorporated and in case of listed entities, compliance relating to Listing Obligations and Disclosure Requirements (LODR) and the responsibility goes much beyond ensuring transparency, disclosures coupled with more than adequate compliance in order to ensure that the stake holders are delighted.

Expectation by stakeholders

Now a day, the stakeholders are demanding more in terms of better governance practices and they are looking forward better governed organizations rather than profit making organizations. Participation by stakeholders and stakeholder's engagement are getting momentum in the recent past.

With the above expectations, the company secretaries professionals are moving towards "corporate professionals". The bottom-line here is that the company secretary professionals are required to enhance their skills, update their knowledge on an ongoing basis, continuously if they want to consistently deliver doing the things "First Time Right" with continuous improvement – rather continual improvement on a consistant basis.

Transparent disclosure information

Since the company secretary is one of signatory to the financial statements as said earlier, being key managerial person, he/she has to ensure that the mandatory required disclosures are made in the financial statement, though the statements are prepared by the chief financial officer – the other key managerial person – viewed and certified by the statutory auditors. The auditors would be certifying for the true and fair view of the financial statements while the responsibility of preparation and presenting the financial statements rests with the management and needless to mention that the company secretary is part and parcel of the management.

Some of the challenges for the company secretary professionals

Let us look some of the important challenges thrown open to the company secretary professionals amongst others.

Ensuring compliance of all other applicable laws to an organization

For the first time in the history of India, the Companies Act, 2013 spells out the functions of the company secretary professionals. As per the provisions of section 205 of the Companies Act, the company secretary is not only responsible for compliance under the Companies Act but also, responsible to ensure compliance under all applicable laws to an organization and report the matter to the board of directors.

Ensuring the compliance under all applicable laws are one of the biggest challenge for company secretaries in employment and as well those in practice who are rendering secretarial services to those organization where the organization is required to employ a company secretary



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Ensuring strict adherence of secretarial standards

Now that secretarial standards are mandatory for all companies – private or public – listed or unlisted –the company secretaries are required to keep extreme caution in ensuring compliance of the requirement of the secretarial standards. There are many integrities involved which could be understood only when, in-depth study is done and the thorough understanding of the standards are understood.

To cite an small example, the minutes of the board meetings required to not only indicate the names of the invitee, but also to indicate, the relation and in what capacity the invitee is attending the meeting and also in respect of which item of the agenda. There are many such enhanced disclosure requirements are envisaged in the secretarial standards and the professionals application of mind is required in complying with each such requirement.

Pivotal position occupied by company secretary professional as KMP

Being the key managerial person, company secretary, along with other key managerial persons such as chief financial officer, manager and directors of the company would be one of the professional to whom the regulator would call upon to answer the non-compliance of any of the regulatory matters and show cause notices would be issued, even it may go up to prosecution. One thing has to be borne in mind that the company secretary professional is not only the key managerial persona, he is also one of the principal officer of the company and in fact he is the professional who is known as "officer in default". Even under the Listing Obligations and Disclosure Requirements enforced by the SEBI and stock exchanges, the company secretary occupies the position of "Compliance Officer"

Obviously, the company secretary has to take extreme caution and responsibility in discharging his role as a compliance officer and ensure, compliance is done to the fullest extent and even beyond.

Compliance of Secretarial audit

The Companies Act, 2013 made it mandatory the long awaited secretarial audit, applicable to listed entities and as well specified classes of larger organizations. Secretarial audit is nothing but virtually the total audit of the secretarial function – an independent certificate issued by the practicing professional that the state of affairs with reference to compliance is in place or otherwise. Here again, the company secretaries are have a wider role to discharge their responsibility to ensure the fullest compliance.

To cite an example, in a public company, appointment of a director at the annual general meeting calls for a deposit amount of one lac rupees with the company, and upon the election of the director, the said amount is required to be refunded. In an unlisted public company, if the cheque is taken – not banked – the same is returned back after the election of director – the same amounts to non-compliance since the cheque is not banked and the cheque is simply returned and not the amount is refunded. Here is the skill of the professional lies in rightly interpreting the provisions of the act, and ensure adequate compliance and not apparent compliance.





Moving towards unqualified audit report

One of the indicators which determine the quality of the financial statement is as to whether the auditor's statement contains any qualifications, observations, adverse remarks etc. The regulators are advocating moving toward the regime of obtaining clean report without any qualifications. In an organization, each and every professional – i.e. right from the board of director to chief financial officer, company secretary professional – all of them have work together as a tem to ensure in getting the clear audit report without any qualification.

It is important to note, if there are any non-compliance happened, though the organization would be taking necessary steps to ensure compliance, indicated the same in the financial statements in a note, the statutory auditor being another certifying professional for certifying the financials for its true and fair view, might indicate the above continuance of non-compliance on which the steps are being taken by the company to remediate, by way of emphasis of matter indicating that the existence of non-compliance and steps taken by the company subsequently and they may not qualify their report.

For example – the emphasis of matter could be as under – by way of illustration only for the information of readers (subsequent appointment of CS in a company).

Emphasis of matter

The auditors could draw attention of the relevant note number in the financial statement pertaining to the non-compliance and the action taken by the company – reading as below.

Section 203 read with Rule 8 of the Companies (Appointment and Remuneration of Managerial personnel) Rules 2014 the company has not appointed key managerial personnel in the form of Managing Director / Manager /Chief Finance Officer. The auditor may also indicate any recognized provisions towards fine and penalty if made in the books of accounts by the company.

Similar remarks could also be made by auditors in respect of appointment of independent directors in a public limited company and also for the non-appointment of woman director.

Upon obtaining necessary information from the management, the auditors may choose to state that in respect of above non-compliance, the company is in the process of taking necessary action to ensure compliance, with the respective provisions of the act and in view of the above, the auditors may state that their opinion is not is not qualified in respect of the above matters.

In case, the company has not disclosed the details in the form of a note to financial statements, the auditors may choose to issue a qualified audit report.

Taking into consideration of all these aspects, the company secretary professional has got to apply his mind well and ensure the things which are in the best interest of the organization and in the right perspective and also in compliance with the provisions of the law.



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Disclosure relating to financial matters as well

Although the chief financial officer of the company is totally in charge of preparing the financial statements, yet, the company secretary could run a check on the various disclosure requirement on those financial matters as well since the company secretary professional has to ensure compliance under Companies Act and as well under other regulations and he is also defined as a key managerial person.

Let us look some of the nativities of disclosures, if not made in the financial statements attracting the attention of the regulation which may trigger the point of issue of show cause notice and call for explanation – both.

Related party transaction

As per section 129, in a related party transaction when loans and advance are given, the disclosure details of the name of the related party disclosure would be called for – even if the related party transaction is recorded and disclosed, if the name is not disclosed, then it attracts contravention of the provisions of section 129 of the act read with schedule III of the act (under the head Loans and advance to related party in the relevant schedule).

Compliance with Accounting Standard 18

The companies are required to disclose the name of the related party and nature of the related party relationship where control exists should be disclosed irrespective of whether or not there have been transactions between the related parties. The disclosures would be in relation to key managerial personnel and other relatives if any. If the necessary disclosure is not made which is the requirement of AS 18 would be is contrary to the provisions of section 180 and other provisions of the act and accordingly, there would be violation of section 188 and AS 18 of the act.

Classification of liabilities and disclosure of commitments

Wherever, contingent liabilities are disclosed in the relevant note of the financial statements—the question of non-provision for contingent liabilities and its classification together with commitment is required to be disclosed as per schedule III of the Companies Act, 2013. If this aspect is not taken care, then the contravention is attracted under the provisions of section 129 of the Companies Act, 2013 read along with Schedule III of the Companies Act, 2013.

Borrowings - its classification & application

Whenever the company raised funds on the same is required to be classified under subclassification as to secured or unsecured and in case of secured loans, the nature of security is required to be specified as per schedule III read with section 129 of the Companies Act, 2013. If these aspects are not taken care of in terms of required disclosures, the contravention would occur in respect of financial statements as the financial statement would not give a true and fair view of the financial position of the company and also not conformity with the prudent concept of generally Accepted Accounting Principles. This matter may even be referred to Serious Fraud Examination office (SIFO) for further investigation by the regulators.



Induction of independent director(s) and women director on board

As per the provisions of the Companies Act, specified classes of companies are required to have independent director and woman director on board and if the company has not inducted them then it is contrary to the provisions of section 149 of the act read with Companies (Appointment and Qualifications of Directors) Rules 2014.

Meeting of independent directors

As per the provisions of section 149 read with Schedule IV part V of the Companies Act, 2013, if the company has not convened the meeting of Independent Directors, then it is contrary to the provisions of Schedule IV Part VII of the act and it would be an offence under the provisions of section 149 read with schedule IV par VII of the Act.

Passing of Circular resolution

The circular resolution passed by the directors has to be in place which is noted by the board of directors at their board meeting. If the relevant provisions on passing the circular resolution are not observed then the company would be in default in complying with the provisions of section 175 of the Act with respect to not making circular resolutions passed prior to the board meeting held.

Convening annual general meeting by giving 21 days' notice

Coming to convening the annual general meeting of the company (section 101 and 136 of the Companies Act, 2013), if the notice of annual general meeting along with financial statements, directors report not sent within 21 days of the date of annual general meeting, the same would lead to the violations of section 135 of the Companies Act, 2013.

Gist of the above matters

Needless to mention, unless and until the company secretary professional get themselves, continually updated and keep a constant watch on the regulatory changes coupled with the right application of minds, could be able to ensure the absolute and adequate compliance. As said earlier, the stakeholders expectation are more demanding, they expect things much beyond the regulations in terms of transparent and disclosures. It is imperative for the CS professional, to meet this ever growing demand, to constantly upgrade their skills, enhance the knowledge and apply the right interpretation of the statue and ensure compliance in totality.

Also it could be seen from the provisions of the Companies Act, 2013, the fine and penalties are substantially stand increased and the non-compliance now-a-days would call for hectic fine and penalty and especially in case of continuing offences, the fine and penalty would be running till such time the compliance is done.

Regulator moving towards absolute and adequate compliance regime

The Companies Act, 2013 had made drastic improvements in the regulations, done away with many of the gateways which were available earlier, allowed more than adequate time for organizations for ensuring (late) compliance, if timely compliance is not made. Under the earlier Act, the requirement of filing various forms are only 30 days and late filing of forms permitted by the Register of Companies with additional fees for further period of 30 days and



thereafter, one has to go to the erstwhile Company Law Board and file an application for condonation of delay and the CLB could allow filing forms after hearing the matter with additional fine, penalty etc., depending upon case to case basis.

In the current Companies Act, 2013, one could file the form within 30 days towards timely compliance, and delayed compliance is permitted for a further period of 270 days with additional fees. (Fees have been enhanced considerably) This obviously means, the regulator is interested in ensuring the compliance ultimately by setting a trend, if not timely compliance, at least late compliance.

The company secretary professionals have to ensure at the first place the timely compliance and in cases where delay has taken place, ensure the late compliance as envisaged in the provisions of the act.

Company secretary professional to ensure absolute & adequate compliance

By definition, company secretary professional are terms as Key Managerial person and the act has also spelled out the function of the company secretary in the act itself. Further, apart from complying with companies act provisions, the company secretary has to ensure the compliance of all other applicable laws as per section 205 of the Companies Act 2013. The current act is very clear, one has to comply – even late compliance is fine – however non-compliance would invite for regulatory action emanating the issue of show cause notice, prosecution proceedings, finally either go for compounding or fight out the case.

Since the board of directors is having their prime responsibility to concentrate on business, their time being very precious, they should not be asked to get involved on litigation matters and wasting their time and money due to non-compliance. As a company secretary professional, one has to ensure absolute and adequate compliance.

Compounding of offences

Let us also discuss the issue relating to compounding of offences.

Once the company has done the late compliance, the offence of non-compliance stand nullified by virtue of late compliance. The important question arises, whether the company could go for filing voluntarily application under section 441 Companies Act, 2013 for compounding with the regulator. Ongoing through the provisions of section 441 of the Companies Act, 2013 one could notice that the section in question does not specify any legal obligation or requirement to file a compounding application in respect of violations under the Companies Act. On the contrary this provision entitles the company and also the company's officers to seek compounding of offences in certain circumstances only. Even if the company decides to file an compounding of offences, on the date of filing the application, since the company has already remediate the offence, on this day, the company stands complied with the requirement. Moreover, the provisions of section 441 expressly spell out that offences may be compounded "before or after the institution of any prosecution".

In view of the above provisions under section 441 of the Act, since the late compliance is already done by the company -the position on the given day is that of compliant company as



required under the relevant provisions of the Act. As discussed above since the regulators are interested in moving towards the regime of compliance – even late compliance – the regulators may not take any penal action against those companies who had done the compliance – though late but compliance is done.

One may take a view here, since there is no legal obligation or requirement for companies to file compounding applications voluntarily (*suo-moto*) in respect of any past non-compliance with the relevant provisions of the Act, there could be no need to file any compounding application, since the company's position is that of complied status. In case, any such time in the future, if the regulator seeks to initiate prosecution proceedings against the company, which is a remote chance at that stage, the company could promptly file the compounding application in respect thereof.

Conclusion

Since the Company Secretaries are the key managerial personnel, responsible for ensuring compliance, not only under the Companies Act, but also under all other applicable laws to an organization – whether in employment or in practice – need to constantly upgrade their skills and knowledge, and ensure compliance all the time by doing the things "First Time Right". Further, the Company Secretary professionals have to also ensure, they add value to the organization, implement the world better practices from the other parts of the world practiced under the Combined Code of UK or under the Kings II code of corporate governance and even from other governance practices from the rest of the world and ensure that the organization in which the Company Secretary professional serves or render services, to ensure the organization in excelling achievement of excellence in governance practices.

Gone are those days, where one could do the box ticking exercise and ensuring apparent compliance. Today the demand by the stakeholders are not only absolute and adequate compliance but compliance going beyond the regulations coupled with transparent and better disclosures. The company secretary professional should take pride in ensuring that each of the stakeholders is interested in taking pride to be associated with the organization in which the professionals are serving / rendering services. For this purpose, the company secretary professionals need to adopt the better values of responsiveness, coupled with continuous improvement in their knowledge and skills, self-empowerment with the sole motive of recognizing that that the importance of customer is always first and ensure to deliver the promise, not once but all the times on a consistent basis.

When the country is moving on digitalization, creating a regime of ease of doing business, the company secretary professionals cannot stay behind, they have to get geared up to meet the challenges when the regulators have thrusted upon the professional the much needed recognition coupled with responsibility and accountability even by spelling out the functions of the professionals in the act itself.

The days are not far away, the company secretary professionals would be called as Governance Professional, and we shall be achieving excellence in governance practices by adopting the world best practices and bench marking you on the field of corporate governance.



Corporate Social Media Governance -A Key Boardroom Agenda

Shilpi Thapar*

Introduction

Over the past few years, corporations around the globe have been trying to figure out how to enter the social media ecosystem. Some decided to jump in and quickly learn how to swim. Others were pushed into the deep end and figured it out after thrashing around a bit. And then there are those that choose to steer clear off altogether, hoping to circumvent the risk. Unfortunately, if such organizations believe that they can avoid social media - they cannot. The organization can choose not to participate, but that does not mean the organization, or its products, its services, its programs, or its own workforces are not being talked about by the social community. And so while there are risks in engaging the stakeholders of an organization using social media, there are also risks in avoiding it altogether. The key to managing such risks is developing a clear-cut social media governance program.

Social media governance is a set of business processes put in place to support the social vision of a company with relevant targets and guidelines. Its purpose is multi fold – educate and guide the relevant stakeholders, define social media processes, maintain brand reputation across all channels online and offline, establish rules which govern conduct and broadly define company social media goals.

Since the rise of the Internet in late 1980's, the world's networked population has grown from the low millions to the high billions. Over the same period, social media has become a fact of life for corporate society worldwide, involving not only the large corporate organizations, but also the regular organizations, the workforce, activists and also the key board personnel who play a key role in establishing such key policies to address the risks and challenges of social media while also using the medium to prosper company's set objectives, goals and its vision, and thus in turn making initiatives to ensure high level of social media governance.

Social media has become an indispensable business tool. Most organizations have strong controls in place for email but few apply the same rigor to new methods such as enterprise social networks and social media. Sound social media governance will not only enable the organization to manage the risks that arise from social media's inherently public nature and global accessibility, but also allow to make the most of the opportunities it brings and stay ahead of change.

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It is becoming increasingly a key strategic component for companies and its Board of Directors to understand the risks and challenges related to social media and has a clear strategy in place which sets out how they will use it and for what purpose. Social media blunders are becoming increasingly more commonplace in the news and getting social media wrong can have a serious impact on a company's reputation and its brand value. Social media brings its own challenges but having a sound and practical strategy which is easy to understand will ensure risks are managed and benefits realized.

Effective Social Media Governance Model- Key Agenda for Board of Directors:

An effective social media governance model is not limited to controlling of risks and challenges involved in social media but there should also be consideration for various other components that can help implement a sound and effective Governance Model. The Board of Directors of any organization should consider the following key components and integrate them in the company's social media governance measures to effectively address various social media risks:

Social Media Policy

A social media policy is the foundation of any social media governance model. Its purpose is twofold: to guide the employees of the organization and to protect the organization and its customers from risk. Any organization should have a social media policy regardless of whether or not your business is actively engaged in a social media strategy.

At a bare minimum the social media policy should include specific guidelines for each of the top three social media platforms: Facebook, Twitter and Linkedin. But though social media has become synonymous with that trio of powerhouses, the landscape is vast, encompassing blogs, wikis, podcasts, video sharing, micro-blogging, community forums and other tools. While it's not necessary to develop a set of best practices for each of them, the Board should have a clear and consistent set of expectations that covers all your organization's primary social channels and its review should form part of Board Meetings Agenda from time to time.

Monitoring

Your brand is likely being discussed on the social web whether you're engaged in the conversation or not. Google Alerts and Twitter are two social medium that offer simple ways to search for the names of your brand, employees and competitors. Social Media Monitoring tools like Sysomos and Hoot Suite offer more robust tools for acquiring, analyzing and acting on intelligence. Regardless of the tool you use, monitoring is a must for everything from shaping consumer sentiment about your brand to heading off a potential PR crisis.

Training & Education

A solid governance model should have plenty of educational resources for employees. This should include training on responding to customer feedback, both positive and negative. Typically, it's the customer support and Public Relation organizations that are tasked with the responsibility of responding to customer feedback. However, social media is breaking down



the traditional boundaries and depending on company's social media engagement policy, it could be a marketing or sales person that has to respond to a customer query. So it's essential to have training as a cornerstone of your social media governance model.

Approval Processes

A governance model should clearly call out what approval processes are in place for employees to engage in social media. It should answer questions such as: Can everyone participate? or only certain key executives, directors or authorized representatives can via your company's social channels? What is the process for getting approval for an official account? Approval processes ensure an organization's social media accounts are headed by responsible personnel and the risks of misuse is minimized.

Crisis Management Plan

In 2009, Toyota launched the largest recall in the company's history in response to hundreds of reported cases of sticking accelerator pedals on account of the pedal getting caught in the floor mat, making affected vehicles speed up uncontrollably, and it was linked to at least 50 reported fatalities. Rumors and panic spread across the web, and suddenly the brand, a model of automotive safety for decades, was embroiled in a digital disaster with little foundation in social media with which to combat it.

A PR crisis doesn't have to be as dramatic as Toyota's to be damaging. The Toyota recall illustrates a common thread that runs through all PR crises: a slow response from the organization exacerbates the crisis. At its basic level, a crisis management plan should outline how to use the social media channels to deliver a quick and appropriate response and it should form part of your social media governance initiative.

Toyota eventually turned to social media to repair its image, but its effort would have no doubt been more effective if it could have been leveraged to diffuse the controversy before it spiraled out of control.

While keeping in consideration such components of social media governance model, board should also first assess such social media risks and develop an eco system to effectively address such risks.

Social Media Risk

Social Media risk becomes a prime concern for every business in the present global competitive and knowledge based environment. The company uses the social media platform to reach out its goals and at the same time social media has many risks which affects the growth of the Management. The risks are as varied as an unauthorized post, a social media account getting hacked or an authorized company post that ultimately proves ill-advised. A time-tested strategy of pre-emptive mitigation and comprehensive pursuit of insurance coverage post-loss provides the best protection against social-media related losses.

Whether it is a small, medium, or large-sized business, the brand's health and reputation is often defined by the way they engage in public environments. In short, the board need to





identify the risks of social media, develop comprehensive governance policies to mitigate risk and then deploy the right technology to reinforce those policies.

Managing Social Media Risk

Every business entity in the world exists to provide value for its stakeholders. All entities face uncertainty or risk and the challenge for the board is to determine how much uncertainty or risk to accept as it strives to grow stockholder value. Uncertainty presents both risk and opportunity with potential to erode or enhance value.

Social media offers considerable advantages like Branding, Marketing/advertising, Corporate Communications, servicing, grievances resolution to business entities, but establishing and maintaining a social media presence can also expose companies to a broad array of risks. By considering the current scenario, companies are not taking the social Media risks seriously and inadequately prepared to for the challenges brought by social media.

Various types of Social Media Risk

While offering a host of potential business benefits, the use of social media can expose companies to numerous business risks. Most of these risks result from a combination of organizational weaknesses and vulnerabilities exposed through data misuse and data sharing:

Reputational Risk

Negative exposure on social media sites about the company's name, can result in loss of trust and revenues. There are other several risks also connected to the reputational risks like Strategic risk, Business risk, Regulatory risk, Legal risk, Market risk. If reputational risk is not handled in a proper way, these connected risks can lead to serious negative consequences including fraud, intellectual property loss, financial loss, privacy violations and failure to comply with laws and regulations.

Fraud Risk

While engaging directly with the public, in real time, mistakes are bound to happen. Employees may also be hacked in the social media and may lead to manipulate the information and it leads the way for fraudsters to gain access to company's database.

Legal Risk

Potential issues range from adherence with privacy laws, to content ownership, to intellectual property infringement, to human resources issues such as such as harassment, discrimination and defamation.

Data Risk

Firms need to meet the regulatory requirements of collecting, processing, handling and storing data. The corporate network should be secured to prevent confidential client data and other information from leaking out, or even across, the organization. The firm should be protected from incoming threats when social media users inadvertently introduce malware



into the organization or employees are targeted by cyber criminals. Global firms need to comply with local data protection regulations when employees are connecting with each other and sharing documents across borders.

Non Compliance Risk

Industry regulations vary by industry, geography and culture. There are many rules and regulations are available to govern electronic communications. Categories of rules include recordkeeping, adhering to advertising requirements and supervision of employees. Firms must be able to provide proof of compliance when regulators conduct audits as well as respond to e-discovery requests.

Financial Risk

Missteps can have a negative impact on share prices and result in fines from regulators or data protection enforcement agencies.

Costs Risk

Although social media is viewed as "free", firms may need to hire experts to work through their governance issues, third party vendors to provide platforms to manage access and retain records and writers or agencies to develop content.

Bandwidth Risk

Resources are required to develop, manage, supervise and adjust both internal and external social media programs. Updates may be reviewed by departments that could include corporate communications, marketing and compliance.

