THE INSTITUTE OF
Company Secretaries of India
भारतीय कम्पनी सचिव संस्थान
IN PURSUIT OF PROFESSIONAL EXCELLENCE
Statutory body under an Act of Parliament
(Under the jurisdiction of Ministry of Corporate Affairs)

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

*Motto*
सत्यं वद। धर्मं चर। speak the truth. abide by the law.

*Mission*
"To develop high calibre professionals facilitating good corporate governance"

*Souvenir*

# 4TH NATIONAL CONFERENCE OF CORPORATE CS

Thursday - Friday
27-28 July, 2023

**Governance for Sustainability: Curating Excellence**
**Bogmallo Beach Resort, Bogmallo, South Goa, Goa**

4TH

# NATIONAL CONFERENCE OF CORPORATE CS

Thursday - Friday

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*Theme*

**Governance for Sustainability: Curating Excellence**

*Venue*

**Bogmallo Beach Resort, Bogmallo, South Goa, Goa**

**July 2023**

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# The Institute

The Institute of Company Secretaries of India (ICSI) 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.

ICSI provides top-quality education to the students of Company Secretaries (CS) Course and has set and maintains best quality standards for CS members. The ICSI has on its rolls more than 71,000 qualified CS members including over 11,000 members holding certificate of practice. Around 2,00,000 students are presently pursuing the Company Secretaryship Course.

## *Motto*

"सत्यं वद। धर्मं चर।
speak the truth abide by the law"

## *Vision*

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

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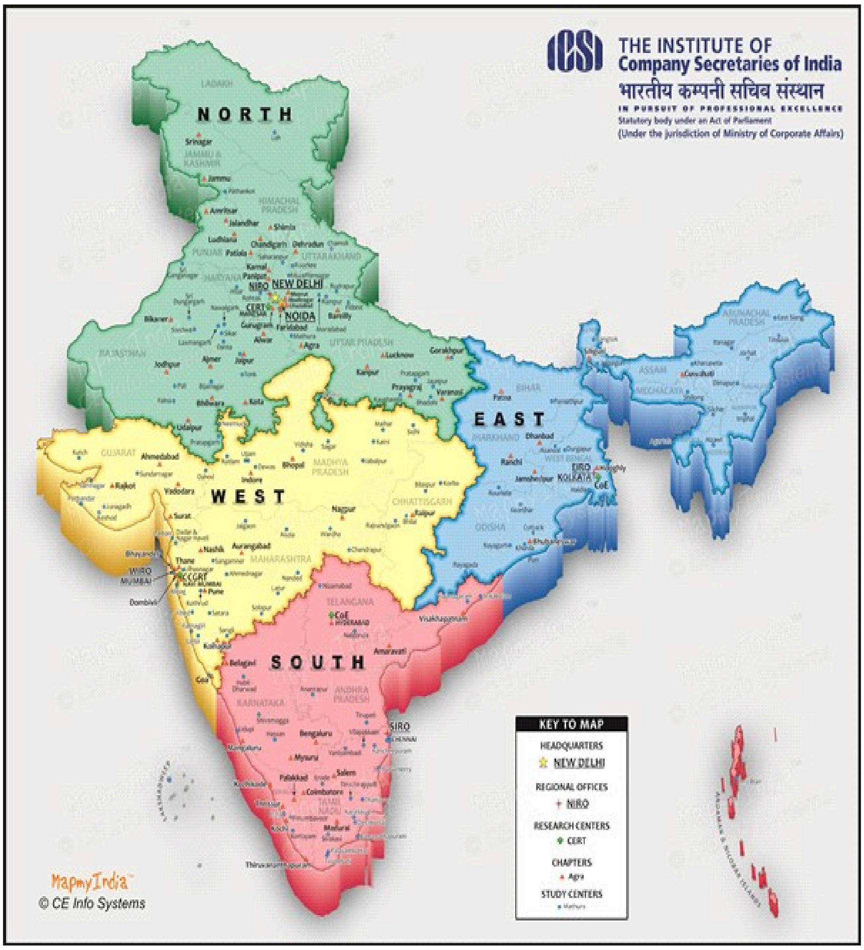