Social Media Governance by Board- A key element of Corporate Governance

- 1. The Board shall frame the policy for Managing the Social Media Risk that helps in identifying and exploring many of the potential negative consequences posed by social media in terms of brand, strategy, regulatory, legal and market risk. More important, it outlines a holistic approach to identifying, assessing and managing those risks.
- 2. Engage in enterprise-wide change management activities to create a more risk-aware culture in the organization which will give exposure to both the significant benefits and the distinctive risks of social media and putting in place the compliance and performance management capabilities that can lead to changed behavior in social media usage.
- 3. Assess uncertainties arising from social media.
- 4. Restructure the existing risk governance structures.
- 5. Enforce advanced tools and technologies for monitoring social media.
- 6. Evaluate the performance management capabilities to analyze and act on the metrics delivered from monitoring activities.
- 7. Engage in enterprise-wide change management activities to create a more risk-aware culture.



Steps involved in Implementing Social Risk Management Policy

I. Governance

Governance is focused on creating new structures, policies and accountabilities for managing social media risk, as well as the awareness of how the organization is using social media strategically and operationally. Although general governance principles apply in the realm of social media as with other corporate strategies, some specific differences and permutations need to be noted in several areas, including the need to coordinate effectively across functions and the need to have well-defined crisis management procedures that can be instituted at a moment's notice.

An established social media risk management structure including:

- 1. Formally defined roles and accountabilities enterprise-wide and within exposed functions.
- 2. Coordination among business units.
- 3. Acceptable-use policies for social media.
- 4. Well-defined risk tolerance levels.
- 5. Defined escalation pathways.
- 6. An operating model for crisis management.

II. Process

Effective social media risk management processes protect operations and the brand in a cost-effective way—adjusting operations for proactive social media risk assessment and monitoring. Companies are already aware of the importance of having consistent processes in place to handle identifying, measuring, managing and reporting on risks. However, such processes will often look somewhat different in the social media world, in part because of the always-on nature of social networking platforms.

Consistent processes to manage operations while identifying business opportunities. Processes include:

- 1. Social media risk identification across categories (e.g., reputation, intellectual property, fraud prevention, business disruption)
- 2. Risk assessment, reporting and monitoring.
- 3. Cost-effective risk mitigation/transfer.

III. System

Board should be capable of monitoring social media networks in real time to identify what is being said about your company and what issues arise from that chatter from the standpoint of regulatory, business and brand risks. Such monitoring is now largely



dependent on advanced technology. Improving the effectiveness of IT systems in the context of social media risk management is primarily about improving the management and analysis of data and using new technologies to monitor social media sites as a means of mitigating risks. Vast amounts of data are now on social media platforms and so companies need and want to manage that data effectively. Several capabilities are important here.

Effective use of technologies to improve data management and the monitoring of social media activity, including:

- 1. Social media data mining and capture (e.g., analytics, web crawlers)
- 2. Text analytic engines
- 3. Data security and storage
- 4. Reporting and dashboards

Opportunities and Challenges Of Social Media On The Company and the Strategies to be adopted by the Board

Hence, in today's world of Social Media as discussed above, we feel that a blow to an organization's reputation may prove to be fatal even without any actual wrong doing by the entity itself- Perhaps as a result merely of a perception of inappropriate behavior or even just the grievances of one or two individuals. Such attacks on the reputation of the organization can have a drastic effect typically on the brand value of the company.

In order to mitigate the risks, challenges and opportunities as discussed earlier and to keep in mind the effective functioning of the Board amidst the scenario of such risks, opportunities and challenges , effective strategies shall be planned and implemented at the right point of time in the Organization.

It is essential that the Board takes pro active interest in the Governance of the Social Media, since in the Light of present circumstances of increasing participating stakeholders, a good board leads to good decisions and good decisions lead to value oriented sustainable stakeholder value.

To design a strategy that can be productively implemented is a tricky task. However, there are a few questions which the Board / the organization collectively can ask before developing a strategy.

- Does our organization have a social media policy and what does it cover?
- Do we think about social media from a perspective of both risk and opportunity?
- Is there a designated position in our organization to manage social media
- Does our organization monitor social media and, if so, for what?
- Do we monitor social media internally, or is the function outsourced?



- Does our organization monitor social media, traditional media, and other sources to determine the public perception of our organization and the public acceptability of our business strategies?
- Do we monitor the public's opinion on our competitors and our industry?

Above are vital concerns from the perspective of the Company/ Organization and the Board.

Role of Company Secretary- A Governance Professional

Being a Governance Professional, a Company Secretary must be conscious of the strategies the Boards shall devise for planning, implementing and monitoring the Social Media Governance Model. Times have changed and the Company Secretaries are getting transitioned into Governance Professional. Since Governance or the lack of it has assumed a centre stage, the professionals in our field need to be dynamic and zealous enough to guide the Board in not only in the matters of Law but also in recommending the Board good practices to carry out smooth functioning of the Board.

Below are few guidelines which we as professionals shall recommend to the Board and which shall also be supportive to the Board in shaping strategies for Social Media Governance:

- (1) Demystify social Media during a Board Meeting. To ask the Company to deploy staff/ employees who can look after the following:
 - a. company's specific target market who uses social media;
 - b. a comparative analysis of what competitors are doing;
 - c. research on reach and future trends in social media; criteria to use;
 - d. the difference between inbound and outbound social media.
- (2) Advise the Board in determining the material matters relating to the Social Media Disclosures and taking up those material matters for approval in the Board meeting and /or committees thereof in order to avoid the circumstances of Insider Trading claims and risk of confidential information getting leaked. Social Media Risk should be part of Risk Management Policy of the Company.
- (3) Advise the Board in maintaining a reasonable approach while divulging information on the Social Media. As a Governance Professional to the Organization, care must be taken to guide the client on the information to be placed on the social media since social media tools can be used during a crisis to federate the protestors in gathering the information that can be used in litigation, putting Board Members in a liability suit situation.

A very talked about example shall demonstrate on why it should be ensured that social media should be on a Board's Agenda. A few years ago, Nestlé was the target of a Greenpeace social media campaign for using palm oil that they claimed was harvested



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unsustainably, endangering several animal species in Indonesia. The group posted videos on YouTube and other channels that went viral before the company was able to get them removed. The removal then prompted further outcry: tweets and Facebook posts multiplied, and damage that in the past would have taken months of on-street petitions and letter campaigns accrued in mere days, with hundreds of thousands of conversations happening outside the company's reach and influence.

- (4) Enlighten the Board regarding various provisions of Cyber Laws in order to be meticulous with the disclosures. There are several Intellectual Property Rights concerns for which the Company / the Organization needs the expert guidance of Professional experienced in dealing with the Proprietary aspects of the Company.
- (5) Advise whether the Company should have a whistle blowing mechanism through social media or not depending upon the size of the stakeholders and nature of business the Company is in.

However, be that as may, there are opportunities as well which are seldom unexploited by the Board since social media tends to make the Board of Directors perturbed.

Further, the Board can also carry on developing frameworks with regards to stakeholder value that address the key challenges of social media governance for the workforce, including:

(1) Listening to what is being said

Listening to what the stakeholders feel about the Company is an essential thing which most of the Companies fail to notice. Most of the activities happen on the website of the Company on advent of a new move of the Company and in order to propagate what the Company or the Board of Directors feel about the same. With the social media coming into the picture, the stakeholders of the company would be able to voice their opinions for a particular move and thereby the Board and the Company shall be able to reasonable inference regarding success or failure of the same.

(2) Employees Perspective

Social media provides an opportunity for senior management and boards to understand employees' opinions and perspectives as well. An internal Social Media Platform should be created so that the employees can express their opinions and voices in a decent and constructive manner. The Board of the Company in this regard shall always keep in mind that the employees of the Organization are the first advocates of the Organization. Every employee talks about his/her workspace with his/her peers. The Board / the management of the company has to take care that the organization is valued in the eyes of the people who work for it. After all, no review is better than the review from the person who is working for the organization. The Board should take steps to harness this very fact.

(3) A Channel of Communication with the Public

Companies that understand what stakeholders are saying, and where to find the



conversations, are better able to integrate their social media strategy into the broader corporate communications strategy. Companies that are willing to engage themselves onto a Social Media conversational platform tend to make a larger customer base since the doubts queries and concerns are responded to infect immediately.

(4) Social Media is like a market research group which is never commissioned

There are all sorts of communications about the Company when the Company is on social media. Social Media is so far one of the best ways to figure whether the Companies activities are niche to a market or not.

(5) Influencing Decision making

Once the management of the Company is done with the phase of propagating and exchange of ideas and receiving of the feedbacks, the Board/top management of the Company by then becomes well equipped with the relevant information and/or report regarding the market sentiment and the level of stakeholder satisfaction on any particular move of the Company. In this manner the Board or the top management may rather be able to make a better informed decision. The Probability of the Board / the top management going wrong in their decisions is significantly reduced through the adoption of social media mechanism.

(6) Mitigating Social Media Impact

The Board should develop speedy approval processes to enable rapid responses towards Social Media Chatter and authorize designated officer for such speedy responses. Board should constitute "Digital Acceleration Team" to respond speedily to the problems as they surfaced.

Conclusion

The advantages of using various social media effectively can be considerable in terms of insight, competitive advantage, cost savings and efficiencies. Good Social Media Governance ensures that the outlays associated with social media blunders can be minimized. This is vital. A happy customer's view can be beneficial to business but the viral nature of social media means that organizations can be at risk, not just externally but internally. We as professionals along with board can play a crucial role in social media governance not only through growing organization wide awareness and developing a social media strategy but also ensuring compliances and addressing key issues to ensure that social media is compliant and ensuring Social Media is on the Board agenda.

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CSR - A Tool for the Balanced Growth of India

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Background

In this dynamic world, every object can be seen and perceived with so many angels and aspects, say for example, CSR now not a new topic but, extremely powerful tool can be perceived, accessed, evaluated from the different aspects of legal, financial, sociological, administrative and so on. Unless and until all the variants are taken into account and grasped in its essence and a thorough study and evaluation thereof is done, one cannot achieve the results which are having an element of sustainability.

With the applicability of new Companies Act, 2013 and with a passage of time now, the phenomenon CSR can be imbibed with a different sensible outlook. It will be also be interesting to take note of report of the High Level Committee framed by the Ministry of Corporate Affairs [MCA], Government of India which was submitted in September, 2015 so as to suggest measures for improved monitoring of the implementation of Corporate Social Responsibility Policies.

Replacing "People, Planet and Profit" by "Partnership, Progress and Prosperity

Looking to the present social stratum of the Country which is by and large unbalanced with a striking feature of having unequal as well as partial opportunity to all so as to access to the available resources, facilities and various means to explore one's potentials to the highest level so as to articulate a society being a "welfare state" and which should have been the vision for the State to realise but still remained a far reaching dream only and in such a situation with a dire need for the social innovation, social development and balanced growth of the country, there needs a broader visions by moving ahead from the triple bottom line ("People, Planet and Profit") to "Partnership, Progress and Prosperity".

Triple Bottom Line ("People, Planet and Profit") undoubtedly is an important approach for the social innovation and development in India. But looking to the situation prevailing in the society even after screening the results from the implementation of Triple Bottom Line approach there seems a huge scope for the realisation of "welfare state" which is built up with a foundation of social innovation and development and thus needs a thrust, an extension to the said Triple Bottom Line approach by replacing "Partnership, Progress and Prosperity" to the "People, Planet and Profit".

^{*} ACS, Company Secretary. The views expressed are personal views of the author and do not necessarily reflect those of the Institute.



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"People" unless and until having been united with a goal to synergise the efforts, isolated efforts will not be sensible in long term and such synergy can only be achieved having been partnership with the others. A collective energy vertex formed by the vibrations of likeminded people have a far reaching impact and value addition for the realisation of goals then the isolated efforts. Of course "planet" signifies the macro level approach for the holistic well being but, it should be backed by the progressive human efforts in collective form and aim should be the "Prosperity" in addition to the "Profit". The connotation "Profit" denotes a surplus of income / revenue over the expense / overhead and somewhat clanked to an individual person or organisation or entity so, hovered by the feel of micro level objective purpose whereas the "Prosperity" brings a meaning of qualitative aspects in addition to the profits viz. opulence, affluence, peace, well being, comfort, security, ease, plentifulness to an individual as well to the society in larger context so, more emphasis at the macro level with a sense and feel of perceiving the state of holistic being in addition to wholesomeness.

So, in long run working with a base of "Partnership, Progress and Prosperity" seems to have a far reaching impact for the realisation of a goal of social development and social innovation.

Strategic CSR the tool for "Partnership, Progress and Prosperity" for the balanced growth of India

Now, real question comes how to implement the base of "Partnership, Progress and Prosperity"? Looking to the size of a society and a noble cause of social development, an effort at individual level will be having a meagre contribution to reach to the destination within a reasonable time limit but, if collective efforts are put in then definitely will be having a far reaching impact on the society.

Corporates have emerged as a dutiful contributor to the economy of a nation and of course for delivering results in terms of employment, payment of taxes and revenue generation it consumes a sizeable resources belonging to the society and thereby being a stakeholder Corporates are most powerful bandwagon to serve the society by a gesture called the Corporate Social Responsibility (CSR).

Many expectations are carved out from the corporate sector ensuring best corporate governance practices. So, such ideal and effective corporate governance practices will ensure a means to an end of balanced growth in the country.

Strategic approach to Corporate Social Responsibility

Strategic approach to Corporate Social Responsibility should be the instrument to overcome any hurdles to the pathway. Strategic CSR is all about integrating the societal issues into the core business strategies to gain competitive advantage. While dealing with CSR approach should be that of participatory and not contributory. CSR be part of company strategy and budget and be treated like an actionable business agenda. CSR agenda should carry the stake holder approach by a corporate and not a charity oriented approach. Well being and uplifting target group should be an integral part of agenda. Just like social audit CSR audit should be introduced which examines the sustainability of the work done. In addition, benchmarking,





ratings and various standards should be adhered to for the sensible implementation of CSR agenda.

Originated in ancient India and not a concept borrowed from foreign country

While doing web search about CSR and CSR policies apparently one feels that lot many things have been done in foreign countries and India has borrowed concept from the foreign countries. But, the fact is concept of CSR has emerged in ancient India and our ancient wisdom has framed a platform for CSR and proud moment is such ancient wisdom has given direction to the corporate houses and industries. Our rich ancient knowledge and tradition is the very basis of modern corporate level CSR practices.

Origin of CSR can be traced from our Upnishadas, Puranas and Vedic literatures like Ramayana, Mahabharata, Bhagvat Gita.

Since the time of ancient India, the CSR practice in India has been mainly altruistic in nature which was mainly guided by religious teachings. The Vedas propounded and nurtured four goals of life viz, Dharma (ethics), Artha (economics), Kama (desires) and Moksha (deliverance). The Hindu Neetishastras (treatises on statecraft), Dharma Shastras (treatises on law) and epics (Ramayana and Mahabharata) contain frequent discussions as to the restraints on royal autocracy, the responsibility of ministers and the authority of the people. At present most of concepts and theories are put forward in piecemeal whereas our ancient scriptures and holly texts repeatedly espouses the notions of "Dharma" [balancing act between own duties and other rights] and "Satkarma" [good acts]. Upnishadas have coined a very unique and comprehensive concept of "Vasudhaiva Kutumbakam" [entire universe belongs to the same family]. Such rich heritage of holly scriptures also carries rules and regulations for preservation of environment aimed for the sustainable living. Several verses in Taittiriya Upanishad, Rig Ved, Atharva Ved carries the basics of modern term CSR. Few verses are as follows:-

- A man shall strive to win wealth by the righteous path. (Rig Veda Samhita x-31-2)
- One who help others to win wealth. (Rig Veda Samhita iv-50-9)
- One shall not be selfish and consume all by itself. (Rig Veda Sam x-117-6)
- The leader is the distributor of wondrous wealth. (Vajasaneya Samhita xxx-4)
- Let the rich satisfy the poor with a broader vision. (Rig Veda Samhita x-117-5)
- One shall produce fair wealth for today and tomorrow. (Rig Veda Samhita vi-71-6)
- Earth, atmosphere, sky, sun, moon, stars, waters, plants, trees, moving creatures, swimming creatures, creeping creatures all are hailed and offered oblations. (Taittiriya Samhita-i-8-13)
- One should protect the habitation. (Rig Veda Samhita vi-71-3)



- Yajna should be performed by everyone to purify the air. (Atharva Veda)
- One should not destroy the trees. (Rig Veda Samhita vi-48-17)
- The air is soul of all deities. Unpolluted, pure air is source of good health, happiness and long life. (Atharva Veda)
- Plants are mothers and Goddesses. (Rig Veda Samhita x-97-4)
- Trees are homes and mansions. (Rig Veda Samhita x-97-5)
- Nature has to be protected from man's exploitation (Rig Veda Samhita vii-758)
- Plants and waters are treasures for generations. (Rig Veda Samhita vii-704)
- Waters bear off all defilements and cleanse people. (Vajasaneya Samhita i-v-2)
- Whoever injures essence of food, kine or steeds is a robber who sinks both itself and its offspring into destruction. (Rig Veda Samhita vii-104-10)
- Offerings should be dedicated to waters of wells, pools, clefts, holes, lakes, morasses, ponds, tanks
- Marshes, rains, rime, streams, rivers and ocean. (Taittiriya Samhita vii-413)
- Waters and herbs should have no poison. (Rig Veda Samhita vi-39-5)
- Waters are to be freed from defilement. (Atharva Veda Samhita x-5-24)
- Isha vasyam idam sarvam yat kim cha jagatyam jagat tena tyaktena bhunjitha ma gridhah kasyasid dhanam. (Ishavasya Upanishad) (Everything animate or inanimate that is within the universe is controlled and owned by the Lord. One should therefore accept things necessary for him as it is set aside as his quota and must not accept otherwise knowing it well as to whom does it belong.)
- Wealth accumulated through 100 hands should be distributed to 1000 hands (Atharva Veda Samhita iii-24-25).
- One shall not be selfish and consume all by himself. (Rig Veda Samhita x-117-6).

The *Bhagavad-Gita* coins the concept of nishkama karma; an outlook for an action and implementation of decisions emphasizes performing one's deeds without attachment to the fruits thereof— and where both the action and the fruits are offered to the divine. In the CSR context, the societal contribution must not have with any expectations in return but rather as a duty need to be done to the society. So, with a mindset and emotion of sharing with all concerned and equal distribution to all entire society prospers together and a with that wholesome mindset leads to the accession to the higher level of being both in the materialistic world and inner world.

As said earlier our Vedic tradition has identified four objectives to be sought in the human life, these are "Dharma"? value system, "Artha"? Money, "Kama"? urges and "Moksha"? salvation and they are in hierarchy and the ultimate goal is to attain "Moksha". "Artha" is given utmost importance as it serves needs of human being and the society. There are three ways to use the money – spending money on self, donation and disruption of money.

In addition to above, there are many genesis found in our holly texts which carries origin





of Corporate Governance. Kautilya's Arthashashtra, roots found in Rig Veda, written in 4th century BC also carries genesis of CSR. Vedic literature carries "sarva loka hitam" which offers the pillar of serving the society and a concept of sustainability. In other words it narrates the well being of all stakeholders. He stated that happiness is obtained not only by wealth and profit, but also by doing things rightly and doing right things (sukhasya moolam dharma). Dharma without wealth according to Kautilya is toothless (dharmasya moolam artha), and wealth without dharma is useless because a poor person cannot support the entire society.

Strategic CSR implementation - challenges and issues

India is ranked 3rd (third) in the list, according to social enterprise CSR Asia's Asian Sustainability Ranking (ASR), released in 2015. China is having 1st rank and Hongkong at 2nd in rank. For India, Wipro Ltd., Tech Mahindra Ltd., and TCS have been acknowledged in ranking procedure.

In spite of above, CSR implementation has been posed with following issues :-

- Most crucial is an attitude, still CSR has been a cup of tea for renowned few big corporate houses which really fulfils the very essence and purpose of CSR but, unfortunately for most companies having been compulsorily required to comply with the Act, CSR is being perceived as an expenditure and not much attention having been paid to include the same as a part of actionable business agenda practices.
- At ground level companies should be involved in CSR implementation and the route of only disbursing donations to NGOs or Trusts and remaining a silent spectator should not be the case.

In fact, CSR Rules says that CSR activities should be in a programme and project mode. Mere donations for doing charity is not permissible expenditure.

The High Level Committee [HLC] framed by the MCA in its report (available on www.mca.gov.in) has mentioned that HLC has been suggested not to take actions against companies, at least for the initial two to three years, for non compliance of CSR provisions of the Companies Act, 2013.

Further, in the aforesaid report it has been very mentioned that the rationale behind CSR legislation is not to generate financial resources for social and human development since the resource gap, if any, for such development or social infrastructure, could as well have been met by levying additional taxes/cess on these Corporates. The objective of this provision is indeed to involve the Corporates in discharging their social responsibility with their innovative ideas and management skills and with greater efficiency and better outcomes. Therefore, CSR should not be interpreted as a source of financing the gaps in inclusive growth. Use of corporate innovations and management skills in the delivery of 'public goods' is at the core of CSR implementation by the companies.

Further, said report exhibits that CSR activities must be for larger public good and for any activity that serves public purpose and / or promotes the well being of the people, with special



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attention to the needs of underprivileged. The mandatory provision of CSR is likely to generate substantial funds for the benefit of the deserving poor and under-privileged sections of society. To ensure that this opportunity is not frittered away by thinly spreading the resources so generated; and that only sustainable programmes / projects are taken up for optimal benefits of the poor and under-privileged sections of the society, the Committee strongly feels that there is a need to ring-fence the companies' CSR resources so that this objective is not defeated,

In general it is said that instead of driving anything out of compulsion it is good if causing anything to be done by self motivation. In general this is perfectly should be the case but, when object and vision is for the sustainable development at macro level and a push is required then for initial stage a sort of compulsion by implementing relevant rules and regulations should be welcomed because it would be in the interest of the society at larger and for being a mean to the end of sustainable living. Instead of draining mind by perceiving CSR as a compulsion an attitude of taking up CSR a challenge for the sustainable living. In India we still face meeting the very basic necessity like water, food, shelter, cloths, sanitation as a challenge for many and a reasonable portion of the entire population, regional disparities have not been exploited to the benefit of large and regional underdevelopment along with less access to the opportunities to the development and growth to all are still a big question. In India we perceive a descent living and a sizeable possession of materialistic things as an achievement whereas it is the basic birth right for a human being to have an access to the descent living. So, in such a type of environment we cannot leave everything under the domain and to the mercy of politicians and Government and the fact is the very basic qualities of politicians are questionable for most of. So, for the societal good cause Corporates which has demonstrated and proved the most qualitative skills, dynamic brain and goal achievable working force should come ahead and share their dynamic skills and profound knowledge for the betterment of society and underprivileged part of the nation.

How to overcome the challenges and issues for the CSR implementation and use the same as one of the tools for achieving the balanced growth of India?

Two ways to look at the problem, one is to perceive as an obstacle and surrender to the situation by proclaiming – "nothing can be done" whereas the right approach should be to take up the same as a challenge and an opportunity to excel by exploiting the total potentials.

Undoubtedly number of NGOs, Government organisations and Public-Private Partnerships have already entered into the segment for gearing of the CSR implementation and effectiveness but, in major funding comes from Corporates and also take lead for CSR contribution therefore, Corporates have much larger role to play so as to realise the vision of balanced growth through the tool of CSR. Corporates are equipped with sizeable fund, latest management techniques and dynamics inherent in top level management and professionals working with such top level in a corporate organisation.



Recommendations

Report of the High Level Committee to suggest measures for improved monitoring of the implementation of CSR very clearly enumerate that keeping in view the intent of the law, the Committee is convinced that the main thrust and spirit of the law is not to monitor but to generate conducive environment for enabling the corporates to conduct themselves in a socially responsible manner, while contributing towards human development goals of the country. So, as a responsible corporate citizen of the country corporate should try level best to contribute to the social innovation, development and growth of India by overcoming to the limitations for effective CSR implementation.

Few recommendations (Khurana, 2011) are as follows :-

- (1) Small & Medium Enterprises (SME) segment be also given due focus so as to channelize the overall efforts and inputs towards CSR. SME segment can contribute in major due to shorter decision process, stakeholders more closely interwoven in day to day operation and at ground level workings.
- (2) HR can play the very crucial role by cultivating an attitude of becoming a change agent through collective efforts by participating in CSR agenda of the firm and implementing strategic CSR being the part and parcel of Board practices.
- (3) Rural segment most needy part of the country is having a tremendous potentials for the growth, numerous things yet to be done. If the rural sector is given enough attention under CSR then major work towards social development and growth of nation will be done. Agricultural-SEZ, intensive Intellectual Property Rights awareness and implementation thereof in Agricultural products and services are few stepping stones.
- (4) There are ample scope for Corporate to initiate innovation and research so as to finalise cost effective products and services which caters to needs of rural sector as well as underprivileged sections of the society at a very affordable price and that could be the best contribution towards the CSR and ultimate long term goal of social innovation, development and growth of nation.

Conclusion

Rabindranath Tagore once narrated having essence that men is the most senior capable entity of this planet earth and therefore must behave and prove as the guardian of other living creature and environment. So, CSR is need of an hour so as to contribute to the balanced growth in India. Sustainable functioning with a philosophy of "Vasudhaiva Kutumbakam" [entire universe belongs to the same family] is need of an hour. It's a time to revert to our ancient scriptures, Upnishadas, Puranas and Vedic literatures for the holistic living and the same can only be the means to an end of social development and growth.

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Practical Hints for a Mangement to Become Praiseworthy

Rajarathinam S.*

Strategies

Following strategies can be adopted to be a successful Head of the office or a corporate entity.

- (i) The objective before you must be clear, to enable you to contribute its due share to the National goals by harnessing the human and material resources optimally. You must always grow with the job. You must realize that you cannot substitute the hundred that work under you by increasing your work schedule. Make those who work under you to work for you, each one to do his bit. There are many times when you feel that it is better to do a job yourself rather than go through the frustrating experience of getting others to do it. Do not do it, do not spoon-feed. As Jesus said "give a man a fish, he will not remain hungry that day. But teach him to fish, you have banished his hunger forever".
- (ii) Be a leader, but at the same time be one among them. Disassociating from the employees over a period of time may isolate you. You are the principal ambassador of your office. Your job is to spread goodwill for your office. The outside world looks at it through you. You have a direct responsibility in projecting and maintaining the dignity of the office.
- (iii) Do not allow yourself to be overwhelmed by the amount of work that comes on your table. That should be taken in the stride. What should worry you is the work that has not come to your table. You must have spare time to reflect on these aspects. What comes to your table would have been reasonably cooked, whereas matters may not be brought to your notice, because it is inconvenience to someone or there has been a systemic failure or likely to lead to some systemic failure or a host of other things. Your job is to be aware of these things for sheer survival or at least to avoid being surprised.
- (iv) Trust begets trust; start by trusting all, but if you are let down by any one, you would be foolish to trust him again. A man who breaks trust needs to be shunned at all costs.
- (v) Be fair; fairness is the very epitome of goodness. It will win you loyalties from all quarters, friends and foes.

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- (vi) Be truthful; truth is the Brahmastra, the ultimate weapon. With truth on your side, you can walk with your head high. This will apply in equal measure whether you are talking about a work schedule or talking to one of your employees, assuming of your help. Truth is god. Keats wrote; "Beauty is truth and truth is beauty. That is all ye need to know". Gandhiji explained that truth is practiced in thought, word and deed. She is a silent sufferer, she does not protest when you violate it. You can get away with it for the time being. This lulls you into complacence and leads you to commit more and more violence to truth. Being truthful, gives enormous strength of character. But untruths visit you back to embarrass you, quite at a time most inconvenient to you. Your credibility will suffer. It is said that one can fool somebody sometimes, but not everybody all the time. It will certainly boomerang and show you up in public for what you are. It is declared that all is lost when credibility is lost.
- (vii) Be humble; humility wins respect. Your deed should speak and not your words. Do not be saddled with a sense of your own importance. You are also a cog in the wheel, may be a bigger cog by virtue of being chief. The earlier you realize this, the better. It will make you humble, which in turn would bring a proper perspective. Perspective is the one dominant element that imparts vision that is needed by you to guide office/company to chart its future. Develop a sense of intuition and anticipation. Intuition, where not inborn can also be assiduously developed. It is born out of knowledge and experience. Intuition helps you to anticipate problems much before they occupy.

Tactics

Some of the tactics on the road to success are given below:

- (a) Learn to look at things holistically. Delegate properly; do not interfere afterwards on a daily basis. Too many details should not clutter you; otherwise you will miss the wood for the trees.
- (b) Learn to listen. Your own voice is sweet to hear but others are sweeter. "Heard Melodies are sweet but those unheard are sweeter"; said poet John Keats. You miss out so much of valuable information when you do not listen. The wise man Polonius gives a farewell advice to his son; "give every man thine ear, but few thy voice, take each man's censure but reserve thy judgment. Do not ignore any information, you will do so at your peril....." These are early warning signals. But do not act on them unless fully filtered and call for action. Tamil Sage Thiruvalluar warned; "whatever you hear from different people, be wise enough to find the truth in them".

This is the first trap set for you in any new position. There will be no dearth of flatterers who would like to ingratiate themselves to you by pointing out this wrong deeds of your predecessor. You would be left wanting your energy shadow boxing him, while the whole office watches the fun. Remember you are the cynosure of all these eyes. All your actions are under scrutiny and analysis. Your own deeds will come home to roost sooner than you expect. Do not believe whatever spoken about your predecessor. Show a disinterestedness, you would have passed a major test.



- (c) Treat people with dignity, respecting their individuality. You are not a shepherd. You are dealing with people, sensitive people, each one with his sense of achievements. Learn to recognize the merit in everyone and build on the strength of individuals, ignoring the minor faults like we ignore warts in our bodies. You would be surprised if you know how many youngsters look up to you as a role model much as children look upon their parents. Lead them by good examples, you will have truckloads of supporters. Motivate them to greater heights by encouraging them. Genuine praise motivates people. Do not be liberal in your praise, lest you should sound insincere. It will become counterproductive. Do not be sparing either as you would let slip opportunities to build your men.
- (d) Do not try to score point over your subordinates, as otherwise it would be seen as feeling insincere. You are not in competition with your subordinates. You don't have to prove your superiority by constantly scoring points over others. You will be alienating people, whereas your primary job is to keep people on your side in pursuit of set objectives.
- (e) Do not give into a bully or blackmailer. Tendency to buy peace by giving in will boomerang. There will be repeated demands and you would soon be a puppet in their hands.
- (f) You must fight for your people; when your subordinates feel confident that you will fight for their rights, they will pledge themselves totally to you and to the work. Be accessible. By doing so, you will not only get the goodwill of the people, but also you would be maintaining a steady flow of information.
- (g) Do not play favourites. Impartiality is the touchstone. It certainly helps to boost your ego to play favourites and to create a coterie around you. This will create an ambience of a pleasant and cozy atmosphere around you which you will enjoy. The trouble is that this coterie shut out information flowing to you and they will become power centres and power brokers. They will commit you to some action you may later regret.
- (h) Reward generously; it wins loyalties and generates healthy competition amongst your people.
- (i) Share knowledge and seek knowledge; stimulate the minds periodically by suitable training modules. Do not send only the "sparables" for the training courses. The man whom you consider too valuable to spare will soon cease to be of any value to the office as he will intellectually stagnate. Enrich them periodically, the results can be rewarding. Ignite the souls and unleash the energy. It is entirely in your hands. You hold a precious trust of human beings. Transform them. You would not recognize your own office. The multiplier effect is enormous.

* * *



Powering Governance by Empowering Stakeholders for Internal Auditor's Independence

Gopal Krishna Agarwal*

Introduction

Financial fraud is the "deliberate fraud committed by management that injures investors and creditors through materially misleading financial statements" [(Elliot and Willingham (1980)]. Sawyer (1988) opines that fraud is a false representation or concealment of material facts to persuade a person to part with some valuable thing. The National Commission on Fraudulent Financial Reporting (1987) has defined the fraudulent financial reporting as an "intentional or reckless conduct, whether by act or omission, that results in materially misleading financial statements." The Institute of Internal Auditors (1985), in its SIAS No. 3, Deterrence, Detection, Investigation, and Reporting of Fraud, has narrated the fraud as "an array of irregularities and illegal acts characterized by intentional deceptions. It can be perpetrated for the benefit or the detriment of the organization." Institute of Chartered Accountants of India in its SIA 11 has described "fraud as an intentional act by one or more individuals among management, those charged with governance, or third parties, involving the use of deception to obtain unjust or illegal advantage. A fraud could take the form of misstatement of an information (financial or otherwise) or misappropriation of the assets of the entity". The American Institute of Certified Public Accountants (1988), in its SAS No. 53, "The Auditor's Responsibility to Detect and Report Errors and Irregularities" described irregularities as intentional misstatement of financial statements (management fraud) and theft of assets (employee fraud). Internal auditor can play an important role to detect and prevent fraud.

The key objectives of internal audit are to suggest improvements in operational functioning of an organization and to strengthen the governance mechanism of the organization including its internal control system and strategic risk management (ICAI, SIA 1, 2006). It also helps in safeguarding of assets of an entity (ICAI, SIA 1, 2006).

Many accounting frauds have been reported during last two decades but Enron accounting fraud jolted the world not only because it was one of the biggest accounting frauds of modern world but also because it brought into light dubious accounting policies which may never be accepted by any reasoned professional. Thereafter, there have been series of accounting frauds-WorldCom, Satyam Computers and Reebok India, etc. Checks on such frauds can be ensured through desired internal control system, internal audit and strict implementation of regulations.

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(a) Frequent new regulations introduced rather than implementing existing one more rigorously

Though, the regulators became cautious and introduced new regulations, also did amendments in existing regulations to check frauds but alas there is deafening effect of all these changes on the corporate world. Are we so helpless? Is there no will to contain financial crimes? These frauds greatly impact the lives of people/ investors at large and in certain cases make their lives financially crippled forever. Although there is a great emphasis by the governments to deal with other crimes sternly such as drug trafficking, smuggling, tax defaults and theft, murder, rapes, FEMA violations, etc., but the crimes that impact social disorder and economic volatility leading to sub-standard life of the countrymen are addressed casually. The accounting fraud that swindles the public resources and causes great loss to the financial institutions, banks, exchequer and the public at large and makes the investors at financially crippled for life, compelled to live a long degraded orphaned life is more disastrous for civilized society. Don't regulators and political masters realize this? Have we killed our souls? If not, series of accounting frauds would have been dealt with expeditiously and the recurrences dealt with dire consequences. The investors would not have suffered for decades without getting their grievances addressed as has happened in case of CRB Capital Markets and Kuber Finance in India where the frauds were unearthed in late nineties and justice is still awaited.

Above accounting frauds were unearthed in nineties but regulators are still waiting for some fraud to happen and then to promulgate one more law. The Times of India, Delhi edition dated July 17, 2013 reported that "Indian cabinet will consider measures to check ponzi schemes, such as Saradha Chit Fund scam that devastated thousands of gullible investors in West Bengal, by arming SEBI with enhanced powers to investigate and punish fraudsters". It further reports that "changes suggested to deal with scams of chit funds or para-banking operation are intended to improve effective supervision and take deterrent action swiftly once a breach of law is detected". (Times of India, Delhi Edition, 17.07.2013, page 23). These powers have subsequently been given to SEBI by making amendments in law.

More than two decades have passed when CRB Capital markets made the news of accounting fraud, similar period has passed when Enron fraud was reported and a decade has passed when Satyam Computers fraud surfaced. After the frauds are reported regulations and compliances are strengthened. The Ministry of Corporate Affairs gears up into action swiftly once the fraud is reported. "But those who must regulate and enforce fraud laws do not necessarily apply the right course of action and the development of courses of action often aim at wrong target" (Picard Michel, 2008, p.384)

The moot point is when so many financial frauds have been reported in last few decades why a new regulation is imposed just to pacify the public rather than implementing the existing law more stringently, there being no dearth of existing penal laws to punish fraudsters.



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Gravity of accounting frauds can be judged from the reported facts that some investors who lost money committed suicide. What a shame on the Governance which we are chanting for decades for reforms? If China can prosecute its ex-Railway Minister with suspended death penalty for committing fraud on public resources, why this lesson cannot be learnt by other civilized society governance pundits/ rulers (Times of India, Delhi Edition, 09.07.2013, p.1). Last few decades are witnessing the unfolding of enormous fraud (both in numbers and magnitude) committed by those involved in governance and management of corporate. Internal auditor can be of great help to detect and prevent fraud provided he is skilled enough for the work of an organization and he has understood the organization well before finalizing his audit programme.

(b) Internal auditor can be a great magician if he knows himself and the organization

Any internal auditor may not be useful for any organization. This is a much professionalized work area and hence the skills of one internal auditor may not be suitable for all kinds of organizations. Suitable and competent selection for better results is a must. Since the main causes due to which accounting fraud takes place are yet to be established completely by the regulators and accounting professionals and professional bodies/ torch bearers, it becomes difficult to fight with this menace in a systematic and structured mode. It is as good as to fight without knowing your opponent. Tzu (1994, p.179) aptly remarked:

"Thus, it is said that one who knows the enemy and knows himself will not be endangered in a hundred engagements. One who does not know the enemy but who knows himself will sometimes be victorious, sometimes meet with defeat. One who knows neither the enemy nor himself will invariably be defeated in every engagement."

How to know oneself (identification of persons bestowed with the power to govern/ regulate and certify) and enemy (the menace of accounting fraud and the reasons for its occurrence) are the real questions to be ascertained to reduce such crimes.

In view of the above discussion this paper has attempted to highlight the issues relating to the internal auditor's effectiveness to combat this evil of accounting fraud. Identification of right internal auditor and his/ her assessment of real business environment and checks and balances in the organization which he/ she is auditing will be useful to successfully detect and prevent corporate accounting frauds. The cardinal principle is that to implement right course of action one must know the opponent, its weaknesses, gaps and trenches of loose internal controls which requires good knowledge of the organization as well as key characteristics of various types of accounting frauds. The internal auditor will also need to keep himself abreast of all changes and developments happening in the organization and internal systems across the board.

The mission to fight against financial crimes and accounting fraud is to protect the backbone of the economy, to restore and increase the investors' confidence, to communicate the integrity of the financial markets and provide safety to savings besides providing industrial and corporate platform fully unmasked of financial crimes.





(c) Accounting fraud a stress on public resources

Accounting fraud is done to swindle company assets and to reduce tax burden etc. Through this company resources land into few private hands at the cost of other stakeholders. And if the company assets are financed by government/ public financial institutions/ banks, these frauds cause loss to these institutions due to non performing loans resulting into loss to public at large. The cascading effects of accounting fraud are deep rooted and all efforts should be made to eliminate/ minimise such frauds.

Literature Review

Many researchers have worked on internal auditor role to detect and prevent accounting fraud. It has also been seen that investors expect a lot from the auditors for detecting and preventing accounting fraud but there is large gap between the expectations of investors and actual performance by the auditors. Internal auditor could have proved to be better fraud buster but for his independence issue he could not prove himself (Epstein and Geiger, 1994).

Main focus of the researchers has been on various models relating to employee fraud generally committed by the employees due to employee pressures, opportunity to commit fraud and integrity (Wells, 1997). But the magnitude of management fraud is much high and it needs to be visited in deep for satisfactory check.

Researchers have also found and suggested various accounting and financial frauds which should be known to internal auditor as these will help in making audit programme to detect and prevent fraud (William Hillison, Carl Pacini and David Sinason, 1999). Studies have also emphasized that internal auditor is in a better position to detect and prevent fraud in comparison to statutory/ external auditor because of latter's paucity of time, unsatisfactory compensation and not so good proximity to the organization.

Analysis of these researchers has suggested fraud signals and risks which must be studied by the internal auditor (William Hillison, Carl Pacini and David Sinason, 1999). The constructive steps have been suggested by the Association of Certified Fraud Examiners which an internal auditor should ascertain and recognize to detect and prevent fraud.

Various accounting bodies and institutes have suggested guidelines and standards on internal audit which would also be useful for the internal auditor to effectively discharge his duties towards detection and prevention of accounting fraud (Institute of Chartered Accountants of India, Standards on Internal Audit, 2006; Institute of Internal Auditors, 1985, SIAS 3-Deterrence, Detection, Investigation and Reporting of Fraud).

Objectives of the Study

The objectives of this paper are:

- (a) Ascertain the factors affecting independence of internal auditor;
- (b) Suggest the ways through which independence of internal auditor may be ensured to successfully detect and prevent accounting fraud; and



(c) Find out the ways to improve the effectiveness of internal auditor to detect and prevent fraud.

Methodology

Secondary data has been collected from manuals, internal audit standards and guidelines developed by various accounting bodies, institutes of internal auditors and association of certified fraud examiners which is major reference material for the internal auditor to consider detecting and preventing fraud. The findings of various papers reviewed were used as a secondary data to develop this paper. Some fraud surveys have been conducted by renowned audit firms like KPMG and Deloitte. The results of these surveys provide useful information which has been considered at relevant places in this paper. Newspaper reports have also been considered while collecting the data.

Experienced internal audit professionals were interviewed by the author of this paper on various aspects of strengthening internal audit to detect and prevent fraud and also on the issues of independence of internal auditors enjoyed hitherto. The important outcome of these discussions have been incorporated at relevant place under the head "data analysis and discussion".

Data Analysis and Discussion

Data collected was analysed and the same is discussed as under:

(a) Accounting Fraud and Expectation Gap

The auditing profession has been criticized for a long time for unsatisfactory success to detect fraud because of the fact that on one hand external auditor has limited exposure to the organization and its systems and procedures, the internal auditor lacks independence. A survey has indicated that more than seventy percent investors expected complete assurance that material misstatements in the financial statements resulting into fraud would be detected by the auditors (Epstein and Geiger, 1994).

The fraud issue is so serious that various bodies across the globe have concluded that the users of financial statements believe that the higher responsibility to detect and report fraud and financial misinformation is of independent auditors than was being met, (Porter 1996). These bodies include:

- Public Oversight Board of the AICPA's SEC Practice Section (AICPA, 1993) (USA)
- Reporting and Audit Expectation Task Force (Task Force, 1996) (Australia)
- Commission to Study the Public's Expectations of Audits (Macdonald Commission, 1988) (Canada)
- AICPA Expectation Gap Roundtable (AICPA, 1992) (USA)
- Financial Reporting Commission (Ryan Commission, 1992) (Ireland)
- National Commission on Fraudulent Financial Reporting (Treadway Commission, 1987) (USA)



 Committee on the Financial Aspects of Corporate Governance (Cadbury Committee, 1992) (UK)

It has been reported that independent auditors detect only 5 percent of fraud (Zeune, 1997); KPMG Peat Marwick, 1998. This abysmal rate of fraud detection has widened the "expectation gap" which refers to the difference in auditors' understanding and true reporting of their function and investors', creditors and other users' expectation of the auditors' role. This gap is not limited to USA and Canada (Bellavance, 1998) but it exists in South Africa (Singleton-Green, 1994), the UK and Japan (Accountancy, 1996) and Australia (Monroe and Woodliff, 1994). This widening gap has been the subject matter of criticism of accounting and auditing profession.

Because of the seriousness of the accounting fraud problem, the American Institute of Certified Public Accountants (AICPA) implemented Statements on Auditing Standards (SAS) No. 82, Consideration of Fraud in a Financial Statement Audit, in December 1997 (AICPA, 1998b). Auditing Standards Board, a technical body of AICPA issues from time to time statements on Audit Standards. The US Congress also infused its seriousness to reduce unreported fraud by passing Private Securities Litigation Reform Act, 1995 under which independent auditors have been entrusted new legal responsibility to report fraud and other illegal client acts.

It has been brought out by various research papers that the investors and other stakeholders have lot of faith and dependence on auditor work for detection and prevention of fraud. But this expectation has not matched the results of internal auditor's work.

For matching these expectations, researchers developed fraud models for employees' fraud and the findings emerged that employees' pressures, opportunity to commit fraud and integrity of employees are the main concerns due to which fraud is committed by employees.

(b) Accounting Fraud Model

Accounting frauds may be due to employee's involvement at senior, middle and lower levels and it may also be caused due to active involvement of promoters/ owners of the company as was the case in Satyam Computers Fraud, CRB Capital Markets Fraud and Kuber Finance Fraud. It is much easier to curb the frauds committed by employees but when top management gets involved in accounting fraud, situation becomes worse and susceptible to be caught easily even by the auditors in the current audit environment. While the external/ statutory auditor has got limited time to devote for the audit and cannot cover the entire spectrum of accounting process, the internal auditor, in spite of having a regular checks on accounts throughout the year, may find it difficult to detect and report the frauds committed due to his closeness to management or so called dependent status. Hence, it is important that independence of internal auditor is ensured and this can be achieved through the involvement of various stakeholders in the appointment process and reporting relationship of internal auditor with appointing agency.



The three basic parameters constitute the fraud model regarding financial statements fraud/ assets misappropriation by the employees of the organization. These are Employee Pressures, Opportunity to commit fraud and Integrity (Wells, 1997). This fraud model has its roots in the research of renowned criminologist Donald Cressey.

(i) Employee Pressures

This relates to employee's duress caused due to financial difficulties and immediate needs of assets (Cressey, 1973). A group of fraud researchers have a view that 95% of all fraud cases are caused due to financial difficulties (Albrecht et al., 1995). The pressure may not be visible to others. It has also been noted that only few fraudsters committed fraud to hoard assets (Albrecht et al., 1995). A combination of urgency and need is common to pressure to commit fraud. Since these pressures are not normally visible from employee behaviour or day to day activities, it is most important that internal auditor gain maximum knowledge and understanding of employees and prevailing pressures (Hillison, Pacini and Sinason, 1999). A common list to pressures to misappropriate assets of organizations may be listed as:

- Habits for drugs, alcohol and gambling
- High personal debts
- To become big overnight
- Family pressures to enhance wealth
- Illicit sexual relationships and related highly expensive bills
- Employer related: low pay, worse environment, job insecurity, disrespect, low employer morals
- Greed
- Peer pressure
- Hierarchy requirement
- Living beyond means
- Employee surroundings full of affluence

Above list is not exhaustive but it definitely identifies pressures that fraud researchers have noted for employee fraud (Albrecht et al., 1984; Ratliff et al., 1996; ACFE, 1995). It may not be within the purview of internal auditor to resolve these pressures associated with employee fraud, he may bring it to the notice of the management to address these pressures and management may take initiative to introduce employee assistance programme to curb such pressures like drug, alcohol and family related issues.