# ICSI Subsidiaries

*ICSI Governance Research and Knowledge Foundation (ICSI GRKF)*

*ICSI Institute of Insolvency Professionals (ICSI IIP)*

*ICSI Registered Valuers Organization (ICSI RVO)*

*ICSI Institute of Social Auditors (ICSI –ISA)*

*ICSI International ADR Centre*

## *Functions of the Institute*

- Develops a cadre of Company Secretaries for ensuring governance and effective management in corporates. Students with 10+2 qualification appear in Company Secretary Executive Entrance Test (CSEET) and after qualifying the same, they are registered for Executive Programme (graduates/post graduates may directly register for Executive Programme) of Company Secretaryship Course 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 at centres spread all over India and at an overseas centre at Dubai;
- Arranges for practical training of Executive / Professional Programme qualified Students with Companies / Practicing Company Secretaries etc. 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 (PMQ) / Certificate / Crash Courses for Members of the Institute;
- Formulates Secretarial Standards, Auditing Standards and brings out Guidance Notes thereon;
- Conducts elections for the Council of the Institute;
- Publishes books and periodicals relating to management of companies and allied subjects;

### *Initiatives to achieve these objectives*

- Publishes widely read and highly acclaimed monthly Journal 'Chartered Secretary' which listed under the Prestigious listing of the Journals by UGC, the UGC- CARE (Consortium of Academic Research and Ethics);
- Brings out daily Info-capsules, case digest series for Members and students, theme based e-journal 'Student Company Secretary' and module-wise/chapter wise monthly updates for Executive and Professional level students, e-bulletin 'CS Foundation Course'

for Foundation level students, CS Executive Entrance Test (CSEET) e-bulletin and conducts mock tests for CSEET students;

- Grants ICSI Signature Award (Gold Medal & Certificate) to the toppers of B.Com. Examinations of reputed Universities and selected programmes of IIMs as per the MoUs with the respective Universities/Institutions;
- ICSI Academic Collaboration with Universities & Academic Institutions for learning & development of students, professionals and academicians;
- Ties up with reputed Colleges for establishment of Study Centres for providing basic services to the students;
- Organises Career Awareness Programmes (CAP) for the benefit of prospective students;
- Exercises supervision over the Members of the Institute both in practice and in employment in matters pertaining to Professional Ethics and Code of Conduct;
- Undertakes research in Corporate Laws, Corporate Governance, Management, Finance and Capital Market disciplines and brings out research publications of its own accord and on behalf of Government and its agencies / Institution;
- Renders expert advisory services to Members / Industry on issues relating to Corporate Laws;
- Undertakes initiatives for enhancing self-governance;
- Organises Professional Development and Continuing Education Programmes, National Convention of Company Secretaries, International / National / Regional Conferences 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, Multi-lateral bodies / Institutions with regard to issues relating to Corporate Governance, Business Ethics, Sustainability and Corporate Social Responsibility;
- Interacts with Centre and State Governments on various issues concerning the profession;
- Undertakes benevolence of Members;

- Interacts with Members of Corporate Secretaries International Association (CSIA) and Company Secretaries Institute in other jurisdictions;
- Bestows ICSI National Award for Excellence in Corporate Governance to best governed companies;
- Bestows ICSI CSR Excellence Award;
- Bestows Best Secretarial Audit Report Award;
- Bestows Best PCS Firm Award;
- Bestows Business Responsibility & Sustainability Award;
- Bestows ICSI Lifetime Achievement Award to eminent corporate personalities for translating Excellence in Corporate Governance into reality and;
- Conducts Investor Awareness Programmes throughout the country under the aegis of the Investor Education and Protection Fund (IEPF), Ministry of Corporate Affairs (MCA).

## *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.

### CSEET

Students passed / appearing in Senior Secondary (10+2) Examination or equivalent thereto may appear in Company Secretary Executive Entrance Test (CSEET) and after qualifying the same, they are registered for Executive Programme of Company Secretaryship Course.

## *Stages of Company Secretaryship Course*

The Company Secretaryship Course is conducted in the following stages as under:

### Executive Programme

A student passed / appearing in the Senior Secondary (10+2) Examination or equivalent thereto and passed Company Secretary Executive Entrance Test (CSEET) Examination shall be eligible to appear in the CS Executive Programme.

*OR*

ICAI, ICMAI Final Course passed, Graduates (Minimum 50% marks) and Post Graduates can seek direct admission to Executive Programme.

*OR*

Foundation Passed Student of ICSI

### Professional Programme

A registered student is admitted to the Professional Programme on passing the Executive Programme.