(ii) Opportunity

When internal controls are not commensurate with the size and requirement of the



organization or when employee reaches the level of trust in the organization, employee perceives this an opportunity to commit fraud and avoid detection as well. Adequate internal controls may prove to be important tools to control such frauds. Though in good control environment also trusted employee may override the control and commit fraud, but internal auditor's consistent role to implement and evaluate the existing controls with required modifications can throw a check on the opportunity to commit fraud. The control related issues which may increase the opportunity for employee fraud may be:

- Fast employee turnover
- Poor/ inadequate accounting records
- Consistent crisis conditions in operations
- Breakdown of procedures like inappropriate computer access, ineffective physical inventories (Albrecht et al., 1984; Bologna and Lindquist, 1987)
- · Physical control lacking
- Lack of access of information to employees other than one committing fraud
- · Unchecked authority to employee
- Inefficient segregation of duties
- Transaction authorization improper

Fraud cases exist where employee does not have access to physical inventory but initiating shipping documents to have assets delivered to himself or someone in collusion with him (Albrecht et al., 1995). Such a case has been reported in India in 2012 in case of accounting fraud of Reebok India. Internal auditor may be observing such cases and he should report to the management for timely action.

(iii) Integrity

Individuals do not commit fraud without it being consistent with their personal code of ethics (Hollinger and Clark, 1983). Personal integrity is main limiting factor in majority of employees to misappropriate assets. Internal auditor should exercise "professional scepticism" particularly since fraud is committed by those whom we trust the most because these trusted employees are given the control and management of assets. The reasons of breach of personal integrity of employees are the following:

- Underpaid
- Overworked
- Feeling of stakeholder in assets
- Assumption that it is only temporary, until operations improve (Bologana and Lindquist, 1987; Albrecht et al., 1984; Wells, 1997)



- Feeling that everyone is doing
- · Low self esteem or morale
- Belief that rank has its privilege
- Fraud is for good purpose
- To seek revenge
- Belief that nobody will get hurt

Though such factors are out of control of management and internal auditors, yet it may help if fraud prevention is routinely discussed with employees as ongoing programme.

The Fraud model for promoters/ owners may span to wide variety of reasons as under:

- First generation entrepreneur with limited financial resources
- Business expansion/ diversification
- Race for rating slot
- Incompetency of promoter
- Political connections
- Political, business and economic environment
- Safety and security of not only of their future but of several generations

The frauds by promoters are very difficult to identify but independence of internal auditor may unfold such frauds. This issue has been discussed later in a section dealing with the independence of internal auditor and fraud detection and prevention.

Due to various circumstances and reasons, the occurrence of fraud has been spotted in various forms. The auditor must make himself conversant with such fraud spots. This study will not only help him to prepare audit programme comprehensive and commensurate with the organizational goals and environment but will also give him inputs to explore various spots further.

(c) Fraud Spots

Fraud may be committed by manipulation in financial accounts/ statements, misinformation in these statements, misappropriation of business assets and through off balance means as under:

- (i) Manipulation/ Misstatements in Financial Accounts/ Statements
 - Overvaluing/ undervaluing closing stock
 - Recording fictitious sales
 - Not recording sales return



- Overstating/ understating expenses
- Overstating/ understating income
- Overstating/ understating assets
- Overstating/ understating liabilities
- Not recording purchase return
- Overstating cost of project and getting it financed

(ii) Misappropriation of Business Assets/ Funds

- Recording goods not returned and stealing cash
- Cash sales shown as credit sales and cash stolen
- Discount on sales not given but shown in books and money siphoned
- Received cheques forged
- Selling waste and scrap material and pocketing receipts
- Diverting advances to personal use
- Embezzling pay roll and other tax withholdings
- Charging personal purchase to company by misusing purchase orders or organizational credit cards
- Unauthorised overtime shown and cash withdrawn
- Special price or privilege to customers and suppliers against kickbacks
- Credit sales collected but not recorded
- · Writing off receivables as bad debts and stealing the cash received
- · Collusion between buyer and seller to process refunds for goods not returned
- Stealing assets, stores and spares, raw material, finished goods
- Sales not done but invoiced and goods stolen
- Including fictitious employees on pay roll and taking out their proceeds
- Cashing unused payroll cheques
- Cashing unused dividend pay cheques
- Paying false invoices obtained through collusion with suppliers
- Altering bank deposits
- Stealing cash funds
- Credit swaps
- Bank account manipulations to give benefit to one at the cost of other and taking kickbacks



- Public funds collected in one company invested in subsidiary and continuous loss shown in subsidiary and funds siphoned
- Creating personal wealth by setting up subsidiary companies at the cost of parent stakeholders, making parent company sick and subsidiary flourish and in few years time subsidiary company funds are also siphoned by different means.

(iii) Off Balance Sheet Assets at Risk

- Telephone
- Intellectual property
- Data files
- Trade secrets
- Customers' list
- Vehicle usage
- Computer time and resources
- Employee time (assigning non-work related activities to subordinate)

These fraud spots should be considered by internal auditor as well as statutory/ external auditor alike. But the internal auditor work has been considered more comprehensive than the statutory/ external auditor. Hence, the success in detection and prevention of fraud by internal auditor is considered better.

(d) Internal Auditor more equipped than Statutory/ External Auditor to detect and prevent fraud

The depth of audit work by external auditor cannot be equated with scope and coverage of audit work by internal auditor for the reasons:

- Time available with internal auditor is throughout the year but external auditor has limited time due to his focus and compensation
- Internal auditor work scope is larger than external auditor
- Internal auditor is more conversant with the organizational set up, its environment, its system and procedures including internal control systems as compared to external auditor
- Internal auditor may remain in regular touch of changes taking place in the internal control systems and business model, employees' accessibility to various resources of the organization and possibilities of misappropriation of business assets.
- Since internal auditor remains in regular touch of various facets of the organization through the year and year after year, his knowledge about organizational affairs and financial reporting is much superior and deep and he considered to be in a



better position to understand and detect the fraudulent reporting in financial statements.

Due to above reasons auditing practitioners worldwide realize and acknowledge that external auditors are not well positioned to detect fraud. They lack continuous presence most necessary to chalk out an audit programme to detect and prevent fraud. Hence, the question arises as to who is the best person in an organization to detect and prevent fraud? This paper identifies and focuses on the importance, role and responsibilities of one associate of an organization who can be the best line of defence against fraud-the Internal Auditor, his independent status and his internal audit programme (William Hillison, Carl Pacini and David Sinason, 1999). The Internal Auditor special focus to detect and prevent accounting fraud specially the misappropriation of assets and financial statement misreporting will go a long way to coincide the organizational goal of enhancing not only shareholders'/ owners' wealth but optimize the wealth and resources of the organization for all concerned stakeholders be it employees, the tax authorities or lending institutions.

In following discussion, to prevent, detect, deter accounting frauds, I have identified:

- The fraud signals and risks that an internal auditor should ascertain and recognize;
- The constructive steps an internal auditor must take to detect, prevent, deter and report fraud; and
- The independence of internal auditor.
- (i) Fraud Signals and Risks that an Internal Auditor should Ascertain and Recognize

The internal auditor must be himself aware of common types of frauds and symptoms of fraud. While the awareness of common types of frauds would enable the internal auditor to remain vigilant and chalk out internal audit programme, signals or symptoms of fraud would enlighten him to be alert on those specific areas and accordingly he may advise the management to tighten internal controls in those areas. Some signals or symptoms of fraud may be as under:

- Duplicate payments
- Continuously increase in stock
- Unusual journal entries made at the end of the year
- Unexplained adjustments in accounts receivables, accounts payable, revenues or expenses
- Frequent changes in accounting policies
- Excessive credits
- Long term outstanding of some receivable accounts



- Excessive cash and bank balance
- Warnings by external auditors
- Complaints by customers
- Journal entries without supporting documents
- Alteration of documents
- Stale items on bank reconciliation
- Cash shortage, unreasonable expenses or reimbursements
- Products purchased in excess of needs
- Excessive credit notes/ debit notes issued
- Failure of certain employees to take vacations
- Common names, addresses and telephone numbers of creditors and customers
- Failure to follow up on past due receivables
- Significant increase or decrease in account balances
- Shortage in delivered goods
- Employees on payroll who do not sign up for benefits
- Missing documentation
- Old cheques received but not presented for payments
- Unusual financial statement relationships like
 - o Decreased revenue with increased receivables
 - o Increased revenue with decreased purchases of inventory
 - o Increased inventory with decreased purchases or payables to vendors
- (ii) Constructive Steps which Internal Auditor can take to Detect, Prevent and Deter Fraud

The internal auditor should study the organizational systems, procedures and environment in such a fashion as DNA is submerged in human body. He should plan his work meticulously, be vigilant throughout his work execution and must keep pace with the changing environment of the origination so as to better achieve his objective of detecting, preventing and deterring fraud chances. His increased focus to prevent fraud may deter employees from engaging in fraudulent activities. The proactive stance on preventing and detecting fraud must increase employee perception of likelihood of detection of fraud. The Internal Audit Standards Board of the Institute of Chartered Accountants of India has devised eighteen standards



ranging from "planning an internal audit" to "consideration of laws and regulations in an internal audit" as under:

- Planning an internal audit
- · Basic principles governing internal audit
- Documentation
- Reporting
- Sampling
- Analytical procedures
- Quality assurance in internal audit
- Terms of internal audit engagement
- Communication with management
- Internal audit evidence
- Consideration of fraud in an internal audit
- Internal control evaluation
- Enterprise risk management
- Internal audit in an information technology environment
- Knowledge of the entity and its environment
- Using the work of an expert
- Consideration of laws and regulations in an internal audit
- Related parties

These standards are important guidelines to an internal auditor which, if considered by him in his work design and performance, would go a long way to discharge his duties efficiently, at economical cost and to the best advantage of an organization. While some standards are guiding force to plan his work systematically, others highlight some important issues for consideration of an internal auditor to detect and prevent fraud. There should be a great focus on understanding the environment of an organization by internal auditor, understanding and regular review of internal control systems, the enterprise risk management review and effective communication with different levels of management while discharging his work as internal auditor. For the fraud detection, prevention and deterrence, it is necessary that internal control systems are studied, reviewed at constant intervals and tightened, wherever necessary.

Association of Certified Fraud Examiners (1995) has suggested certain steps to combat fraud by internal auditors. These are given as under:

1. Increased use of analytical review

Manipulations and frauds tend to affect financial analysis and ratios. If financial analysis is done over a period of few years, anomalies in reported accounts will come to surface and concealed fraud in accounts may be detected. Various



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techniques of analysis are suggested to be used in this regard like trend analysis, budgetary comparisons, ratio analysis, review of ledger accounts and general entries especially at the end of year and comparison with industry averages. In the process, unusual items should be pursued further to determine if fraud has been committed. When analytical procedures of internal auditor identifies significant fluctuations or relationships that are inconsistent with other relevant information, the internal auditor should investigate and obtain adequate explanations and evidence (ICAI, SIA 6, 2006).

2. Perform Threat Analysis

Assessment of environment of assets exposed to employees theft and misappropriation should be conducted by the internal auditor. It is essential to outsmart the crooks. Many off balance sheet assets like financial information, customer data, and technology are prone to theft or misuse. The internal auditor should plan audit programme in a way to address these issues as well.

3. Impose Job Rotation and Mandatory Vacations

Internal auditor must ensure to implement, monitor and enforce a strong internal control system as it helps in deterring and preventing the fraud. KPMG Peat Marwick in its fraud survey reported that poor controls led to almost 60 percent of the frauds that occurred (KPMG Peat Marwick, 1998). Internal auditor can take two steps to strengthen internal control system. First is to enforce mandatory vacations and the other is periodic job rotation for employees. Vacation must include the period in which employee is supposed high risks tasks like month end reconciliation. Job rotation program should be designed in such a way not to allow the rotated employee the access of documents and files which he or she had access on previous job before rotation. Frauds are bound to surface through these tactics.

4. Create and Maintain a Fraud Policy

ACFE has urged every organization to have fraud policy in place which must be read and signed by every employee (ACFE, 1995). This policy should inform the employees in advance the consequences of even losing their job in case of fraud detection. These way employees would blink several times before committing fraud. Suitable training programs should be organized for employees and new hire should be shown this policy at the time of induction. ACFE has suggested a sample fraud policy which is given in Annexure I.

5. Review Company Contracts

This area is highly amenable to fraud. Contract prices are inflated and kickbacks are received. It involves a conspiracy between the contractor and employees. These types of frauds can be detected by reviewing contracts files for the same contractor routinely bidding last, bidding lowest and obtaining the contract.



6. Check Employee References Twice

Employees who are to be given charge of assets and other important assignments should be doubly checked through references. Such employees, if not checked through references, may later be found as dishonest and it may so happen that they misappropriate the assets and switch over to other organizations before they are caught. One additional check which may be used by employers is to do a second check few months after employee starts work. The reason is that such employee records in previous employment, if dismissed from previous employment, might not have been updated immediately on his leaving for his misdeeds and full picture to be recorded in his file might take some time.

7. Surprise Fraud Audits

Surprise pre-emptive fraud audits are a good weapon in the arsenal of internal auditor. Surprise audit gives less time to fraudster to alter, destroy or hide records and evidence. For such audits the employees must be taken into confidence as honest employees may not like it. The employees should be involved to suggest as to how this audit should be conducted. This will give confidence to honest employees and they will cooperate in the process.

8. Employee Fraud Hotline

This is single most effective means to detect occupational fraud and abuse (ACFE, 1996). A special calling number is dedicated on which perpetration of fraud may be communicated by anonymous caller. A whistle-blowing hotline was established by General Accounting Office (GAO) to combat fraud and abuse (Flesher, 1996). The GAO received 53000 calls in first five years of setting up hotline (Flesher and Buttross, 1992). Honest employees though observe the occurrence of fraud, have no tool to report the same anonymously without reprisal. Hotline proves this opportunity. Such hotline can be established inhouse or external agency services may be hired. This hotline is a deterrence tool also. Potential fraud perpetrators would think several times to do fraud due to the risk of being caught and/ or fraud reported on hotline.

9. Consult a Certified Fraud Examiner

Certified Fraud Examiner (CFE) generally has vast knowledge on various kinds of accounting fraud and its perpetration in different kinds of organizations. He may be a good resource to internal auditor to use occasionally and get his expert advice. This may be useful not only in designing effective internal audit program but it also serves as a guiding force to strengthen the internal controls in the organization. The CFE is a credential awarded by The Association of Certified Fraud Examiners (ACFE), a world largest anti-fraud organization with over sixty-five thousand members and premier provider of anti-fraud training to a person of high moral character. CFEs have unique set of skills, knowledge of complex financial transactions with an understanding of methods, law and how to resolve allegations of fraud.



10. Protect Information Systems

Information system may be manipulated by the fraudsters by entering false/fraudulent data into the information system, by changing computer programme or code and by stealing the data from the system like customers' list, expansion plans, profitability expected, plans, etc. Information system control is important to prevent fraud in this area. Following tools may help the internal auditor in this regard:

- Proper use of structured passwords to be made mandatory. Passwords should be secured
- Encryption may be another tool to avoid invasion by unauthorised employees over files and communication lines
- Protection of data files and systems from theft and destruction by disgruntled employees
- Periodic review of system or network security controls
- Virus protection should be ensured by the internal auditor. Double precaution should be taken to eliminate basic threat from viruses
 - o Use anti-virus software and update it regularly
 - o Keep backup of work and system files regularly
 - o Scan CD-ROMS for viruses
 - o Download scans for viruses
- (iii) The Independence of Internal Auditor

The internal auditor is appointed by the organization either on employment terms or as outside professional agency to audit accounts on regular intervals. Since the appointment of internal auditor is done by the management it is obvious that his continuation depends on management satisfaction. In case there is fraud by employees, management would certainly be satisfied but when the fraud is committed by the management or owners, it becomes difficult for internal auditor to comment on that fraud due to his proximity to the management/ owner and his greed to continue as auditor of the organization. In case he reports such fraud to the management/ owners, even then the cognizance of the same may not be taken. Hence, to protect the organization from accounting fraud the independence of the internal auditor has to be ensured and his appointment process and fraud reporting relationship require a relook and has to be redefined.

Recommendations

Effectiveness of internal audit depends upon following factors:

1. The appointed internal auditor must have skills to work for the organization he has been engaged.



- 2. Internal auditor must study the environment of the organization i.e. its systems, procedures, internal control system, the management and the employees.
- 3. A well thought out structured audit programme should be made which should be amenable to change in the changed circumstances.
- 4. Two way communications with the management should be ensured at regular intervals.
- 5. Fraud related consequences must be discussed with employees and management across the board.

While the above five points have been touched by various researchers, accounting bodies, fraud examiners associations and internal auditors' associations, the independence of internal auditor, though for importance sake has been included in their work by some researchers but the modality to ensure independence has been left open.

6. Independence of internal auditor must be ensured through his appointment process leading to defining his status in the organization and rewriting his success in detecting and preventing accounting fraud.

The author of this paper has listed his findings on this very issue of ensuring independence of internal auditor. The auditor's work may be outstanding but if his dependence on management for appointment or re-appointment might not permit him to do justice with his work of detecting and prevent fraud for obvious reasons. His appointment process as suggested hereunder would ensure his independence status and its outstanding results for detecting and preventing frauds.

The independence of internal auditor plays very crucial role in effective discharge of duties including detecting and preventing fraud. He occupies unique position to be appointed by the management and to review the conduct of the same management. This gives significant tension to the internal auditor as he does not find himself independent of the management. While independence is necessary to objectively assess management actions, his dependence on the management for employment is also very clear. Independence is defined as freedom from conditions that threaten objectivity. Objectivity is an impartial, unbiased mental attitude and avoidance of conflict of interest with the management which allows internal auditor to perform honestly and without significant quality compromises. SIA 2 of ICAI describes that "internal auditor should maintain impartial attitude. He should not only be independent in fact but also appear to be independent".

The internal auditor is appointed by the management which generally involves the owners as well due to their representation on the board of directors. If the fraud is committed by the management or owners, it will be difficult for internal auditor to bring it to the surface due to his proximity and faithfulness to the management. Hence, it is necessary that independence of internal auditor is ensured and that can happen only when his appointment is done by some third party who is also stakeholder in the entity.



In an organization, the fraud perpetrators may be broadly divided in two parts:

• Those who are a part of appointment process of internal auditor. These persons include the top management including owners/ promoters

Other employees

When a fraud is committed by "other employees", the steps suggested above would prove to be useful and result oriented to detect and prevent fraud and the independence of internal auditor would be maintained as his appointment authority is the management including owners. But his independence is shattered when fraudsters belong to first category i.e. "management including owners/ promoters". For this category of fraud perpetrators, the independence of internal auditor, his appointment and reporting process need a relook and it is to be redefined. An appointee by top management promoters/ owners will always be faithful to the master. How can he remain independent if a fraud case of promoters/ owner comes to the notice of internal auditor? He would never like to divulge the fraud due to the fear of losing his assignment and also to demonstrate his faithfulness to the appointing authority.

Another important issue is that chances of fraud by the management/ owners happens majorly in those organizations where public funds are involved through public issue of securities and loans from public financial institutions and banks. In such organizations, it is recommended that following institutions and regulators may play vital role to ensure independence of internal auditor and thereby ensuring fraud detection and prevention a success.

The appointment and review of work of internal auditor including reported frauds by outside stakeholders and regulators may prove to be useful in ensuring independence to the internal auditor.

(i) Appointment by Regulators

Public limited companies which have issued securities to the general public and are listed in the stock market are subject to control of legislative body [(in India, Securities and Exchange Board of India (SEBI)], in USA, Securities Exchange Commission (SEC) and concerned stock exchange. These regulators have made it mandatory for these companies to adhere to corporate governance norms which require constituting audit committee and conducting meetings etc as per guidelines. This report is silent on internal auditor role, his appointment, reporting etc. Once role of internal auditor is important to detect and prevent fraud, his independence can be ensured by his appointment through the regulators. In case the company is allowed to access public deposit, the central bank (RBI in India) being the regulator for such funds should be empowered to appoint internal auditor. When the public funds are used by the organization, it should be mandatory to have internal auditor as appointed by concerned regulator(s).



(ii) Appointment by Public Financial Institutions (PFIs)/ Banks

In case the organization is funded by PFIs/ Banks, the later should have power to appoint internal auditor above certain threshold limit. It has been seen that the organizations which have access to loans from institutions and banks have misused the funds to the advantage of owners/ major shareholders/ top management and many a times this misuse has left these institutions bleeding through non-performing assets (NPAs). Distant control has no meaning in this poisonous environment where many promoters are desirous to become billionaire overnight. Every company has two foundation pillars on which its business stands and grows-one is Board of Directors who is executor and the other is auditor who has a check on executor. For the audit function, though statutory/ external auditor also plays important role to check frauds, internal audit has greater importance due to reasons explained above in this paper but internal auditor role will be effective when he is independent of the management.

(iii) Appointment by Government

Many a times an organization is funded by a government under various promotional schemes. The government also permits to mobilize funds through external commercial borrowings. Here again public funds are involved and important function of internal audit should be strengthened by government appointee as internal auditor.

(iv) Constitute Central Body to regulate appointment and work related issues of internal auditor

When more than one source of public funding as discussed above have been used by an organization, it may be desirable that a central body to deal with the issue of internal auditors is constituted by the regulators, the PFIs and government. This body may be empowered to maintain a panel of internal auditors with impeccable integrity and the internal auditor is appointed by this body on the request of the above constituents and his fraud related reports are reviewed and action initiated by this central body. The appointment should be for a period of three to five years on rotational basis. Code of conduct and ethics for internal auditors set by this central body must be observed by the internal auditor and strictest penal provisions be made for any breach of trust by the internal auditor.

The reason for appointment of internal auditor by outside stakeholder is that fraud by management and owners/ promoters has a much greater magnitude and grave consequences and it happens when entity has accessed public funds because nobody eats one's own flesh. It is always other's money which is raided and is subject to misuse. It has happened time and again that public companies have cheated the public financial institutions, the banks, the government, public at large and has left them bleeding. Then why not to have control on such



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organizations through this mechanism? Take the case of Enron, WorldCom, Satyam Computers, CRB Capital Markets or Kuber Finance. All have misused the public funds and wounded the investors and institutions. The independent appointment of internal auditor will go a long way to check the menace of corporate frauds.

Conclusion

The corporate entities are going through great upheavals across the globe. Increased cases of loot and siphoning the public funds are being reported. They cause great stress on public institutions and ultimately public at large. It also causes high economic volatility. The cases of such bad governance have raised eyebrows of central banks and the governments world over. Economics wizards and consultants have failed miserably to suggest the solution. Everyone is suffering from high cost and funds shortage. Why is it so? Inherent answer lies only in one fact that we are marching on all roads except the road of honesty. How fast one can fill one's pocket at the cost of suffering of others is the agenda at large these days and corporate are not behind in this venture. They have raided public wealth, they are swindling public resources and they will continue to bleed the public resources, PFIs and the economy if effective mechanism to check frauds is not introduced and loopholes are not plugged. This conclusion is supported by the ACFE warning to us that as we move into the next millennium the occupational fraud is likely to rise (ACFE, 1996). In KPMG Peat Marwick Fraud Survey 1998, 59% participants were of the view that fraud will be a problem in future. A solution to protect the public resources enjoyed by the corporate is to strengthen internal audit function of the public funded organizations by ensuring the independence of internal auditor as suggested.

Annexure I Outline of a sample fraud policy

Background

This section sets forth the importance of a fraud policy in the prevention and detection of fraud.

Scope of policy

Section states that the policy applies to employees, consultants, contractors, vendors, shareholders or any other party doing business with the organization.

Policy

Management acknowledges its responsibility to detect and prevent fraud through this section. Frauds are defined and how reported fraud cases are dealt with is defined under this section.

Actions constituting fraud

This section outlines the behaviours and activities considered by management as fraud. The list may include items such as profiteering through insider information, forgery of financial instruments, misappropriation of funds, securities, supplies or other assets, bribery or other illegal activities.

Investigation responsibilities

Organizational unit responsible to detect fraud is named its duties and responsibilities are defined through this section.



Confidentiality

The importance of confidentiality in fraud investigations is outlined in this section.

Authorization for investigating suspected fraud

In this section the authority to conduct internal fraud investigations and the activities permitted to conduct such investigations are outlined.

Reporting procedures

Employee suspecting fraud should report investigation unit and his identity should be kept secret. The policy should also state that reporting employee should not discuss the alleged fraud with any other person, including suspected individual. The use of a hotline may be useful in this regard.

Termination and other sanctions

The section sets forth appropriate procedures to be followed if an investigation results in a recommendation to terminate or prosecute an individual.

Administration and approval

Approval of fraud policy by senior management should be clearly indicated in the policy. Also, the policy should state who is responsible for the administration, interpretation and revision of the policy.

Source: Association of Certified Fraud Examiners (1995)

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Enhancing Skills - Finding the Way Beyond Compliance

Divya Saxena*

Introduction

Regulation in the Twenty First Century is characterised by good regulatory practices which focus on the outcomes of regulatory aims and greater flexibility in process, compliance with prescriptive rules, advancing self-regulation, promoting a 'culture of compliance'. It ensures that the commitment to regulatory goals is evident with strong leadership and the use of experts to ensure that compliance with regulatory aims is compatible with the business goals. As Indian businesses globalize, it is important to approach governance challenges holistically. Achieving desired competencies requires focus on structures, processes and people. India could look at preparing the workforce for global opportunities so that it can utilise its premium position as the human resource reservoir. Given the dynamic labour markets it is also important that the workforce learns and readies itself as quickly as possible. Proper Skill Management mandates for greater accountability by the Governance Professionals as being responsible for implementing the proper strategy and delivering results and the Board / Management to play a key role in the areas of strategy, talent management, sustainability and succession of the Organisation and above all the Regulators to play a coordinative role to fulfill the objectives of overall economic development of the Country.

Concept of 'Beyond Compliance'

'Beyond Compliance' is a strategy to support and build the capacity of Professionals to continue to deliver high quality services to its clients / customers and society at large. Thus, it aspires to broaden the approach to safety and quality beyond accreditation requirements.

Concept of 'Quality'

'Quality' means consistently satisfying requirements and expectations by delivering services of the highest value in a timely manner. To ensure quality improvement in all areas of business, it is imperative to provide innovation in services that will ultimately improve the quality of life. The achievement of our quality goals and objectives depends on our ability to listen to and respect client / customer needs in every business activity.

The continuous process of skill development of human resources bagged by effective management system in the Organisation and Economy at large shall evolve a regime of going 'beyond compliance'.

^{*} FCS, Practising Company Secretary. The views expressed are personal views of the author and do not necessarily reflect those of the Institute.





Components of Effective Management System

The main components of Effective Management System

1. Regulatory Compliance

It allows an Organisation to meet its legal and regulatory obligations in the most effective and efficient manner and thus, act as a bedrock of Organizational performance.

2. Compliance Monitoring

It enables an Organisation to independently audit and provide the Stakeholder confidence that it meets the applicable rules, regulations and standards within the prescribed time limits.

3. Human Factors and Error Management

It enables an Organisation to optimise human performance in the workplace. Based upon a comprehensive understanding of Human Factors principles, it manages the Organisation's ability to identify error-promoting conditions and proactively manage human error to enhance Organisational performance.

4. Risk Management

It enables an Organisation to manage the risk and provide an appropriate level of protection through hazard identification, assessment, treatment and monitoring of risk. It provides a proactive and predictive risk-based decision-making capability that enables an Organisation to successfully navigate the challenge of balancing financial and risk goals.

Thus, building and implementing these systems is only the beginning of the journey towards 'Organisational Effectiveness' which in turn can be prospered by setting up both a macro and micro level perspective for the overall management system in the Organisation.

Skills, knowledge and capabilities have two major functions:

- they influence productivity and comparative advantages of Human Capital. As formal education and training increase human capital and labour productivity, learning by doing in enterprises creates economies of scale as per unit production costs fall with increasing production.
- individual competences and social capabilities function as a catalyst or driver of development by increasing the speed with which new technologies are adopted and productivity growth achieved and, therefore, the speed of the exploration and discovery of new markets and products in the economy.

Productive Work Environment to Retain Talent

To provide a conducive work environment that will attract and retain highly talented people and help them achieve their full potential, the Professionals are entrusted with the major



responsibility to create a climate of trust and respect that will ultimately promote a productive work environment.

Adoption of 'Learning Culture' for continuous development of the Organisation: It is the duty of every Professional to continually review and reflect on performance and change and adapt where necessary and build their collective ability to learn as an institution, with appropriate processes to capture and implement learning outcomes, thus, providing a platform for progressive improvements in 'Organisational performance'.

Compliance with Laws, Rules and Regulations

It implies complying with the applicable laws, rules and regulations governing all aspects of business, including research and development, etc.

Skill Development Initiatives

The power to evolve innovations and think in an innovative manner in any Organization can be increased by means of creating Intellectual Property (IP) awareness amongst the Stakeholders who are directly or indirectly involved in the process of innovation.

In India, intellectual properties are safeguarded under certain Regulations such as Biodiversity Act, 2002; Copyright Act, 1957; the Designs Act, 2000; Goods (Registration and Protection) Act, 1999; Geographical Indications of Goods (Registration and Protection) Act, 1999; Geographical Indication of Goods (Registration and Protection) Act, 1999; Patents Act, 1970; Protection of Plant Varieties and Farmers' Rights Act, 2001; the Semiconductor Integrated Circuit Layout Design Act, 2000 and the Trade Marks Act, 1999 etc.

The objectives of People Management for building competencies in Managers of today for effective management of their Subordinates. The importance of interpersonal skills and the need for proper coordination between managers and employees to understand the requirement of their clients and to serve them better and thereby grow in their careers.

The real imperative in a world where 'everything' is digitized is that businesses need to pursue innovation to disrupt their own business model before the competition does. Without innovation strategies, Companies will lose their competitive advantage in an increasingly commoditised World. There is no time to lose, as technology change, accelerates exponentially and new digital platforms and devices are emerging. Furthermore, the expectations of the new generation or 'digital natives' mean that Companies must keep up with the pace of change or lose relevance. The challenge for businesses is to face the implications of digital change, in particular, the loss of control over the customer relationship, increased competition and threat of commoditisation and the need to engage digitally with suppliers, partners and employees in addition to customers.

Corporate Governance and its Impact on the process of Skills Enhancement

It is also worthwhile to recognize that due to differences in ownership structures and cultures, corporate governance practices in one part of the world may not always be successful in other cultures. Corporate Governance is essentially a function of the mindset and culture prevalent in the Organization's operating environment. Corporate governance cannot be





looked at in isolation, it is heavily influenced by the overall governance eco-system. Although India has numerous regulations, their enforcement is quite weak. Numerous government departments, multiple layers of bureaucracy and complex power sharing equations among them stifle stringent enforcement of regulations.

The participation of Independent Directors in Corporate decision making process is significant to improve effective functioning of Board / Management. In the past, there has been a tendency to blame independent directors for governance issues. It is important to address the challenges such as true independence, developing the institution and pool of personnel with diverse skill sets who can provide exemplary board service and improve corporate functioning and taking concrete measures to improve their functioning through a combination of orientation, training, clear roles and adequate remuneration in form of sitting fees and commission on profits earned by the Company.

Businesses must use digital channels to create seamless and consistent engagement

Digital communication capabilities are becoming a key weapon in recruiting and retaining talent. It is through differentiation and innovation that Organisations can create the shift in mindset necessary to win in the digital game. To succeed in the digital world requires embracing innovation and identifying new engagement models and new business models. It requires grasping new opportunities that exist outside traditional markets and looking for the tools that will differentiate between the mere suppliers and the 'lifestyle partners' of the digital age. The Digital revolution and its consequences, offer a great opportunity to transform. However, capturing the rewards of a digital world requires considerable commitment and a proactive approach. To be successful there is a need to create new business models, new operating models, new ways of interacting with consumers and new ways of selling and promotion.

New Legislative Framework - a Major Step to impart Value Added Role / Services of Professionals

The Companies Act, 2013 and the rules made there under enable greater Shareholder democracy and stricter norms for Corporate Governance and Corporate Social Responsibility initiatives. It emphasizes on self-regulation, greater disclosures, stricter measures for Investor protection and stringent penalties for repeated or serious offences. It also advocates class action suits, prohibits insider trading by Key Managerial Personnel and tightens laws for raising money from the public. Thereafter it is up to every Company to imbibe these governance principles and practices into their eco-system that will meet its challenges in best possible manner.

With the constitution of NCLT and NCLAT and enforcement of Insolvency & Bankruptcy Code and Goods & Services Tax, far reaching changes shall be evident in Indian Legislative environment and indeed it shall create immense challenges and opportunities for Company Secretary Professionals to cater the new legislative framework.

Government of India Initiatives for Enhancing Skills Development

Over the past few years, the Government of India has successfully identified Skill Development as one of its key agenda. Through creation of frameworks, nodal bodies and



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public private partnerships, focusing on skill development domain, the Government of India has not only attracted domestic but also many foreign players in the skill development and training domain. Some of the major initiatives of the Government are as follows:-

- 1. 'Make in India' was launched on 25th September 2014. The main objective of this initiative is to focus on job creation and skill enhancement in major 25 Sectors of Indian Economy.
- 2. National Skills Mission, February 2015

Under the 2015 Union Budget, Finance Minister, Shri Arun Jaitley, had announced the launch of the National Skills Mission through the Ministry of Skills Development and Entrepreneurship. NSDC will work with Skill Development and Entrepreneurship Ministry towards consolidating the skill initiatives spread across the various Ministries. Apart from creating jobs, the mission will also encourage the youth to become job creators and encourage start-up initiatives.

3. Foreign contribution to National Skill Development Fund (NSDF) exempted from FCRA (Foreign Contribution Regulation Act), April 2015

Foreign Contribution to the National Skill Development Fund has been exempted from the FCRA to help boost funding for the vocational training courses in India. This would ensure smoother foreign contribution into the NSDF as Government approval would not be required for any Foreign Direct Investment in the skilling sector in India.

4. National Policy on Skills Development and Entrepreneurship, July 2015

The Union Cabinet gave its approval for National Policy on Skills Development and Entrepreneurship on 2nd July 2015. The policy redefines the National Skills Policy, 2009. The policy is an umbrella framework under the Ministry of Skill Development and Entrepreneurship and provides a clear and coherent policy, which will link the existing skill development initiatives across the existing institutional arrangement.

- 5. 'Digital India' was launched on 1st July, 2015 to transform Indian Economy into a digital economy by creation of digital infrastructure, delivering services digitally and to impart Digital literacy.
- 6. 'Udaan Scheme'

The scheme is launched to promote the skilled youth of India.

7. 'Stand up India'

Scheme is being launched to promote Entrepreneurship among people from Schedule Caste/Schedule Tribe and Women who will be provided loans ranging between Rs. 10 lakhs and Rs. 100 lakhs.

8. Initiatives of Ministry of Rural Development

It had launched Schemes that aim at empowering young people from the poor and



weaker sections of the Society through schemes like Special Projects for Placement Linked Skill Development of Rural BPL youth under Swarna Jayanti Gram Swarozgar Yojana (SGSY-SP) with an objective of ensuring time bound training aimed at bringing a specific number of BPL families above the poverty line through placement services.

9. Initiatives of Ministry of Urban Development and Poverty Alleviation

It had launched the Swarna Jayanti Shahari ROZGAR Yojana (SJSRY) in 1997 to address the Skill development issues of the urban poor.

10. Linking of the skills development schemes across India, April 2015

NSDC has initiated a convergence process wherein all the ITI's will come under the ambit of the newly formed Ministry of Skills Development and Entrepreneurship. Further, Training and Apprenticeship verticals of the Directorate General of Employment $\ensuremath{\mathcal{E}}$ Training (DGET) have been removed and transferred to the Ministry, allowing it to assess the skilling landscape in India accurately and estimating the on job training requirement.

11. Opportunity for up-gradation of vocational education framework under National Skill Qualification Framework ('NSQF')

'NSQF' is a quality assurance framework, developed by the Ministry of Human Resource Development. It is proposed to be used for setting up common guidelines nationally for linking various qualifications covering schools, vocational education and training institutes, technical education institutions and universities.

12. Development of transnational standards for vocational education

India is poised to be the largest provider of skilled manpower to the globe. The Government of India has also realised that it would not only need to train its population but also make them employable in the global market. Thus, there is an urgent need to develop transnational standards for vocational education in India. The Indian Government through NSDC has signed numerous MOUs with various Countries for this initiative viz; MOU with Canadian Institutions, Department of Industry, Australia, US Business Council etc.

13. Industry Initiatives

The 'Private Sector' has been taking various initiatives on its own and in collaboration with the Government and International entities, to upgrade in-house training facilities and also to provide training to potential employees to make them job ready. In this respect many large Corporations like Larsen & Toubro, Bharti Group, Hero Group, Maruti, ITC, Infrastructure Leasing & Finance Services Ltd. etc., have established training facilities for Indian Youth.

Challenges of 'Skill Management Drive'

India's workforce, the second largest in the World after China, needs to be trained across



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four levels, from the 'White Collar' workers to the 'Rust Collar' Workers thereby linking them to job opportunities and market realities. As such, the skills challenge becomes acute for India considering that the Country has a large portion of its population below 35 years of age. This young population can be transformed into a productive workforce giving the Indian Economy a 'Demographic Dividend'. Currently a major proportion of this population is not productively engaged in economic activities due to a 'skills v/s jobs requirement' mismatch. The skills v/s jobs mismatch often leads to economically inactive working age group people. This not only impacts the economy, but also has serious consequences for the Society at large.

India Inc needs to reach out to the teeming millions. The economic implications in terms of the opportunity cost of not timely training, the swelling workforce will be very high. Lack of skilled workforce may slow down productivity, research and development and ultimately lead to reduced international market share, which may be very difficult to regain if we fall behind in the race. We may permanently loose momentum and the demographic dividend may end up becoming a demographic liability. However tapping this opportunity may not only have the potential of positioning us ahead in the race but can also position us as game changers.

As such the skills initiatives in India need to focus on various aspects relating to:-

Quantity: Over 65% of India's population is below 35 years of age as such a robust skills training and certification system for these large numbers is a mammoth task.

Quality: The diplomas and certificates with which students graduate are usually out of sync with the needs of the Industry. As a result, industry finds it difficult to recruit adequately skilled labour and is forced to undertake large training programs. The shortage of skilled workforce results in loss of productivity, while training programs imply high labour costs.

Access: India's large geographical territory, difficult terrain and varying social economic conditions make the implementation of standardised, skill-based instruction a huge challenge.

Measures for Improvement

- 1. Building skills training as a mainstream and inclusive program to be promoted by creating a formal arrangement among the three key Stakeholders in the delivery pyramid i.e. Government, Industry and Skills providers.
- 2. The Central Government should provide funding support to State Government Institutions to make Skills Trainer a lucrative career option.
- 3. Greater focus should be given to International Collaborations so that there is a better understanding of the fast changing skills demands, increased FDI in skills, promoting B2B partnerships between Indian and International Companies, engaging Multinational Corporations to provide skills solutions that transpose the models and practices and reverse transfer the best practices from India to World.



- 4. Greater interaction should be encouraged among industry, academia and skills providers to narrow the gap between the demand and supply of skilled manpower.
- 5. Focus on Informal Sector by finding a model that reaches out to the people and livelihood promotion. Institution and NGOs are engaged effectively.
- 6. Large corporate houses could engage in training programs for youth from rural, urban villages, towns and cities, as an Industry skills training would offer immediate return to the Society by improving lives of people.
- 7. Technology—Optimising ability to leverage current systems.
 - Identify opportunities to further leverage technology. Systems are support mechanisms that help analyze and communicate data. Training empowers people to succeed in new environments. To achieve a smarter close, you must ensure employees understand the capabilities in the systems they use and expose them to potentially valuable tools that other departments may be using.
- 8. Organizations need to tap into newer platforms for acquiring skills while also accelerating the pace of skills development. There is a need to understand that the traditional skills and approaches are not going to help them in the digital age.
- 9. Business Professionals must understand the language of IT
 - It is estimated that 90% of all jobs will require Information and Communication Technology (ICT) skills, as such, Business Professionals will increasingly need to be comfortable with digital tools and technologies in order to perform their core roles. Future employees will need to combine excellent digital specialist skills with deep functional business knowledge.
- 10. Determine the digital proficiency of Employees
 - The first step is to determine the digital proficiency and level of online influence of employees.
- 11. Succession planning should be adopted as an ongoing exercise instead of as an adhoc exercise. Companies should also continually monitor their top management with outstanding candidates from other Companies and compare them on an ongoing basis. This benchmarking process enables them to select the best candidate possible from within the Company or from outside the Company.
- 12. It is also important to address the interests of wider Stakeholders including Financial Institutions, Minority Stakeholders, Employees, Customers, Vendors, Regulators and the Society at large. Holistically looking, good governance mechanism involves the following aspects:
 - Succession planning in the Organisation.
 - Effective board to add value to decision making process.



- Clearly defined roles for board and management.
- Constructive board meetings.
- Robust strategic planning.
- Focus on risk management.
- Robust monitoring of business performance.
- Management assurance management controls, due diligence, statutory, secretarial and internal audits.
- 13. Risk management has always been an important aspect of governance and due to the changing global scenario and business environment, Organizations worldwide have now started recognizing emerging risks like tackling climate change, license to operate, human rights issues, resource stewardship. For the Board to be effective in its role, it needs to demonstrate a good grasp of the business realities and work pro-actively with the management to identify the priorities.
- 14. Companies need to map potential Candidates' skills with the Company's culture, operating model, strategy and business environment and select a candidate who fits well into it. To ensure that wider Stakeholder' interests are met, Organizations should maintain transparency in communication and disclosures, maintain consistency and reliability in financial reporting, monitor related party transactions and adhere to business ethics and transparency. Governance of corporate responsibility issues has gained significant importance especially in the light of greater expectations from stakeholders on responsibilities, ethical scams and emerging national and international legislations on these issues. There is an increasing trend of Organizations seeking to be proactive in identifying these emerging risks to be sustainable over the long run.
- 15. Analysis of countries with some considerable success in launching and sustaining dynamic growth processes shows that effective skills development policies impart building capacities to adapt new technologies and diversify economic activities, to sustain a learning trajectory that is aligned with growth opportunities and priorities and Institutions that collect and share information, thereby helping to anticipate trends and match the demand for and the supply of skills. Coordination between Regulators, Institutional Agencies, Stakeholders, Training Institutions, Employers and Workers necessitates a degree of institutional sophistication, which in turn requires effective social dialogue. Henceforth, skills development must be an integral part of broader employment and development strategies, coupled with social dialogue and collective bargaining with gender equality.

Role of Modern Company Secretary as 'Governance Professionals'

In the words of Loren Wulfsohn 'the Company Secretary acts as a polymath'. In true sense a 'polymath' is a 'polyhister' i.e. "a person whose expertise spans a significant number of different subject areas, such a person is known to draw on complex bodies of knowledge to solve

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specific problems...." and one who is very learned in several fields of study. Thus, a Company Secretary has to be a networker, intellectually honest, a business analyst, a good communicator, as well as have a boardroom presence. He or she has to understand that the resources used by the Company and the relationship with its Stakeholders are interdependent and interconnected. The essence of the new age Company Secretary role is one of trusted advisor, communications and liaison officer and overall governance professional.

Although the Company Secretary's duties may vary from jurisdiction to jurisdiction, statutory or otherwise, the Chairperson and Board look to this person for guidance as to their responsibilities and duties. Consequently the role and function of the Company Secretary, although diverse, is centered around three core areas:

- 1. Ensure that proper Board procedures are in place and are adhered to and that all relevant papers are circulated to Board members in advance of meetings. The Company Secretary should also provide practical support and guidance, particularly to non-executive directors, and monitor and guide the Company's corporate governance policies.
- 2. Ensure the Company's compliance with relevant legislation and codes of conduct specific to the Company's business activities. The Company Secretary will often provide a central source of information to the Board and Senior Executives.
- 3. Act as the primary point of contact for Shareholders and Institutions, particularly in matters related to corporate and environmental governance.
- 4. The wide-ranging duties, skills and attributes of the modern Company Secretary have changed to have governance expertise and must be concerned with how the Company makes its money and the impact it has financially, socially and environmentally on the health of Organisation.
- 5. The Company Secretary as 'Governance Professional' should also understand the long-term strategy of the Company's business and the sustainability issues pertinent to that of business and how those sustainability issues have been embedded in the Company's long-term strategy. Thus, he must have a deep understanding of the business of the Company as a whole.
- 6. It is for this reason that he is a perfect executive to induct new Directors and to take on the role of strategic communication with Stakeholders.
- 7. The essence of the new age Company Secretary role is one of trusted advisor, communications and liaison officer and overall governance professional.

In true sense, the new, more strategically-focused Company Secretary will have a key role to play in relation to all of the identified issues, from ensuring adequate information flows to facilitating a director succession program that identifies and fills any gaps in skills.

In a nutshell, Company Secretaries have innate qualities of meeting all the challenges, turning odds into opportunities and they can contribute their vivid skills of Compliances,



Secretarial Audit, Due Diligence, Valuation etc to the Organisation. Some of the core competencies of Company Secretary are as follows:-

- Scribe (importance of minute taking and ensuring proper recording of meetings remains critical).
- Compliance Officer.
- Advisor / Confidante.
- Liasoning Officer.
- Educator / Governance Leader.
- Watchdog.
- Relationship Management.
- Annual Report and External Communications.

Professionals Traits for Corporate Excellence

- 1. Focus on Clients / Customers for delivering quality services by understanding and meeting their needs.
- 2. Make Rapid, Disciplined Decisions

Make timely decisions at the right level with the right data and support them once made.

3. Act with courage and Candor

Speak openly, honestly and with conviction. Professionals should have the courage to take appropriate risks and make difficult decisions.

4. Build Talent

Build diverse talent with the capabilities necessary to succeed in the markets, inspire, reward and develop to ensure individuals reach their potential and meet the deadlines as and when required.

5. Demonstrate ethics and integrity

Adhere to the highest standards of trustworthy and ethical behavior in all interactions and hold others to the same standards, to comply with all laws, policies and regulations, identify and address ethical issues without hesitation.

6. Drive results

Set clear performance standards, overcome obstacles, hold oneself and others accountable for achieving results.





7. Foster Collaboration

Actively listen and seek to understand differing perspectives, work together to achieve the common goals of the Organisation.

Strategies of Company Secretaries to meet the challenges of complex business environment and to act as catalyst in enhancing skills and 'finding way beyond compliance'

Strong Communication Skills

A Company Secretary needs to possess strong communication skills. The need to influence and in some instances, exercise authority over management where there is no apparent reporting line or structure. He needs to have credibility to operate successfully at both the Board level and with the Senior Management level and 'knowledge' being a key factor for success.