# ICSI Membership

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

## 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 at least five years.

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

# Code of Conduct for Members

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

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## *ICSI - Centre for Corporate Governance Research & Training Navi Mumbai (ICSI-CCGRT)*

ICSI-CCGRT was established with the sole purpose of conducting high end research and training programmes for the CS fraternity on the contemporary issues concerning the profession. The Centre was inaugurated and dedicated to the nation in the worthy hands of Dr. A S Anand, then Chief Justice of India on 16 May 1999. Since, then the Centre has been performing as an organ of the Institute in the domain of research, governance and training.

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 aimed towards fostering qualitative research.

## *ICSI - Centre for Corporate Governance Research & Training, Hyderabad (ICSI-CCGRT)*

The ICSI in its candid endeavours to foster good corporate governance and inculcating analytical approach through research and training among CS fraternity and other vital segments of society, has initiated to set up learning and knowledge centres across India. The ICSI-CCGRT being the first of its kind located in Navi Mumbai, the Institute has set up its second Research & Training Centre in Hyderabad which has commenced its activities effective from June 2018.

The ICSI-CCGRT, Hyderabad sprawling in a lushgreen area of 4166 square meters is located in Uppal area of Hyderabad, the Capital of Telangana State which is best known as "City of Pearls" and located on the banks of Musi River. The Centre is at a walkable distance from NGRI Metro Station.

The vast campus of the Centre comprises 200 seater Auditorium, Training Halls of different seating capacity, Board Room, Computer Room, Library, Yoga Room & Institutional Blocks equipped with ultra-modern and state of the art audio visual aids to facilitate high end training programmes and undertaking research of topical interests to the Institute. The campus has also 24 self-content dwelling units on twin sharing basis catering to the residential projects of the Institute.

## *ICSI Governance Research and Knowledge Foundation (ICSI GRKF)*

ICSI Governance Research and Knowledge Foundation (ICSI-GRKF) is a Company promoted by the Institute of Company Secretaries of India (ICSI), which is registered under erstwhile Section 25 of the Companies Act, 1956 (now section 8 under the Companies Act, 2013). It was incorporated on September 23, 2013. The main object of ICSI GRKF is "to generate, spread and impart knowledge, directly or in association with person(s) having similar objects or engaged in similar activities, in the area of corporate laws, governance, management, business sustainability and corporate social responsibility, capital and financial markets, auditing, fiscal and economic laws and policies, information and control systems and allied disciplines through research, publications, training, education or in any other manner."

## *ICSI Institute of Insolvency Professionals (ICSI IIP)*

The ICSI Institute of Insolvency Professionals (ICSI IIP) is a section 8 Company incorporated under the Companies Act, 2013 and formed by ICSI with its 100% capital owned by ICSI. The Company is registered as an Insolvency Professional Agency with Insolvency and Bankruptcy Board of India to enrol and regulate the members practising as Insolvency Professionals (IPs) in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016 read with rules and regulations made thereunder.

## *ICSI Registered Valuers Organisation (ICSI RVO)*

The ICSI Registered Valuers Organization (ICSI RVO) is a Section 8 Company incorporated under the Companies Act, 2013 and formed by ICSI with its 100% capital owned by ICSI. The Company is recognised as Registered Valuers Organisation with Insolvency and Bankruptcy Board of India, formed with the intent to enrol, register, educate, train, promote, develop and regulate Registered Valuers as per the Registered Valuers Rules, while establishing and promoting high standards of practice and professional conduct and promote good professionalism, ethical conduct and competency ensuring quality of valuation work.

## *ICSI Institute of Social Auditors*

Capital Markets – the world over have attained a significant pedestal in their roles as fund-raising platforms for corporations and entities. Understanding the fund-raising needs of entities and Organizations having social objectives, the idea of Social Stock Exchange gained momentum. Paving the way for far greater financial access for social enterprises, the SEBI regulations were amended. One of the mandates for the Social Enterprises listed on the Social Stock Exchange shall be to have the Audit of their Social Impact conducted by Social Auditors. To make way for greater professionalism, and to create a fine brigade of Social Auditors, The Institute of Company Secretaries of India has incorporated the ICSI Institute of Social Auditors or (ICSI -ISA). The objectives of ICSI-ISA is to develop Standards for Social Audit, registration of Social Auditors, laying down their standards of professional conduct, and partnering with NISM for development and delivery of Course on Social Audit.