Focus on Details

Focus attention to detail in relation to the statutory and regulatory issues, as well as, on the quality and content of Board papers and communication with the Board.

Strong Organizational and Administration Skills

Managing the varied roles and responsibilities requires strong organizational and administrative skills.

Resilience, Tenacity and Drive

He must be resilient and tenacious enough to continue to raise issues that merit attention. The successful new age Secretary is highly motivated and passionate about all things relating to governance. Not all Chairmen, Chief Executives or Boards will always share this passion for governance. The determination to keep trying to achieve the right outcomes will drive effectiveness.

Tolerance, Respect, Patience and Humility

He should be able to listen to both the spoken and unspoken communication around the boardroom table. Sometimes it takes incredible patience to get points across, however, it is critical that he remain respectful of the Directors, exercise humility in engagement and be tolerant of contradictory viewpoints.

Trust and Integrity

The nature of the role and exposure to confidential information requires an individual who is mature and can be trusted and whose integrity is beyond reproach. It is important when dealing with conflict that he should avoid conduct that impinges on any of these qualities. Company Secretary's effectiveness can be enhanced by his or her ability to build relationship of mutual trust with the Chairman, the Senior Independent Director and the Non-executive Directors, while maintaining the confidence of Executive Director and colleagues.



Independence

Independent to ensure that the role of Governance Leader and Board Advisor are protected. The Board must be able to rely on receiving independent and objective advice from the Company Secretary.

Emotional Intelligence

This quality will enable the incumbent to navigate between various Stakeholders by showing the requisite level of humility, countered by the necessary confidence required to challenge the status quo.

Deep understanding of the Business

He must have a thorough understanding of all parts of the business. It is only from a strong foundation of understanding that the requisite responsibilities in relation to advisory, induction and ongoing education can be fulfilled adequately. To earn the status of trusted advisor among non-executive directors, he must demonstrate the necessary commercial expertise and knowledge of the business and industry as a whole.

Potential for Growth

Bearing in mind the growth in the profession over the past decade, it is critical that the role of the Company Secretary be filled by someone with the ability to grow professionally. The need to continually develop and learn is not something that will diminish. To stay ahead of the curve and adequately advise the Board, he must keep abreast of latest regulatory and governance changes.

Positioning the Company Secretary for Success

Being regarded as an officer of the Company usually implies a positive duty to act with due care and diligence. He is able to retain independence and be of sufficient stature within the Organization to ensure credibility.

To play the Role of a "Polymath"

- To organize, prioritize and de clutter by focussing on important issues by ensuring that systems are in place to facilitate the more "ordinary" administrative tasks.
- To embrace new technology and motivate for expenditure where technology will lead to clear benefits for the development of the Organisation.
- To create internal networks by building relationships that will provide access to all relevant information and ensure that information flows are adequate.
- To create external networks through organized special-interest groupings or like-minded professionals. Large Organizations can create a knowledge base, but smaller Organizations need to find ways to stay ahead of the knowledge curve to anticipate developments and understand their impact on Company.
- Seek out mentors where relevant for good productive health of the Organisation.



Keep calm

- Remain calm and objective voice both around the boardroom table and in ensuring that the Chair, Chief Executive and Board make appropriate and carefully reasoned decisions.
- Objectivity is required in providing advice to the Board and individual Directors.

Keep pace with growth and learning process

- Keep current with developments in legislation and best practices.
- Understand areas for development and seek out programs that can close your knowledge gaps, both in relation to the industry and the role itself.
- Follow developments in similar markets and industries that will be good indicators of governance trends.

Challenges of Company Secretaries in Playing the Role of Catalyst in Enhancing Skills and Finding Way beyond Compliance

Notwithstanding the level of responsibility bestowed upon Company Secretaries in terms of new regulation or best-practice governance recommendations, the perception of the role of Company Secretary has not kept pace with the expectations. What this means is a potential lack of resources and suitably qualified candidates.

The varied expertise required from a Company Secretary is daunting. A real challenge presents itself in finding individuals who are being properly trained as well as receiving onthe-job mentoring. The best advice to emerging Corporate Governance Professionals would be to remain steadfast in the commitment to implementing best of corporate governance practices. One key aspect in respect to Professionals relates to the right and the obligation of self-regulation. With appropriate strategic oversight from Government, professionals generally are allowed to govern themselves, regulate their own behaviour and those of Members, control entry and exit to the profession, and impose rewards and sanctions as appropriate. The profession and not the market, sets and regulates the standards. It is the practice of self-learning and the willingness and capacity to learn from ongoing experience and application of self-correction, maintenance of quality standards that will decide the path of success of a good Company Secretary Professional.

One of the distinguishing features between a "profession" and an "occupation" is that Professionals have obligations beyond their immediate technical tasks. For example, they must not only be expert in their function, but must also represent their Profession in terms of reflecting the values and standards in everyday behaviour.

Part of the benefit of being a "Professional" is the obligation to act supportively for other Professionals and play one's part in the process of advancing the functional capability of the Profession. There is a need to constantly sharpen on the following capabilities:-

a. To be an Expert by constantly excelling in individual and collective achievements, by mastering the skills and the theoretical knowledge relevant to one's professional function.



- b. To be Steward by nurturing the assets at one's disposal, including the state of the Organisation and its people.
- c. To be a Representative by acting as an ambassador and emissary of the Organisation, and, thus, exhibit the standards of professional and social behaviour that promote the reputation and honour.
- d. To be a Self-regulator by practicing "ethical behaviour".
- e. A *Self-correct*or is the process by reviewing what others are doing in an ethical/unethical sense.
- f. A *Self-learner* from experience and timely lessons from the examination of ethical incidents and ethical failures and implements appropriate and timely mechanisms intended to minimise their recurrence.
- g. *Professional socialization* is the process by which a person acquires a personal identity consistent with and learns the norms, values, behaviour and social skills appropriate to a professional role.
- h. *Professionalism* —Striving for excellence in everything we do. Work hard to deliver high quality results, do the job to the best of one's ability and take pride in all the achievements. To remain sensitive to changes in the working environment and ready to respond. To provide impartial, comprehensive, timely and accurate advice and constantly make effort to improve the work performance.
- i. *Integrity* Doing what is right by behaving honestly and ethically, and demonstrate the highest standards of probity in our personal conduct.
- j. Loyalty by being committed to the Organisation to whom the Professional is serving and treating everyone at all levels with respect, care and compassion.
- k. *Teamwork* by working together with respect, trust and collective purpose. Teamwork is cultivated through strong, positive leadership and attention to the needs of team members. Living up to their own values, beyond compliance, is what defines a Company Secretary Professional.

It is critical that there be a skilled governance professional in place who can help the directors navigate their fiduciary duties and facilitate board effectiveness by allowing the board to focus on decision making and strategy, knowing that there is someone who is taking care of the day-to-day governance arrangements.

Conclusion

Skills Development is indeed a powerful catalyst for change. To realize the potential, skill development policies need to be an integral component of broad national development strategies so as to prepare the workforce and enterprises for new opportunities and adopt a proactive approach to dealing with change. Instances are there that those Companies which have demonstrated a culture of openness, transparency and accountability in good and bad



times have been able to attract growth capital and have had the benefit of winning the trust of their customers, vendors, trading partners and employees and consequently resulting in true value of corporate governance beyond compliance. Human skill, cost, quality, innovation and pricing will hold the key to future success. In an age of ever-increasing regulation and demands on boards, the importance of the governance role to be played by the Company Secretary as a Governance Professional is apparent. The Corporate houses could participate actively in Industry led skill development programmes by channelizing funds allocated for Corporate Social Responsibility into funding and supporting the skills development initiatives by the Government. They could be instrumental in moulding and evolving the existing skills development infrastructure in India as per the changing market dynamics.

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Overview of Insolvency Law in India and Role of Professionals Dr. Rajkumar S. Adukia*

Introduction

"How did you go bankrupt?" Two ways. Gradually, then suddenly."
-Ernest Hemingway, The Sun Also Rises

The quote above is a dialogue from famous author Ernest Hemingway's 1926 novel, 'The Sun Also Rises'. It depicts the exact way Insolvency or Bankruptcy disrupts a corporate, individual or countries existence. Gradually ...and then suddenly.

Famous entrepreneurs and celebrities around the world have gone bankrupt. Internationally, entrepreneur and now President hopeful Donald Trump, famous author and playwright Oscar Wilde, boxer Mike Tyson, legendary talk-show host Larry King, famous entrepreneur Walt Disney (due to Disney's first animation venture Laugh-O-Gram), actress Lindsay Lohan, innovator and entrepreneur Henry Ford are some of the celebrities who have been close to bankruptcy and some have filed for bankruptcy and been declared bankrupt at particular times in their life.

Closer home, Amitabh Bachchan had suffered bankruptcy due to his entertainment venture Amitabh Bachchan Corporation Ltd. (ABCL). As he writes in his blog: "In the year 2000, when the entire world was celebrating the new century, I was celebrating my disastrous fortune. There were no films, no money, no company, a million legal cases against and the tax authorities had put notice of recovery on my home." But he eventually overcame bankruptcy and is still the darling of cinemagoers worldwide.

However the latest celebrity in the limelight has not been so lucky as he is consistently facing flak in both social and print media over his alleged Rs. 900 crore loan default case. Vijaya Mallya, Indian businessman and politician who was in his better times known as the 'king of good times' has now been declared a "proclaimed offender" by the Prevention of Money Laundering Act (PMLA) court on a request by the Enforcement Directorate (ED) in connection with its money laundering probe against him. Whether Mr. Mallya is bankrupt or not is still debatable as the banks are unable to recover their debts from his declared assets.

Others who have come close to bankruptcy include yesteryears famous actor A.K Hangal and Raj Kapoor whose famous movie 'Mera Naam Joker' almost left him bankrupt.

^{*} ACS, FCA, ACMA. The views expressed are personal views of the author and do not necessarily reflect those of the Institute.



Initial Insolvency Laws in India

Under the Constitution of India 'Bankruptcy & Insolvency' is Entry 9 in the List III -Concurrent List, (Article 246 –Seventh Schedule to the Constitution) i.e. both Center and State Governments can make laws relating to this subject. Accordingly, there is a stream of Insolvency laws in India governing personal and corporate insolvencies.

The former Legal and procedural framework relating to Corporate Insolvency was fragmented and there was no separate unified insolvency code covering all the aspects related to insolvency in one place. Therefore the process was complicated, time consuming and ineffective. Furthermore, in the earlier Insolvency Laws there was a focus on strict regulation of the activities of companies.

Similarly in Personal Insolvency laws in India too, there was confusion as the sector. There was no specific personal bankruptcy law, and recourse had to be taken from the Presidency-towns Insolvency Act, 1909 (PTIA) for Calcutta, Bombay and Madras and the Provincial Insolvency Act, 1920 (PIA) for others. Though these are central laws, but both these Acts have a number of state specific amendments.

To add to the confusion, in context of corporate laws, the word "insolvency" had neither been used nor defined. Under Section 433 of the erstwhile Companies Act 1956, which gives the circumstances in which a company may be wound up by the National Company Law Tribunal (NCLT), it covered a company which is unable to pay its debts (clause (e) of section 433).

There were pre-insolvency workout schemes too like debt restructuring under schemes of arrangement and revival \mathcal{E} rehabilitation of sick companies.

Therefore, the nature of Insolvency Process in India before passage of Insolvency and Bankruptcy Code 2016 could be described as follows:

- 1. Insolvency/ Liquidation process essentially encompassed aspects of recovery, revival, reconstruction and Winding up.
- 2. No Separate Unified Insolvency Code covering all the above aspects in one place is present. Therefore the process was complicated, time consuming and ineffective.
- 3. Implementation of the Insolvency Process was done by the following bodies:
 - Courts
 - Ministry of Corporate Affairs
 - Board for Industrial and Financial Reconstruction (BIFR)
 - Debt Recovery Tribunals (DRTs)
- 4. The legal and procedural framework relating to corporate insolvency apart from several other special provisions like debt recovery laws, was laid out by 4 major legislations, namely:
 - Companies Act 2013 (Earlier Companies Act 1956)



- Sick Industrial Companies (Special Provisions) Act, 1985 [SICA]
- Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act (SARFAESI) Act. 2002 also known as the Securitization Act
- Recovery of Debts due to Banks and Financial Institutions Act, 1993 (RDB Act)[Debt Recovery Tribunals set up under this Act]

The law on corporate insolvency was fragmented and the Indian insolvency law failed to keep pace with the domestic and international developments. Due to the existence of many legislations on the subject and overlapping jurisdiction of administrative bodies, there were systemic delays and complexities in the insolvency process.

Insolvency and Bankruptcy Code 2016

The Bankruptcy Law Reform Committee was set up in August 2014 by the Ministry of Finance, to study the corporate bankruptcy legal framework in India and submit a report. The Committee submitted its report to the Government in November 2015.

The Insolvency and Bankruptcy Code was passed by Lok Sabha on 5th May, 2016 and by Rajya Sabha on 11th May, 2016. The Code received the President's assent on May 28, 2016 and was notified in the Gazette of India soon after as 'The Insolvency and Bankruptcy Code 2016' (Act No. 31 of 2016). The Code is divided into 5 parts; 255 sections; 11 Schedules and 21 chapters.

Salient Features

- The Code creates time-bound processes for insolvency resolution of companies and individuals which will be completed within 180 days.
- If insolvency cannot be resolved, the assets of the borrowers may be sold to repay creditors.
- The resolution processes will be conducted by licensed insolvency professionals (IPs).
- These IPs will be members of insolvency professional agencies (IPAs).
- IPAs will also furnish performance bonds equal to the assets of a company under insolvency resolution.
- Information utilities (IUs) will be established to collect, collate and disseminate financial information to facilitate insolvency resolution.
- The National Company Law Tribunal (NCLT) will adjudicate insolvency resolution for companies.
- The Debt Recovery Tribunal (DRT) will adjudicate insolvency resolution for individuals.
- The Insolvency and Bankruptcy Board of India will be set up to regulate functioning of IPs, IPAs and IUs.
- Time-bound insolvency resolution will require establishment of several new entities.
- The Code provides an order of priority to distribute assets during liquidation.



Corporate Insolvency

- Corporate Insolvency Resolution Process
- Liquidation
- Fast Track Mechanism
- Voluntary Liquidation

The Insolvency Code prescribes a fast track corporate insolvency process for the entities with less complex structuring or businesses where the whole insolvency process will be required to be completed within a period of 90 days or an extended period of further 90 days at most. The Central Government will prescribe the classes of entities based on the assets and liabilities, amount of debt and other criteria, which will be subject to the fast track process.

Fresh Start Order and Insolvency Resolution for Individuals and Partnership Firms

- For individuals and unlimited partnerships, the Code applies in all cases where the minimum default amount is INR 1000 (USD 15) and above
- Individual bankruptcy law envisages two distinct processes.
- The first is the "Fresh Start Order" (FSO). FSO is a process by which individuals with assets and income lower than specified amounts will be eligible for a discharge from their qualifying debts (the aggregate of which must not exceed the prescribed amount). Their debts will be written off, giving the debtor a "fresh start". Both the default and the FSO will be recorded in the individual's credit history.
- The second is the "Insolvency Resolution Process" (IRP), which will involve a process of negotiation between debtors and creditors supervised by a Resolution Professional (RP). It consists of preparation of a repayment plan by the debtor, for approval of creditors. If approved, the DRT passes an order binding the debtor and creditors to the repayment plan. If the negotiation succeeds, it will lead to a repayment plan which the RP will execute. This gives the debtor an "earned start". The debtor gets a discharge but only as per the terms of the negotiation. However, if negotiations fail, then the matter will proceed to "bankruptcy resolution process" which is led by a Bankruptcy Trustee appointed by the Adjudicating Authority. In bankruptcy resolution, the debtor will get a discharge from bankruptcy after a specified time.

Fresh Start Order (FSO)

The FSO is a process of discharge of the qualifying debts of the debtor if the assets and income of a debtor are below a specified amount. Thus, debtors who have assets and income below this specified level, and do not own their home, are eligible for an FSO. The Central Government shall have the power to revise the relevant assets and income test from time to time. (The home-ownership clause has been included in eligibility conditions because if the debtor owns a home, then this should be available for sale, the proceeds of which can be used to repay the full (or partial) amount due to the creditor). Further, the Code shall also specify the maximum amount of qualifying debts for which an application can be made.



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The FSO application cannot be made for debts specifically excluded from the FSO. These include secured debts, court fines, child support payments, student loans, money owed under a criminal charge, and debts resulting from certain personal injury claims against the debtor. All other debts qualify for an FSO. An indicative list includes, but is not restricted to, credit card debt, unsecured bank overdrafts and loans, unsecured loans from finance companies, credit from money-lenders, employers, friends and family, and debts to customers who have paid for goods or services that the debtor was unable to supply.

The debtor should not be under another FSO, or IRP prior to the application. The debtor cannot jointly make an FSO application with a spouse (or de facto partner). Each individual has to make an individual application.

Insolvency Resolution Process (IRP)

The application for an IRP can be made both by the debtor and the creditor. The IRP application cannot be made for debts specifically excluded from the IRP. These include court fines, child support payments, student loans, money owed under a criminal charge, and debts resulting from certain personal injury claims against the debtor. All other debts qualify for an IRP. The debtor should not be under another FSO, or IRP, or be an undischarged bankrupt prior to the application.

Since it is difficult to verify each claim made by the debtor, she will have to also submit a "Statement of Truth", which implies that if any part of the information in the application is found to be fraudulent, or to have been deliberately hidden, the applicant will be liable for criminal penalties. The Adjudicator will charge a monetary penalty for a frivolous application.

In the event that the creditor has evidence of default on payments, the creditor can trigger insolvency. The creditor may appoint an RP to trigger the process.

The Bankruptcy Law Reform Committee debated on whether the criterion of "reasonable prospect" of inability to pay debts should be valid for triggering legal proceedings by a creditor. On the one hand, such a clause can help with early detection of bankruptcy and lead to saving of asset value of debtors. On the other, ambiguity around the definition of reasonable prospect can induce delays into the process. It is possible that, in situations where the balance of power is tilted in favour of the creditor, the clause may get used to harass debtors. The Committee took the view, therefore, to exclude the clause. This may be allowed when the information systems support the creditors ability to reliably support such a claim.

The application of the creditor should contain evidence of default on payments by the debtor that is filed in a registered information utility. In case the evidence is not present in the information utility, the creditor will have to provide other relevant evidence of default. In case of loans to individuals, especially between family and friends, it may be difficult to mandate registration in an information utility as a prerequisite for making an application. The hope, however, is that the ease of presenting evidence from the records in the information utility incentivise debtors as well as creditors to register the same voluntarily.

The application must be accompanied by a non-refundable fee to cover the costs of the procedure.



Mediation in Insolvency

A Mediation Panel comprising professionals as insolvency practitioners having experience in insolvency process and cross-border insolvency can be an ideal vehicle to deal with matters arising out of insolvency proceedings and restructuring or involving insolvency law, regulation or practice as mediation offers a more satisfactory method of resolving issues for the parties than litigation.

The Ministry of Corporate Affairs (MCA) vide Notification G.S.R. 877 (E) dt. 9 Sept. 2016 has notified the Companies (Mediation and Conciliation) Rules 2016 which shall come into force from the date of their publication in the Official Gazette.

These Rules contain definitions of relevant terms, process of formation of panel of mediators/conciliators, requisite qualifications and experience of mediators and conciliators, disqualifications, application and appointment, scope of work, procedure for disposal of matters and duties of mediators/conciliators, etc.

Under Section 442 of the Companies Act 2013, the National Company Law Tribunal (NCLT), its appellate body — the National Company Law Appellate Tribunal (NCLAT) — and the Central Government can refer cases for settlement through mediation during the pendency of any proceedings under the Act before them . Any of the parties to the proceeding by way of application form and fees or NCLT/ NCLAT/Central Government suo moto may refer any matter pertaining to such proceeding to experts of the Mediation and Conciliation Panel.

The mediator or conciliator shall attempt to facilitate voluntary resolution of the dispute by the parties, and communicate the view of each party to the other, assist them in identifying issues, reducing misunderstandings, clarifying priorities, exploring areas of compromise and generating options in an attempt to resolve the dispute, emphasising that it is the responsibility of the parties to take decision which affect them and he shall not impose any terms of settlement on the parties.

Provided that on consent of both the parties, the mediator or conciliator may impose such terms and conditions on the parties for early settlement of the dispute as he may deem fit.

Resolution of Financial Firms

The Insolvency and Bankruptcy Code, 2016 provides for resolution and liquidation of non-financial firms. The Ministry of Finance on 15th March, 2016 constituted a committee to draft and submit a Bill on resolution of financial firms. In September 2016, the Committee submitted a draft "The Financial Resolution and Deposit Insurance Bill, 2016".

Some important features of the draft Bill are:

- Establishment of a Resolution Corporation (RC) with its head office at Mumbai comprising of representatives from financial sector regulators; representatives of the Central Government as well as 2 independent members
- RC shall have 3 types of funds:



- o the Corporation Insurance Fund for payment of deposit insurance
- o the Corporation Resolution Fund for covering resolution fees and
- o Corporation General Fund for meeting the administrative expenses of the Resolution Corporation
- The covered service providers have to pay fees to RC
- Designation of certain categories of financial institutions as Systemically Important Financial Institutions (SIFIs)
- After the enactment of the Bill, the Deposit Insurance and Credit Guarantee Corporation shall be dissolved and all its functions will be carried out by the RC and it will be the authority responsible for providing deposit insurance in the country
- The RC in consultation with the Appropriate Regulator, will specify objective criteria for the classification of covered service providers into five categories: low, moderate, material, imminent and critical
- Every covered service provider shall be required to prepare and submit a restoration plan to the sectoral regulator
- Every covered service provider shall be required to prepare and submit a resolution plan, to the RC
- RC is empowered to temporarily stay the operation of any early termination rights in respect of contracts
- Tools of Resolution:
 - o transferring the whole/part of the assets & liabilities;
 - o creating a bridge service provider;
 - o bail-in;
 - o merger or amalgamation;
 - o acquisition;
 - o liquidation;
 - o run-off in case of an insurance company.
- Resolution has to be completed within 2 years. Provision for extension of 1 additional year, except in liquidation
- The RC shall have a number of powers as the receiver
- The RC as the receiver shall take over the management of the affairs of the covered service provider
- Where RC determines that liquidation is the most appropriate tool for the resolution of a covered service provider, it shall make an application to the National Company Law Tribunal ("NCLT") for an order of liquidation
- NCLT can appoint RC as liquidator for covered service provider
- The Central Government and the RC, with the prior approval of the Central Government,



can enter into memorandums of understanding with the governments and their regulators of other countries and exchange information with them.

Institutional Structure under the Code & Role of Professionals

Just like a person requires treatment to treat his disease, a sick company also requires some form of treatment to overcome its problem of debts. This treatment may be in the form of restructuring of a company. Restructuring is the corporate management term for the act of reorganizing the legal, ownership, operational, or other structures of a company for the purpose of making it more profitable, or better organized for its present needs. Alternate reasons for restructuring include a change of ownership or ownership structure, demerger, or a response to a crisis or major change in the business such as bankruptcy, repositioning, or buyout.

With the introduction of the new insolvency law, there are a broad range of opportunities that arise for professionals in insolvency and financial restructurings.