## *ICSI International ADR Centre*

Understanding the need for de-clogging the courts and providing a speedy justice, alternate dispute resolution mechanism was introduced in the corporate arena and Professionals including Company Secretaries are being forthcoming in taking up the roles of Arbitrators and Mediators. With the intent of extending its wholehearted support and creating an ecosystem for arbitration and alternate dispute resolution, The Institute of Company Secretaries of India has incorporated a Section 8 company under the aegis of ICSI International ADR Centre. The genesis of this ADR Centre is founded with a four-fold purpose of creating an ecosystem sustaining and supporting the government's idea of alternate dispute resolution, providing state-of-the-art infrastructure and arbitration facilities for both domestic and international issues, empanelling professionals and create a pool of arbitrators, and conducting training and other capacity building initiatives. Apart from Empanelment of Arbitrators, the ADR Centre intends to undertake educational activities in order to equip these professionals to take on global roles. The services to be offered by the ADR Centre includes providing facilities of conducting proceeding through video conferencing along with other Intellectual Resources.

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# *Governance for Sustainability : Curating Excellence*

The theme of the 4th National Conference of Corporate CS - Governance for Sustainability: Curating Excellence encompasses critical importance of effective governance structures in promoting and achieving sustainable outcomes within organizations. It a range of principles, practices, and processes aimed at integrating sustainability considerations into corporate governance frameworks. At its core, this approach entails the establishment of robust governance mechanisms that align with sustainability goals and values.

Excellence in Governance involves going beyond mere compliance with regulatory requirements and industry standards. It requires organizations to actively pursue best practices and innovative solutions to address sustainability challenges. This approach not only helps in managing risks and complying with evolving regulations but also fosters long-term resilience, innovation, and competitiveness. Governance for sustainability: curating excellence represents a holistic and proactive approach by embedding sustainability considerations into decision-making processes, engaging stakeholders, and pursuing excellence in sustainable practices where organizations can drive positive environmental, social, and economic impacts while ensuring long-term success and resilience.

## Sub - Themes

### ESG: From Compliance to Commitment

The terminology of Triple Bottom Line – People, Planet, Profit have gained ground in the 21st century in a manner unprecedented. The awareness of the impact of corporate action on the surrounding environment and society, the need to have a sustainable approach and a holistic outlook have changed the corporate vision for good.

Corporates today are not running away from their societal and social responsibilities but rather embracing them wholeheartedly and with open arms. The ideology of shareholders' money has made way for stakeholders' interests, all with the intent of enhancing the longevity, long-term presence and even further a good brand image of the entity. Regulatory Authorities, too, have been making paradigm shift in their compliance and reporting requirements. The National Voluntary Guidelines (NVGS) have been revisited and replaced with the National Guidelines on Responsible Business Conduct (NGRBCs). The erstwhile BRR has made way for a far more comprehensively remodeled BRSR, making it sustainability-focused and adequately clarifying the fact that non-financial information is as much, if not more, significant in the contemporary perspective. With ESG changing shape and form, and flexing a bit more, the need has arisen for professionals adept not only in concepts and legislations but in handholding so as to tread even further beyond the Rule book. The idea is to raise deliberations and to make the Governance Professionals future-ready in supporting the upcoming needs of corporations.

**Securing workplaces: Sustaining Gender Diversity**

Gender Diversity, the promotion and protection of it, has been a part of the legislation framing minds for long. Be it the Constitution framed more than half a century ago or the more recent laws for corporate regulation – each of them have portrayed a sensitized approach and a zealous attempt to further the interests of all genders and to bring about equality on this front. The mandate of having women directors, the intent of promoting their independence, the laws drafted and introduced to focus on their safety and to take care of their various concerns – all go a long way in ensuring that running of a company is an equal partnership.

Of late, compliance with the legalities of the Prevention of Sexual Harassment of Women at workplace Act has become as much significant and imperative as any other law operative in a corporation. The companies are required to mention both the complaints received, their resolutions as well as the Training and Awareness Programmes towards creating sensitization around the matter, pointing rightly towards the fact that the Regulatory Authorities do not want the companies to merely tick the checkboxes but undertake dedicated initiatives and committed efforts in promoting and sustaining gender diversity in workplaces.