Insolvency regulator – Insolvency and Bankruptcy Board of India (IBBI)

As per section 3(1) of the Insolvency and Bankruptcy Code 2016, "Board" means the Insolvency and Bankruptcy Board of India established under sub-section (1) of section 188 of the Code. The Code establishes the Insolvency and Bankruptcy Board of India, to oversee the insolvency proceedings in the country and regulate the entities registered under it. The Board shall be a body corporate by the name aforesaid, having perpetual succession and a common seal, with power, subject to the provisions of this Code, to acquire, hold and dispose of property, both movable and immovable, and to contract, and shall, by the said name, sue or be sued. The head office of the Board shall be at such place in the National Capital Region, as the Central Government may, by notification, specify.

The IBBI would consist of members including representatives from Ministry of Finance, the Ministry of Corporate Affairs and Ministry of Law, Reserve Bank of India.

It would oversee the functioning of insolvency intermediaries i.e., insolvency professionals, insolvency professional agencies and information utilities; and regulate the insolvency process.

IBBI would make model bylaws which can be adopted by Insolvency Agencies for regulating Insolvency Professionals.

Information Utilities (IUs)

As per section 3 (21), "information utility" means a person who is registered with the Board as an information utility under section 210;

The Code provides for establishment of information utilities ("IUs"), for collection, collation and dissemination of financial information to facilitate insolvency resolution proceedings.

Information Utility will be a registered body under the Code and will be issued a certificate of registration issued in that behalf by the Board. They will collect, collate, authenticate and disseminate financial information of debtors in centralised electronic databases. The Code requires creditors to provide financial information of debtors to multiple utilities on an ongoing



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basis. Such information would be available to creditors, resolution professionals, liquidators and other stakeholders in insolvency and bankruptcy proceedings. The purpose of this is to remove information asymmetry and dependency on the debtor's management for critical information that is needed to swiftly resolve insolvency.

Insolvency Professionals (IPs) and Insolvency Professional Agencies (IPAs)

As per section 3 (19), the "insolvency professional" means a person enrolled under section 206 with an insolvency professional agency as its member and registered with the Board as an insolvency professional under section 207;

As per section 3 (20), the "insolvency professional agency" means any person registered with the Board under section 201 as an insolvency professional agency;

The insolvency process will be managed by licensed professionals. These professionals will also control the assets of the debtor during the insolvency process.

No person shall render his services as insolvency professional under this Code without being enrolled as a member of an insolvency professional agency and registered with the Board.

Every insolvency professional shall, after obtaining the membership of any insolvency professional agency, register himself with the Board within such time, in such manner and on payment of such fee, as may be specified by regulations.

The Board may specify the categories of professionals or persons possessing such qualifications and experience in the field of finance, law, management, insolvency or such other field, as it deems fit.

The Code envisages that the insolvency resolution processes will be conducted by insolvency professionals ("IPs"). The IPs will be licensed professionals and will be members of insolvency professional agencies ("IPAs"), which will be created for regulation of such IPs.

The regulation and operation of these IPs, IPAs, and IUs is to be overseen by an Insolvency and Bankruptcy Board ("Board") established under the Code.

IPAs are registered body to admit Insolvency Professional as members and to develop code of conduct and promote best practices in governance during insolvency proceedings

IPAs will register private professionals having minimum standards of professional and ethical conduct. In the resolution process, the IP verifies the claims of the creditors, constitutes a creditors committee, runs the debtor's business during the moratorium period and helps the creditors in reaching a consensus for a revival plan. In liquidation, the IP acts as a liquidator and bankruptcy trustee.

Bankruptcy and Insolvency Adjudicator:

The Code envisages two separate tribunals to oversee the process of insolvency resolution, for individuals and companies:



The Adjudicating Authority will have the jurisdiction to hear and dispose of cases by or against the debtor.

- (i) The Debt Recovery Tribunal ("DRT") shall be the Adjudicating Authority with jurisdiction over individuals and unlimited liability partnership firms. Appeals from the order of DRT shall lie to the Debt Recovery Appellate Tribunal ("DRAT").
- (ii) The National Company Law Tribunal ("NCLT") shall be the Adjudicating Authority with jurisdiction over companies, limited liability entities. Appeals from the order of NCLT shall lie to the National Company Law Appellate Tribunal ("NCLAT").
- (iii) NCLAT shall be the appellate authority to hear appeals arising out of the orders passed by the Regulator in respect of insolvency professionals or information utilities.

The National Company Law Tribunal (NCLT) and the National Company Law Appellate Tribunal (NCLAT) have been constituted by Central Government with effect from 1 June, 2016 with eleven Benches – two at New Delhi and one each at Ahmedabad, Allahabad, Bengaluru, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata and Mumbai. The Principal Bench of the NCLT will be at New Delhi.



Overview on the Insolvency and Bankruptcy Code

Gopika Shah*

Need For Insolvency And Bankruptcy Code 2016

In India, the legal and institutional machinery for dealing with debt default has not been in line with global standards. The recovery action by creditors, either through the Contract Act, 1872 or through special laws such as the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 and the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, have not had desired outcomes. Similarly, action through the Sick Industrial Companies (Special Provisions) Act, 1985 and the winding up provisions of the Companies Act, 1956 have neither been able to aid recovery for lenders nor aid restructuring of firms.

The Insolvency and Bankruptcy Code, 2016 is expected to address the problem of dealing with multiple laws for anyone wanting to do business in India. It has been realised over a period of time that the ease of doing business is not only about convenient entry into the market but also easy exit and restructuring of debt.

One of the most important reforms envisaged in this bill is to make substantive changes in eleven enactments and repeal some to avoid conflict in the rules. There is also provision to take away the jurisdiction of the civil court to ensure fast and effective process. Specialised adjudicating authorities like NCLT and DRT will be adjudicating authorities to deal with special corporate issues effectively.

Background of Insolvency and Banckrucpy Code, 2016

'Insolvency and Bankruptcy Code, 2016' is considered as the biggest economic reform besides GST.

The objective of the new law is to promote entrepreneurship, availability of credit, and balance the interests of all stakeholders by consolidating and amending the laws relating to reorganization and insolvency resolution of corporate persons, partnership firms and individuals in a time bound manner and for maximization of value of assets of such persons and matters connected therewith or incidental thereto.

The law aims to consolidate and amend the laws relating to reorganisation and insolvency of corporate persons, companies and limited liability entities (including limited liability

^{*} ACS, Practising Company Secretary. The views expressed are personal views of the author and do not necessarily reflect those of the Institute.



partnerships and other entities with limited liability), partnerships firms and individuals, presently contained in a number of legislations, into a single legislation. Such consolidation will provide a superior lucidity in law and facilitate the application of consistent and coherent provisions to different stakeholders affected by business failure or inability to pay debt.

Salient Features of the Insolvency and Bankruptcy Code, 2016

Firstly, the new Code seeks to consolidate all existing laws. Secondly, it stipulates a time line — 180 days after the process is initiated, plus a 90-day extension — for resolving insolvency.

A mass of new institutions are introduced in the code to achieve the objective. These include:

- Insolvency Professionals who will conduct the insolvency resolution process, take over the management of a company, verify the claims of the creditors, constitute a creditors committee, assist creditors in the collection of relevant information, run the debtor's business during the suspension period and assist the creditors in reaching a consensus for a restoration plan. In liquidation, the insolvency professional acts as a liquidator and bankruptcy trustee.
- Insolvency Professional Agencies The insolvency professionals will be registered with insolvency professional agencies and it will examine and certify these professionals. The agencies conduct examination to certify the insolvency professionals, enforce a code of conduct for their performance, lay down standards of professional conduct for its members, monitor the performance of its members, suspend or cancel the membership of insolvency professionals who are its members on the grounds set out in its bye-laws, redress the grievances of consumers against insolvency professionals who are its members, publish information about its functions, list of its members, performance of its members and such other information as may be specified by regulations.
- Information Utilities It will create and store financial information in a universally accessible format, will collect, collate and disseminate financial information related to debtors, thus it would eliminate delays and disputes about facts when default does take place.
- Insolvency and Bankruptcy Board of India A regulator that will oversee these entities. The Board shall be a body corporate having perpetual succession and a common seal, with power, subject to the provisions of this Code, to acquire, hold and dispose of property, both movable and immovable, and to contract, and shall, by the said name, sue or be sued. The head office of the Board shall be in the National Capital Region with offices at other places in India.

The Bankruptcy Code proposes two authorities to deal with insolvency:

- 1. The National Company Law Tribunal will adjudicate cases for companies and limited liability partnerships.
- 2. The Debt Recovery Tribunal will do the same for individual and partnership firms.



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Both will have appellate tribunals.

There are five stages in all:

1st Stage - when a loan default occurs, and either the borrower or the lender approaches the NCLT or DRT for initiating the resolution process.

2nd Stage - the creditors appoint an interim Insolvency Professional (IP) to take control of the debtor's assets and company's operations, collect financial information of the debtor from information utilities, and constitute the creditors' committee.

3rd Stage - the committee has to then take decision regarding insolvency resolution by a 75% majority.

4th Stage - once a resolution is passed, the committee has to decide on the restructuring process that could either be a revised repayment plan for the company, or liquidation of the assets of the company. If no decision is made during the resolution process, the debtor's assets will be liquidated to repay the debt.

5th Stage - the resolution plan will be sent to the tribunal for final approval, and implemented once approved.

The essential idea of the new law is that when a firm defaults on its debt, control shifts from the shareholders / promoters to a Committee of Creditors, who has 180 days in which to evaluate proposals from various players about resuscitating the company or taking it into liquidation. When decisions are taken in a time-bound manner, there is a greater chance that the firm can be saved as a going concern, and the productive resources of the economy (the labour and the capital) can be put to the best use. This is in complete departure from the experience under the old regime where there were delays leading to destruction of the value of the firm.

Ideally, if this law were in place, once a default occurred, it would be resolved within 180 days (plus the 90-day extension) after a bankruptcy application was registered. But analysts say setting up the necessary institutional infrastructure could take some time.

Other Important Aspects of the Code

- (i) Clear, coherent and speedy process for early identification of financial distress and resolution of companies and limited liability entities if the underlying business is found to be viable.
- (ii) Two distinct processes for resolution of individuals, namely "Fresh Start" and "Insolvency Resolution".
- (iii) Debt Recovery Tribunal and National Company Law Tribunal to act as Adjudicating Authority and deal with the cases related to insolvency, liquidation and bankruptcy process in respect of individuals and unlimited partnership firms and in respect of companies and limited liabilities entities respectively.
- (iv) Enabling provisions to deal with cross border insolvency.





Conclusion

The Insolvency and Bankruptcy Code is thus a comprehensive and systemic reform, which will give a quantum leap to the functioning of the credit market. It would take India from among relatively weak insolvency regimes to becoming one of the world's best insolvency regimes.

It lays the foundation for the development of the corporate bond market, which would finance the infrastructure projects of the future. The passing of this Code and implementation of the same will give a big boost to ease of doing business in India.



GST - A Mantra for Economic Reforms in India

D S Mahajani*

Introduction

Seventy years of post-independence economic journey of our country can be segregated into three phases. First, from post-independence to year 1990, second from year 1991 to year 2005, third and an important one from the year 2005-06 onwards. During this long economic journey, India has witnessed numerous laws on the indirect tax front. All these laws were enacted, to tax a particular economic segment, with different purposes. For instance, Central Excises and Salt Act, 1944 was implemented to levy tax on 'manufacturing' activity. Prior to independence, excise duty was collected on salt and later its reference became outdated, hence the word 'salt' from Central Excises and Salt Act was deleted in the year 1996. Earlier, India was pre-dominantly a manufacturing country and thus the share of Central Excise duty in government exchequer had always been high.

Due to rise in the service sector's share in Gross Domestic Product (GDP) after economic liberalization initiated in the year 1991, the Central Government introduced Service tax under Finance Act 1994. The service tax regime started with mere 3 services with revenue of Rs.400 crores in year 1994-95 and increased to more than 119 services till introduction of negative list of services, recently in the year 2012. It is estimated that service tax revenue is more than Rs.2,00,000 crores in the current Financial Year.

In order to levy tax on inter-state movement of goods, Central Sales Act, 1956 was enacted. Tax on sale within the State was a subject matter of the respective state, prior to year 2005 and therefore there were different sales-tax rates for different commodities amongst all States of the country. With introduction of Value Added Tax (VAT) across the country, India witnessed a uniform tax regime from year 2005-06.

Moving towards GST

Since India has been following indirect taxation on VAT principle in hybrid manner i.e., Central Excise and Service-tax at the Central level and VAT at the State level, the need was felt to have unified indirect tax system. A single and comprehensive indirect tax regime, called the Goods and Service Tax (GST), was thus introduced. Accordingly, in the year 2006 the Central Government with State Governments formed the Empowered Committee for introduction of GST in India. During the long period of 10 years, a lot of deliberations were undertaken amongst

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different stakeholders for implementation of GST in India. At last, in August 2016, the Parliament passed the 122nd Constitutional Amendment Bill, 2016 for Introduction of GST in India.

A brief of GST worldwide

GST is a time tested indirect tax levy followed by more than 100 countries across the world with different names like Harmonized Sales-tax (HST) in Canada, Value Added Tax (VAT) in U.K and Federal VAT various in other countries.

How GST would be a game changer for economic reforms in India?

When India is on the threshold of the most important structural transformation of the indirect tax system i.e., introduction of GST, it is interesting to know the exciting features of GST, which will make India, a perfect investment destination, thereby boosting economic reforms in India.

(1) From origin based to destination based tax

All the current Indirect taxes in India are origin based taxes. As a result, taxes remain with the states which are generally industrially developed and progressing well, compared to the less developed ones. As a side effect, the developed states are continuously flourishing at the cost of less developed states.

GST will be a perfect answer to the current lopsided economic developments in the country, since now the tax revenue would be shifted from origin based manufacturing state to consumption based destination state. Surely, the shift in tax pattern would yield a desired result of overall progress of all states across the country.

(2) Concurrent Dual GST

India being a federal country, it has to follow two-tier taxation system. Hence, Centre and States shall levy tax concurrently on supply of all goods and / or services based on Central GST (CGST) Act, State GST (SGST) Act and Integrated GST (IGST) Act.

(3) Uniform Indirect Tax Laws

Currently there are various indirect tax laws complied with and one has to deal with different tax authorities. Further, these taxes have different basis of taxation, and is also subject to varied legal interpretations and litigations thereafter.

Compared to that, businesses in India will now have to deal with only two laws - CGST Act for the Union levies and SGST Act for the State levies. If there is inter-state movement of goods and/or services, there will be IGST Act.

As all three laws shall be interconnected, there will be no scope for ambiguity from business point of view.

(4) Integrated Goods and Service Tax (IGST)

Currently there is Central Sales Tax Act, 1956 (CST) which is a tax on inter-state movement of goods. Due to lack of proper mechanism, the share of CST has always been a bone of contention between the Union and the States.

Further, as CST is not a VATable component, businesses resort to purchase of goods



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locally (i.e., within the state) instead of inter-state movement of goods. Hence, CST does not serve its purpose, neither from the States government's point of view, nor to the business community.

To avoid all above issues, there is going to be Integrated Goods And Services Tax (IGST) under the GST regime. Unlike CST, IGST would be allowed as credit to the recipient of goods or services under a system driven process to the state where it is going to be consumed.

Hence IGST would be a game changer for the success of GST in India.

(5) Single table event replacing multiple ones

In any tax law, taxable event carries a paramount importance as it is the first point from where compliance is required to be followed by the concerned tax entity. When there are a number of taxes, it means more than one taxable events are to be complied with, by such entities. In the existing indirect tax regime, there are three main taxable events i.e., Central Excise Duty on manufacturing activities, Service Tax on provision of service and VAT/CST on Sale.

Due to multiple taxable events, there is an element of tax cascading in terms of VAT/CST on Excise Duties.

In contrast to this, there will be only a uniform taxable event that is 'Supply', which is a paradigm of transformation under GST. Along with Supply, the principle of time of supply and place supply of goods and/or services shall also play a crucial role under GST.

The Model GST Law (MGL) has prescribed detailed provisions of the term Supply under the GST Acts. Under MGL, the term 'Supply' has not only covered all the existing taxable events, but it also intends to cover certain transactions without consideration, under the purview of GST.

(6) Uniform Tax Base

Under Central Excise laws, minimum threshold is Rs.150 Lacs for small scale units and Rs.10 Lacs is the basic threshold under Service-tax Laws. There are different thresholds ranging from Rs.5 Lacs to Rs.10 Lacs under State VAT Laws.

As compared to this, a threshold of Rs.20 Lacs has been decided under the GST law. The uniform tax base, across the country irrespective of whether it is Goods or Services, will bring in additional revenues to the government as the unorganised sector, which is not part of the value chain currently, would be drawn into the tax net.

(7) Input Tax Credit (ITC)

As such, ITC is not a new concept as the same is already allowed under the Central Excise and VAT laws. However, due to different tax laws, there are different provisions for ITC under the existing taxation system.

The scope of ITC has considerably widened with reasonably good in-built checks under GST. Broadly, ITC shall be allowed on all goods or services intended to be used for



making an outward supply with only a few exceptions. That is, ITC shall not be available on motor vehicles (except if they are used in the course of business), goods and / or services (like food and beverages) used primarily for personal use.

The basic principal of Value Added Tax (VAT) system is to allow credit of all eligible inputs and /or input services at each stage of value chain to reduce cascading effect and make final goods and / or services cheaper to the ultimate customer. Since, the very principle of VAT will be followed under GST, the cost of final goods and / or services to the ultimate customer would go down considerably.

As per MGL, ITC shall be allowed with the condition that tax charged in respect of that supply of goods or services has been paid to the credit of government and appropriate return has been filed. Currently, there is no linkage of payment of tax / duties vis-à-vis to availment of ITC. This is a unique provision under MGL, albeit difficult to follow, but would certainly bring more responsibility towards tax payments amongst the business community with the added benefit of tax buoyancy for government while switching over to the GST regime.

(8) Goods and Services Tax Network (GSTN)

GSTN is Information Technology backbone of GST in India. GSTN will connect trade and industry, Union / all State Governments, Banks and other stakeholders on a real time basis. On this front, GSTN will develop a GST portal – front end system for trade and industry and back end system for all Government agencies. GSTN shall ensure technology support for registration, ITC / IGST settlement, tax payment, return filling, MIS and other dashboards on GST portal to all the Stakeholders.

GSTN would ensure effective tax compliance which is not present under the current tax regime, in electronic mode.

(9) GST Council

As per Article 279A of the Constitution of India, the GST Council shall make recommendations to the Union and the States on -

- (a) the taxes, cesses and surcharges levied by the Union, the States and the local bodies which may be subsumed in the goods and services tax;
- (b) the goods and services that may be subjected to, or exempted from the goods and services tax;
- (c) model Goods and Services Tax Laws, principles of levy, apportionment of Integrated Goods and Services Tax and the principles that govern the place of supply;
- (d) the threshold limit of turnover below which goods and services may be exempted from goods and services tax;
- (e) the rates including floor rates with bands of goods and services tax;
- (f) any special rate or rates for a specified period, to raise additional resources during any natural calamity or disaster;



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- (g) special provision with respect to the States of Arunachal Pradesh, Assam, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand; and
- (h) any other matter relating to the goods and services tax, as the Council may decide. GST Council will be chaired by Union Finance Minister and have Minister in charge of Finance or Taxation or any other Minister nominated by each State Government as its member. Hence, GST Council will be adequately represented by the Union and all State Governments in terms of GST and therefore there will be very less scope of disputes (like revenue sharing) amongst the Union and State governments.

Till date, three meetings of GST Council have been undertaken. Few decisions have been reached on consensus including the Composition Scheme, exemption schemes to North-Eastern and hilly areas, compensation method for loss of revenue to states etc. Draft rules regarding return, refund, registration, payment and invoicing have been accepted by the Council. However, various other issues regarding the GST rate structure, exemption list, inclusions, exclusions etc. are yet to be decided.

(10) Unified Market and One-Nation-One-Tax:

GST will subsume a large number of taxes to one set of tax, imposed by the Central and State governments. This will also lead to creation of a unified market, which would facilitate seamless movement of goods across states and reduce the overall transaction costs of businesses.

Conclusion

The above features would certainly take India to a higher level in terms of economic progress. However, the real benefit of GST would be derived if Power sector, Realty sector and Petroleum sector are also brought under the GST regime. Further, there must be stringent anti-profiteering provisions to be enacted under the GST Acts so as to protect the ultimate consumer, while transitioning to GST regime.

Since most of the existing indirect taxes shall be replaced by GST, the business and tax entities will require to re-model their value chains and pricing patterns of products or services, warehousing strategies, Information Technology systems, accounting and tax compliances in line with the proposed GST laws.

The implementation of nation-wide GST will have a remarkable impact on every sector of the economy. The manufacturing sector, which has been plagued by a complex tax structure, would be benefited to a great extent and GST will also help in achieving the 'Make in India' dream of Central Government.

GST aims to remove inefficiencies of existing indirect taxation system, replacing it with the laws of current times, which will surely help India to open up new business opportunities before the World.

Let us be a part of the change and welcome the biggest ever tax reform in post-Independent India.





Food Safety and Standards Act, 2006 (FSS Act)

K. K. Singh* & Arun Gupta**

In India, the Food Safety and Standards Authority of India (FSSAI) is the apex body for regulating the food Business. It is empowered by and functions under the Ministry of Health and Family Welfare, Government of India. The FSSAI implements and enforces food regulations as prescribed in the Food Safety and Standards Act, 2006 (FSS Act). The FSS Act is an Act of Parliament, popularly known as the Food Act. Previous to the FSS Act, there were a number of food legislations which have now been consolidated into FSS Act and Rules made thereunder. It was made effective in 2011 with FSSAI as its regulatory body. Though the Act continues to evolve, it needs to be further harmonized with standards of international agencies for global parity.

Categorization as Standardized or Non-Standardized

In the FSSAI regulations, food products fall into two categories—standardized and non-standardized.

The standardized food products are those for which standards are prescribed and do not require product approval prior to manufacture, sale, distribution, or import. The first time manufacturer or importer of standardized foods only requires an FSSAI license to begin a food business.

Non-standardized food products do not have standards as their safety parameters are either not known or not yet ascertained. Presently FSSAI has standardized only 380 articles of food in 16 categories so all other foods require product approval if they are not listed among these 380 food items. FSSAI is working to standardize another 12,000 more foods for which the process is nearing finalization in harmonization with Codex Alimentarius¹.

Traditional foods also do not require product approval as they are being consumed for centuries in India. The ingredients and preparation methods are well known and this guarantees their safety. If, however, traditional foods use any new ingredients or food additive or new technologies in preparation, they need product approval.

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- Codex Alimentarius or "food code" was established by FAO and the World Health Organisation in 1963
 to develop harmonized international Food Standards, which protect consumer health and promote fair
 practices in food trade.



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Foods Imported into India have to follow the FSS Act, Rules & Regulations If the food articles are standardized, the importer only needs a FSSAI license to import them. The importer also needs to comply with FSSAI regulations for sale and distribution of the food products.

If a new or unknown food article is introduced for import, it is considered non-standardized and requires product approval under the Section 22 of the FSS Act, 2006.

The FSS Act, 2006 does not apply to foods being exported out of India. Exporters do not require FSSAI product approval as these food products are not sold to Indian consumers.