**RPTs: Balancing Conflicting Interests**

The concept and the issues pertaining to Related Party Transactions (RPTs) have relied heavily upon their ability to influence contractual terms and conditions. Such transactions have usually gained and garnered attention for the governance issues raised and their lasting impact on the overall governance standing of the company. Singular incidents, time and again, have raised doubts in the minds of investors and shareholders as to the compliance abilities and diligence exercised in the companies. The fact that dedicated Accounting Standards have been put in place to identify related party relationships and transactions, commitments between an entity and its related parties, the circumstances in which disclosure is required and the manner of disclosure – goes a long way in creating an understanding of the sensitive and momentous nature of the issue.

The sole reason behind the same is that Related Party Transactions can present a conflict of interest and may not be consistent with the best interests of the company and its shareholders.

In totality, Related Party Transactions give rise to situations of conflicts of interest and are integrally related to the overall governance of a company and to board's effectiveness, as the board as the responsibility of direction and control of the company lies with the board of the company.

All these have brought much greater responsibilities upon the professionals to shoulder in terms of guiding the Boards and strengthening the Governance framework alongside; thus, giving way to the need for a much better understanding of the law and its modalities.

**Artificial Intelligence: The Nuances of Digital Transformation**

To begin with the basic meaning Artificial intelligence (AI) is the process of developing systems with the capabilities of human intelligence, including the ability to learn from past experiences, reason, discover meaning, and generalize.

Idealistically, AI is the driving force behind digital transformation, encompassing innovations supporting organizations to analyse data, anticipate the future and suggest the most effective strategies. Simulating human thought processes, business processes have been known to benefit from automation on account of increased speed, and efficiency, time saved with the insights, flexibility, and processing power of artificial intelligence.

Although AI has been making processes efficient and smooth while providing managers with critical information, assisting them in making informed decisions; it is undoubtedly imperative that decision makers are well adept in utilizing this information for the good of the organizations.

While AI can make up for number crunching, analysing and processing, the ultimate decision-making lies with the Boards. Such decisions must be made taking into account the impact on all the wide-ranging stakeholders. Even further, the professionals entrusted with the task of guiding the Boards must be fully adept with the nuances of AI and the roles expected of them in such a scenario where AI has been put in place.

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## *Articles*

# Efficacious ESG Compliance Regime Ensuring Committed Sustainability and Sustainable Development : An Analytical Study with Reference to Contemporary Indian Scenario

*CS Bharatsinh Chandrasinh Parmar**

## 1. INTRODUCTION

Ironically, the gain from rapid industrialization and industrial growth the world over has been marked and characterized by a heavy loss for humans, flora, fauna, animal kingdom, and all the living beings and importantly the planate earth, which has resulted from the fact of increase in over consumption of natural resources through science and technology, which has ultimately led to devastating environmental impacts in places across the world. The world communities have by now realized that the development must of course occur but not at the cost of causing harm to the environment. This can be done by taking prompt and perennial steps for environment protection by having a balanced concept and strategies and their positive execution. Because environment and development are antithetical aspects, development must be within environmental sustainability which calls for bringing development without over exploitation of natural resources. There are three pillars of Sustainability, viz. Environmental sustainability, Economic sustainability and Socio-political sustainability. When there is a harmony between environment and development, the state of sustainable development is achieved. Aligning with the international community, India has made efficacious arrangement for ensuring sustainability and sustainable development through the efficient governance, policies and thereby is on the path of progress to overcome the ongoing and emerging challenges on the subject matter. The researcher through the present study has tried to portray the conceptual analysis of the terms sustainability and sustainable development along with the related efficacious governance regime and challenges faced in India.

## 2. OBJECTIVES OF THE STUDY

- To understand the concepts of Sustainability and Sustainable Development.
- To analyse and understand how efficacious governance regime curating Environmental, Social and Governance concerns exists in contemporary India.
- To study challenges involved in governance for ESG-sustainability.

## 3. HYPOTHESIS

Striving and thriving compliance mechanism regulating Environmental, Social and Governance concern aiming at curating committed excellence and ensuring sustainability and sustainable development exists in contemporary governance regime in India.

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* Advocate, Gujarat High Court.

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

## 4. RESEARCH METHODOLOGY

The present study is a doctrinal research using descriptive research design. The study is purely based on secondary data collected on the basis of different scholars', researchers' articles, research papers published in journals and available on relevant websites. The researcher hereby acknowledges the sources with thanks and the same have been cited properly in this study.