Non-standardized food products, awaiting product approval, are assessed for safety in four categories. To expedite product approval, a 90-day outer limit is now in place for completion of the application review process. However, if the product is referred to the Scientific Panel for further scrutiny, the time limit could be extended.

The 90-day time limit has three, 30-day cycles that constitute the various application review stages. This facilitates applicants in tracking the application status at various stages of the approval process and on approval they can immediately apply for license.

Regulations for Licensing and Registration of Food Businesses

According to the Food Safety and Standards (Licensing and Registration of Food Businesses) Regulation, 2011, it is mandatory for all food businesses operators, manufacturers, importers, distributers, wholesalers, retailers, hotels, restaurants, eateries, as well as petty food businesses to have an FSSAI registration/license so they are in compliance with the FSS Act.

Food businesses with an annual turnover up to INR 12,00,000 need a registration certificate. Food businesses, with an annual turnover above this amount, need a license.

There are **two types of licenses**: a **central license**, issued by the central government, and a state license, issued by any of the state governments. The central license is issued on the basis of manufacturing capacity, as well as turnover. Those operating food businesses within an Indian state need a state license that is also based on capacity or turnover. Those that **operate businesses in two or more states require an additional central license for head office/registered office** and separate license/registration for other locations they operate in.

Only transporters need a singular license/registration for all vehicles an individual transporter runs. Those food business operators that deal with non-standardized products have to first apply for the product approval and only then they can obtain a license under the licensing and registration regulations. All importers and exporters have to obtain a central license from FSSAI.

FSSAI Compliance Criterion for Import of Food Products to India

Food articles imported to India from foreign countries and distributed in India need to conform to the FSSAI regulations or suffer restrictions on import. The FSSAI also has stringent regulations for packaging and labeling under Food Safety and Standards (Packaging and Labeling) Regulation, 2011.





These two reasons serve to demonstrate why imported food articles, worth millions of dollars, languish in various Indian ports. For example, all chocolates, as defined in the Food Safety and Standards (Food Product Standards and Food Additives) Regulation, 2011 are to be prepared from milk. They cannot contain any vegetable oil or fats. Labels need to mention artificial flavors used to comply with FSSAI regulations. If these guidelines are not adhered to then chocolates are not permitted to enter Indian markets. Global chocolate manufacturing giants Cadbury, Mars, and Ferrero are suffering a huge loss as a consequence.

Alcoholic beverages including beer are suffering the same fate. FSSAI stipulates that all ingredients, including additives need to be mentioned on labels in descending order of their composition by weight and volume, which for alcoholic beverages, is not always possible. Liquor imports have therefore fallen, since labels that fail to mention additives, like color, water, flavoring, and preservatives are all withheld at ports. Another stipulation for food products is to have "inseparable labels" and not stickers. Food products with detachable labels are withheld. FSSAI opines that it is only trying to ensure consumer safety as some of these stickers are only in Chinese and Japanese so consumers cannot understand what's written. These reasons have compelled many foreign companies to withdraw from India.

Some of the other FSSAI compliance criteria/Statutory Declarations on Products for labeling of imported food include:

- Language on labels must be in English as per FSSAI Regulations, 2011.
- "Vegetarian" or "Non-Vegetarian" must be declared by affixing the symbol for "Vegetarian" or "Non-Vegetarian" on packages
- Mention name and complete address of the importer in India;
- Mention net weight or number or measure of volume of contents;
- Mention batch number or lot number or code number, and FSSAI license number;
- Mention month and year in which the commodity is manufactured or prepared;
- Declare "Best Before" date on the package;
- Mention nutritional information or nutritional facts per 100 grams or 100 milliliter per serving of food product on the label;
- Name and address of the manufacturer should be mentioned on the label and
- FSSAI logo and license number of the importer should be available on the label.

Comparision with Global Standards

The Indian food safety regulations, as implemented by the FSSAI, are primarily based on the Codex Alimentarius. The Codex was formed with the collaborative efforts of the World Health Organization and the Food and Agriculture Organization, two eminent United Nations health and food bodies. The Codex Alimentarius international food standards, guidelines and codes of practice contribute to the safety and quality of the food that reaches consumers. Since the FSSAI regulations are framed on the guidelines of the Codex Alimentarius, they



adhere to international standards. Other international standards formulated by global agencies like the European Food Safety Authority, Food Standards Australia New Zealand, and the USFDA have also to some extent been assimilated, integrated, and harmonized into the Indian standards, thereby bringing them almost at par with the global standards.

Food safety in India - Regulatory framework and challenges

Food safety is an important social and health priority for any country. The recent controversy around non-adherence to food safety standards by one of the world's largest dairy and food products companies has brought food safety issues in India into much sharper focus.

Apart from health, food safety is vital for economic growth and progress as well. In India, the food processing industry holds tremendous opportunity. It has high employment potential, can boost exports of agro-products out of the country, and also provide better returns to farmers for their produce. However, this is possible only if food safety standards are effectively enforced in the country. This brief explores the regulatory and policy aspects around food safety in India, and also analyzes potential challenges therein.

Regulatory framework

The Food Safety and Standards Act, 2006 is the primary law for the regulation of food products and formulation and enforcement of food safety standards in the country. The Act is intended as an "umbrella law" for food safety by consolidating older laws, rules and regulations like Prevention of Food Adulteration Act, 1954 Fruit Products Order, 1955, Meat Food Products Order, 1973, Vegetable Oil Products (Control) Order, 1947, Edible Oils Packaging (Regulation) Order 1988, Solvent Extracted Oil, De-Oiled Meal and Edible Flour (Control) Order, 1967, Milk and Milk Products Order, 1992.

The Preamble to the Act states that it seeks to "consolidate the laws relating to food and to establish the Food Safety and Standards Authority of India for laying down science based standards for articles of food and to regulate their manufacture, storage, distribution, sale and import, to ensure availability of safe and wholesome food for human consumption". The Act gives statutory powers to the Food Safety and Standards Authority of India (FSSAI).

Some of the key functions of the FSSAI include:

- Framing of regulations to lay down food safety standards;
- Laying down guidelines for accreditation of laboratories for food testing;
- Providing scientific advice and technical support to the Central Government;
- Contributing to the development of international technical standards in food;
- Collecting and collating data regarding food consumption, contamination, emerging risks etc;
- Disseminating information and promoting awareness about food safety in India.

The FSSAI functions under the administrative control of the Ministry of Health and Family





Welfare. The composition of the Authority is also specified under the 2006 Act. The work of the FSSAI is supported by State food safety authorities. Some of the important position/institutions are:

1. Commissioner of Food Safety

Every State is legally mandated to appoint a Food Safety Commissioner for implementation of food safety standards.

2. Designated Officer

Every district has to have one Designated Officer. He/she has the authority to issue/revoke/renew a license for a food business, or to prohibit the sale of any food article which violates any provision of the Act. This Officer could also sanction prosecution of any food business operator, or recommend the same to the Commissioner of Food Safety.

3. Food Safety Officers

The Food Safety Commissioners are mandated to appoint Food Safety Officers for a given area, and assign to them the task of performing functions under this Act. The powers of the Food Safety Officers include collecting samples of food articles and getting them tested; seizing articles which appear to be in violation of the law; and inspecting places where any article of food is manufactured.

4. Food Analysts

Food Analysts are also appointed by the Food Safety Commissioner, and are tasked with carrying out an analysis on any food sample collected by the Food Safety Officer, or by any purchaser of that food product.

5. Laboratories

The FSSAI can notify laboratories and research institutions for the purpose of carrying out testing of food samples by appointed Food Analysts. Apart from state laboratories, the FSSAI also notifies private laboratories for the purpose of carrying out food safety tests, based on their accreditation by the National Accreditation Board for Testing and Calibration Laboratories (NABL). It could also notify referral laboratories, to which an appeal could be referred from any of the state/accredited laboratories. In the recent case of Maggi noodles, the sample was first tested in an Uttar Pradesh state laboratory in Gorakhpur, and subsequently in the Central Food Laboratory in Kolkata (a referral laboratory). The state of Goa has also decided to send samples to the referral laboratory in Mysuru.

*Infrastructure and human resources for enforcement of Food Safety Standards in India

- 35 Commissioners of Food safety
- 100+ Food Analysts
- 2000 Food Safety officers
- 72 State/public food laboratories



- 82 NABl Accredited Private Labs
- 12 Referral Laboratories

*Source: FSSAI

Challenges

Despite having a legal framework in place, India still struggles with enforcing food safety norms and standards effectively. One major reason for that is the insufficient number of laboratories in the country. Even today, the number of laboratories per million people in the country is far below other countries like China and the US. There is also an urgent need to upgrade the infrastructure in most of our food testing laboratories. Even in terms of human capital, most Food and Drug Administrations in the states operate far below the desired capacity. In fact, in many cases, laboratories have had to be shut down due to the absence of Food Analysts.

For this purpose, it might be important to encourage private sector participation in the setting up and maintenance of laboratories. The Ministry of Food Processing also runs a scheme which provides assistance to states for up-gradation of laboratory infrastructure. Known as the scheme for "Setting Up/Up-gradation of Quality Control/Food Testing Laboratory", assistance is provided to Central/State government organizations/Universities and other implementing agencies/private sector organizations. In the first Budget presented by the new government at the Centre, it was announced that the Centre would provide direct assistance to strengthen states' drug and food regulatory systems by creating new laboratories and strengthening existing laboratories as well.

Going forward, a collaborative effort between Centre, states and the private sector alone can address the challenge of food safety in the country.

General provisions relating to penalty

While adjudging the quantum of penalty, the Adjudicating Officer or the Tribunal, as the case may be, shall have due regard to the following:-

- (a) The amount of gain or unfair advantage, wherever quantifiable, made as a result of the contravention.
- (b) The Amount of loss caused or likely to cause to any person as a result of the contravention,
- (c) The repetitive nature of the contravention,
- (d) Whether the contravention is without his knowledge, and
- (e) Any other relevant factor.

Penalty for selling food not of the nature or substance or quality demanded

Any person who sells to the purchaser's prejudice any food which is not in compliance with the provisions of this Act or the regulations made thereunder, or of the nature or substance



or quality demanded by the purchaser, shall be liable to a penalty not exceeding five lakh rupees.

Provided that the persons covered under sub-section (2) of section 31 of the FSS Act, shall for such non-compliance be liable to a penalty not exceeding twenty five thousand rupees.

Penalty for sub-standard food.

Any person who whether by himself or by any other person on his behalf manufactures for sale or stores or sells or distributes or imports any article of food for human consumption which is sub-standard, shall be liable to a penalty which may extend to five lakh rupees.

Punishment for carrying out a business without licence

If any person or food business operator (except the persons exempted from licensing under sub-section (2) of section 31 of FSS Act), himself or by any person on his behalf who is required to obtain licence, manufacturers, sells, stores or distributes or imports any article of food without licence, shall be punishable with imprisonment for a term which may extend to six months and also with a fine which may extend to five lakh rupees.

Punishment for subsequent offences

If any person, after having been previously convicted of an offence punishable under FSS Act subsequently commits and is convicted of the same offence, he shall be liable to—

- (i) twice the punishment, which might have been imposed on a first conviction, subject to the punishment being maximum provided for the same offence;
- (ii) a further fine on daily basis which may extend up to one lakh rupees, where the offence is a continuing one; and
- (iii) his licence shall be cancelled.

Scope for Company Secretary

This enactment is offering a lot of scope for compliance and regulatory approvals to be obtained by the concerned person and Industry to which this enactment applies. Being a compliance and governance professional, a company secretary can ensure the same in the respective industry since section 205 of the Companies Act, 2013 has envisaged the function of Company Secretary i.e. report to the Board about the compliance with the provisions of the Act, Rules made there under **and other applicable laws to the company.**

Conclusion

It is observed that since introduction of the FSSA 2006 and Rules therein, various clarifications have been sought by the manufacturers, importers, wholesalers, retailers etc. from the Food Safety authorities from time to time. Undoubtedly, the above proposed amendments would bring more clarity on the provisions of the Act and Rules made therein.

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Legal Framework Around Genetics, Genomics and Biotechnology In India

Parul Khosla*

Genetic engineering is a result of science advancement, so I don't think that in itself is bad. If used wisely, genetics can be beneficial, but they can be abused, too.

- Hideo Kojima

The Jargon...

World Health Organisation (WHO) definitions of genetics and genomics say:

Genetics is the study of heredity.

Genomics is defined as the study of genes and their functions, and related techniques.

The main difference between genomics and genetics is that genetics scrutinizes the functioning and composition of the single gene where as genomics addresses all genes and their inter relationships in order to identify their combined influence on the growth and development of the organism.

Genomics refers to the study of the genome in contrast to genetics which refers to the study of genes and their roles in inheritance. Genomics can be considered a discipline in genetics. It applies recombinant DNA, DNA sequencing methods, and bioinformatics to sequence, assemble, and analyze the function and structure of genomes (the complete set of DNA within a single cell of an organism).

Biotechnology is the use of living systems and organisms to develop or make products, or any technological application that uses biological systems, living organisms or derivatives thereof, to make or modify products or processes for specific use.

Depending on the tools and applications, it often overlaps with the fields of bioengineering, biomedical engineering, etc.

The term is largely believed to have been coined in 1919 by Hungarian engineer Károly Ereky. In the late 20th and early 21st century, biotechnology has expanded to include new and diverse sciences such as genomics, recombinant gene techniques, applied immunology, and development of pharmaceutical therapies and diagnostic tests.

^{*} ACS. The views expressed are personal views of the author and do not necessarily reflect those of the Institute.



Regulatory Framework In India

The development of a regulatory framework concerning genetic engineering began in 1975, at Asilomar, California. The first use of Recombinant DNA (rDNA) technology had just been successfully accomplished by Stanley Cohen and Herbert Boyer two years previously and the scientific community recognized that as well as benefits, this technology could also pose some risks.

Modern Biotechnology is recognized as having great potential for the promotion of human well being, particularly in meeting critical needs for food, agriculture and healthcare. Biosafety refers to the need to protect the environment including human and animal health from the possible adverse effects of the Genetically Modified Organisms (GMOs) and products thereof derived from the use of modern biotechnology. Biosafety also refers to promoting safe laboratory practices, procedures, proper use of containment equipment and facilities, risk assessment and risk management, evaluation of GMOs etc. Biosafety regulations are to facilitate and regulate use of modern biotechnology work at different stages to achieve the objectives of biosafety.

Cartagena Protocol on Biosafety

India is a party to the United Nations Convention on Biological Diversity signed at Rio de Janeiro on the 5th day of June, 1992 which came into force on the 29th December, 1993;

The Cartagena Protocol on Biosafety (CPB), the first international regulatory framework for safe transfer, handling and use of Living Modified Organisms (LMOs) was negotiated under the aegis of the Convention on Biological Diversity (CBD). The protocol was adopted on 29th January 2000. The Protocol entered into force on 11 September 2003. Currently 169 countries are Parties to the Protocol.

The objective of the Protocol is to contribute to ensuring an adequate level of protection in the field of the safe transfer, handling and use of LMOs resulting from modern biotechnology that may have adverse effects on the conservation and sustainable use of biological diversity, taking also into account risks to human health, and specifically focusing on transboundary movements.

A number of agreements under the World Trade Organization (WTO), such as the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement) and the Agreement on Technical Barriers to Trade (TBT Agreement), and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs), contain provisions that are relevant to the Protocol. The Protocol states in its preamble that parties:

- Recognize that trade and environment agreements should be mutually supportive;
- Emphasize that the Protocol is not interpreted as implying a change in the rights and obligations under any existing agreements; and
- Understand that the above recital is not intended to subordinate the Protocol to other international agreements.



Regulatory Framework in India

A. Rules for the Manufacture, use, import, export and storage of hazardous micro organisms, genetically engineered organisms or cells

In India, the Environment (Protection) Act, 1986 acts as an umbrella legislation that provides a holistic framework for the protection and improvement to the environment. Thereafter a series of rules were notified to address various problems such as hazardous wastes, hazardous chemicals, biomedical wastes, municipal solid wastes etc. Along with these, rules were notified for hazardous microorganisms. The genetically engineered (GE) organisms were included as part of these rules along with hazardous microorganisms.

In exercise of the powers conferred by sections 6,8 and 25 of the Environment (Protection) Act, 1986 (29 of 1986) and with a view to protecting the environment, nature and health, in connection with the application of gene technology and micro-organisms, the Central Government, through Ministry of Environment and Forests on 5th December, 1989 enacted Rules for the Manufacture, use, import, export and storage of hazardous micro organisms, genetically engineered organisms or cells ("the Rules").

The Rules, 1989 were published in the Gazette of India Extraordinary, vide number G.S.R. 1037(E) dated the 5th December, 1989 which came into force vide notification S.O. 677(E), dated the 13th September, 1993 and were subsequently amended vide notification number G.S.R. 493(E) dated the 14th July, 2005 and G.S.R. 616(E), dated the 20th September, 2006.

These rules are applicable to the manufacture, import and storage of micro-organisms and Gene-Technological products.

They apply to genetically engineered organisms micro-organisms and cells and correspondingly to any substances and products and food stuffs, etc. of which such cells, organisms or tissues hereof form part.

They also apply to new gene technologies apart from those referred to in clauses (ii) and (iv) of rule 3 and these rules shall apply to organisms/micro-organisms and cells generated by the utilisation of such other gene-technologies and to substances and products of which such organisms and cells form part.

Section 3 of the Rules contain definitions, including, inter alia,

"Biotechnology" means the application of scientific and engineering principles to the processing of materials by biological agents to produce goods and services;

"Gene Technology" means the application of the gene technique called genetic engineering, include self-cloning and deletion as well as cell hybridisation;

"Genetic engineering" means the technique by which heritable material, which does not usually occur or will not occur naturally in the organism or cell concerned, generated outside the organism or the cell is inserted into said cell or organism. It shall also mean the formation of new combinations of genetic material by incorporation of a cell into a host



cell, where they occur naturally (self cloning) as well as modification of an organism or in a cell by deletion and removal of parts of the heritable material;

The Rules, 1989 are primarily implemented by Ministry of Environment and Forests and the Department of Biotechnology (DBT), Ministry of Science and Technology through six competent authorities:

- (1) Recombinant DNA Advisory Committee (RDAC);
- (2) Review Committee on Genetic Manipulation (RCGM);
- (3) Genetic Engineering Approval Committee (GEAC);
- (4) Institutional Biosafety Committees (IBSC);
- (5) State Biosafety Coordination Committees (SBCC); and
- (6) District Level Committees (DLC).

The Rules, 1989 are very broad in scope and essentially capture all activities, products and processes related to or derived from biotechnology including foods derived from biotechnology, thereby making GEAC as the competent authority to approve or disapprove the release of Genetically Modified products in the marketplace.

While the RDAC is of advisory in function, the IBSC, RCGM, and GEAC are of regulatory function, SBCC and DLC are for monitoring purposes.

The Rules state that no person shall import, export, transport, manufacture, process, use or sell any hazardous microorganisms of genetically engineered organisms/substances or cells except with the approval of the GEAC.

Use of pathogenic micro organisms or any genetically engineered organisms or cells for the purpose of research is only allowed in laboratories or inside laboratory area notified by the Ministry of Environment and Forests for this purpose under the Environment (Protection) Act, 1986.

Deliberate or unintentional release of genetically engineered organisms/hazardous microorganisms or cells, including deliberate release for the purpose of experiment is not allowed.

Deliberate release means any intentional transfer of genetically engineered organisms/ hazardous, microorganisms or cells to the environment or nature, irrespective of the way in which it is done.

The definition of Genetic Engineering technology in the Rules implies that new technologies such as gene editing, gene drive etc. may be covered under the rules. Efforts have been underway to set up an independent Biotechnology Regulatory Authority of India (BRAI) through a separate Bill introduced in the Indian Parliament in 2013. However, the Bill lapsed in 2014. This Bill had definition of modern biotechnology derived from the Cartagena Protocol on Biosafety (CPB). There is yet no clarity on how the emerging technologies will



be dealt with in India. Regarding the history of coordinating with other countries, the regulatory committees do review the experience by other countries in dealing with applications or development of new guidance.

B. Recombinant DNA Guidelines, 1990

With the advancement of research work initiated in biotechnology in the country by various Indian institutions and industry, Department of Biotechnology had formulated Recombinant DNA Guidelines in 1990. These guidelines were further revised in 1994. The revised guidelines include guidelines for R&D activities on GMOs, transgenic crops, large-scale production and deliberate release of GMOs, plants, animals and products into the environment, shipment and importation of GMOs for laboratory research. The issues relating to genetic engineering of human embryo, use of embryos and fetuses in research and human germ line, and gene therapy areas have not been considered while framing the guidelines.

C. Revised Guidelines For Research In Transgenic Plants, 1998

In 1998, DBT brought out separate guidelines for carrying out research in transgenic plants called the "Revised Guidelines for Research in Transgenic Plants". These also include the guidelines for toxicity and allergenicity of transgenic seeds, plants and plant parts. These guidelines cover areas of recombinant DNA research on plants including the development of transgenic plants and their growth in soil for molecular and field evaluation. The guidelines also deal with import and shipment of genetically modified plants of research use.

D. Seed Policy, 2002

Seed Policy, 2002, has a separate section (No. 6) on transgenic plant varieties which states that all genetically engineered crops/varieties will be tested for environment and biosafety before their commercial release as per the regulations and guidelines under the EPA, 1986.

E. Plant Quarantine Order, 2003

The provisions of Plant Quarantine (Regulation of Import into India) Order 2003, which came into force from April 1, 2004, are also applicable to import of transgenic seeds. The issuance of import permit of transgenic material is extremely important from the point of view of their potential impact on environment and on agriculture in the country. National Bureau of Plant Genetic Resources (NBPGR) has been designated as the Competent Authority to issue import permits for import of seeds by public and private sector agencies for research purposes after getting permission from DBT and MoEF as the case may be under Rules 1989.

Latest Developments in the Field

The biotechnology sector of India is highly innovative and is on a strong growth trajectory. The sector, with its immense growth potential, will continue to play a significant role as an



innovative manufacturing hub. The sector is one of the most significant sectors in enhancing India's global profile as well as contributing to the growth of the economy. India is among the top 12 biotech destinations in the world and ranks third in the Asia-Pacific region.

The Make in India initiative was launched by Prime Minister in September 2014 as part of a wider set of nation-building initiatives. Devised to transform India into a global design and manufacturing hub. The initiative includes the Biotechnology sector and has a specific strategy for the same.

National Biotechnology Development Strategy, 2015

The National Biotechnology Development Strategy 2015-2020 was launched on December 30, 2015. The Strategy intends to establish India as a world class bio manufacturing hub by:

- Providing impetus to utilizing the knowledge and tools to the advantage of Humanity
- Launching a major well directed mission backed with significant investment for generation of new Biotech Products
- Establishing a strong Infrastructure for R&D and Commercialization
- Creating India as a world class Bio-manufacturing Hub

Its In My Genes...

.... Is what the scientists told me and now they are trying to change my genes !!! But, like everything else, technological development and research in this field will be used for the benefit of the society, if used with care and caution.

I opened this paper with a very relevant quote from Hideo Kojima, (a Japanese video game designer, who is considered to be the first creator of video games) in which he highlights the importance of preventing the abuse of Biotechnology. In India, though the legal framework now exists, the next few decades should see us strengthening the same, if we want to make sure the growth in the sector is truly altruistic and not with dire consequences.