## 5. LITERATURE REVIEW

**Indira Priyadarsini** (2016) discussed on India's legislative framework and national policies that contribute towards environmental management, and alongside the value of green economy for sustainable development.[1]

**Vinati** (2016) focused on the strategies required for sustainable development in Indian context as well as deliberated on challenges faced in achieving sustainable development viz. Population, Poverty and many more, and finally concluded that sustainable development can be attained only with better plans, policies and its execution.[2]

**Poddar** (2017) while examining the historical purview of the concept of sustainable development, alongside also focusing on Indian executive as well as judicial efforts towards attaining the sustainable development, concluded that the principle of sustainable development has become a well accepted notion in countries' development projects ensuring the coexistence of sustainability and development.[3]

**Singh** (2018) studied the role of agriculture in sustainable rural development in India and also attempted to suggest several tools promoting sustainable development without affecting eco-balances like Conservation of Forest, Upgrading the existing Biotechnology & Biodiversity so that sustainable and higher production in agriculture produce, allied agricultural activities & agro based industries and employment opportunities for the rural poor segment can be augmented.[4]

**Singh and Chyne** (2018) studied the concept of sustainable development in Indian context and global paradigm analysing the Principles of Sustainable Development, the Sustainable Development Goals etc. and concluded that achieving economic and sustainable development is a collective responsibility for which the strategy could be to resort to the improved resource management system at the very grass root level.[5]

1. Dr. G. Indira Priyadarsini, "Environmental Policies in India towards Achieving Sustainable Development" 21 IOSR-JHSS (2016) available at *https://www.iosrjournals.orgiosr-jhsspapersVol.%2021%20* Issue1Version-1J021115660.pdf
2. Vinati, "India and Sustainable Development" 6 IJCCR (2016) available at *https://www.ijccr.com*
3. Arup Poddar, "Sustainable Development in India", 3 IJLDAI (2017) available at *https://thelawbrigade.com*
4. Dr. Ranvir Singh, "Sustainable Rural Development in India: Issues and Challanges" 8 IJRSS (2018) available at *https:/ www.ijmra.usproject%20doc2018IJRSS_MARCH2018IJMRA-13435.pdf*
5. Sukwinder Singh and Emeil R. Chyne, "Sustainable Development: Indian Perspective and Global Paradigm" 5 JETIR (2018) available at *https://www.jetir.orgpapersJETIR1805239.pdf*

**Choudhuri** (2019) attempted a systematic review of sustainable development initiatives in respect of India and identified, inter alia, some future research areas with respect to SDGs relating to Gender Equality, Reduction in Equality, Peace and Justice, Responsible Consumption and Production.[6]

**Khera** (2019) explored different aspects of sustainable development along with the interrelation of several legal aspects for environment protection in Indian context. The author has deliberated on principles of sustainable development in Indian contest based on several judicial pronouncements and concluded that environment sustainability is required to be enforced through policy making process ensuring the lesser environmental degradation and making it an integral part of human survival.[7]

**Sonowal & Moran** (2019) in their study focused on the underlying importance of gender equality for sustainable development in India, and concluded that since women constitute around half of the population, their development and empowerment through education is a crucial aspect for sustainable development, sustainability and green transformation.[8]

**Jayalakshmi & Mahalingam** (2020) elaborated on how Green Technology contributes to sustainable development in India. The authors have analysed the vital role played by green technology in various sectors like Energy Sector, Building Sector, Water and Waste Management Sector, Transport Sector etc. and also discussed on various Indian Companies that have adopted the concept of green technology to minimise the degradation to environment and a positive step to achieve sustainable development.[9]

**Singh, Kanaujia** *et al.* (2022) attempted to measure the research activities having been carried out on United Nation's Sustainable Development Goals (SDGs) in India, through exploiting the standard bibliometrics approach and documentary analysis of data from 2016 to 2020. The authors identified the necessity for SDG based research activities in India, so as to address the prevailing knowledge gap. Summing up, the authors concluded that Indian scientific community has given positive attention to the relevant SDG targets, however for areas like patent, technology developments, future endeavour is called for.[10]

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6. Sajjan Choudhuri, "A Research on Sustainable Development in India" 8 IJRTE (2019) available at https:// www.ijrte.orgwp-contentuploadspapersv8i2S3B12260782S319.pdf

7. Aman Khera, "Sustainable Development and Environment Protection in India: A Critique" 17 IJABER (2019) available at https://serialsjournals.comabstract38997_3-aman_khera.pdf

8. Miss Karishma Sonowal, Miss Kankana Moran, "Gender Equality for Sustainable Development in India- An Analytical Study" 8 JHSSI (2019) available at https://www.ijhssi.orgpapersvol8(2)Ser%20-%201M0802016770.pdf

9. Dr. M. Jayalakshmi, M. Mahalingam, "Green Technology: A Contribution to Sustainable Development in India" 2 IJRSS (2020) available at https://?www.rspsciencehub.comarticle_1365

10. Aakash Singh, Anurag Kanaujia & Vivek Kumar Singh, "Research on Sustainable Development Goals: "How has Indian Scientific Community Responded?" 81 JSIR (2022) available at https:/nopr.niscpr.res. inbitstream 123456789609241JSIR%2081%2811%29%201147-1161.pdf

**Sridhar L S (Dr.), D Raja Jebasingh (Dr.)** *et al.* (2022) elaborately analysed the Global ESG structures and trends along with the ESG reporting status and ESG concerns in selected sample of Indian companies, and concluded that Environmental, Social, and Governance (ESG) considerations are gaining high significance to global firms since ESG aspect and policy turn out to be extensive and widespread at a time and in a situation where the related stakeholders' expectations increase tremendously. Consequently the most likely probability and possibility is that the ESG reporting may influence almost all businesses in the future as an attempt to encourage transparency in governance and as a comprehensive corporate responsibility.[11]

**Thushara Ullas** evaluated the principles of sustainable development based on judicial several pronouncements and concluded that the utilization and of natural resources must be in proportion to their availability. Hence, to attain Sustainable development, -a harmonious concept between environment and development- all the developmental activities of a nation ought to be within the carrying capacity of the ecosystem, and the same can be achieved by adopting the '3R' approach i.e. (Reduction, Recycle and Reuse).[12]

## 6 ANALYSES AND DISCUSSION

The researcher herein explores India's primary response to the extant as well as emerging ESG issues, the policy framework to resolve the same and the kind of challenges faced in that endeavour.

### 6.1 The Concept of Sustainability & Sustainable Development:

Sustainability can be described as a concept and practice wherein the Environmental, Social, and Economic aspects are sought to be integrated as the three fundamental dimensions, considered as the pillars of sustainability. It focuses on the long lasting ethical relationship of the present generation with that of the future generations to come. In India, the same has been in practice since centuries as depicted in the holy Indian scriptures and in the contemporary context, too, it has been mandated by India's Constitutional and Legislative provisions and also through effective Policy structure in alignment with the extant prudent International Commitments.[13]

a) *Environmental Sustainability*

Principally, Environmental Sustainability can be said to have been achieved in a situation where the Consumption of the Available Natural Resources by the human beings does not exceed the rate of Replenishment of the same Natural Resources by the Nature. Seen alternatively, it exists when the rate at which the pollution generated alongwith the emission of greenhouse gasses does not exceed the rate and extent at which the same is restored by the nature.

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11. Dr. Sridhar L S, Dr. D. Raja Jebasingh and P. Lakshmi Naryanan, "Environmental, Social and Governance Compliance: The Foundations of ESG Investing and the Impacts on Risk and Performance", 52 CSJ (2022)

12. Thushara Ullas, "Sustainable Development: A Harmonious Concept between Environment and Development" lex_terra_issue-30 available at https://www.nluassam.ac.indocsle

13. Supra 5 pp. 292-294.

b) *Social Sustainability*

Social Sustainability is said to have been achieved in a situation where basic requirements like food, clothing, healthcare, education, transport etc. are assured and maintained and universal human rights, cultural rights as well as personal and labour rights etc. are cherished along with the sheer protection of all the citizens from any kind of discrimination that may exist.

c) *Economic Sustainability*

Economic Sustainability is said to have been achieved when people are assured and in fact having the secured and independent resources of livelihood so as to maintain their various needs without any hurdle.

These three dimensions of sustainability are dependent on one another. Economy is dependent on Society because economic activities howsoever prosperous, if the same is harmful to the society at large, then the same will be rejected by the society and consequently there will be no economic progress. That is to say only the socially responsible economic activities are accepted by society. Further, both the economy and society are dependent on Environment, because any progress that adversely affects the environment will not last for long. So when the environment is protected then only both the economy and society can survive. The graph shown below depicts how each dimension of sustainability is dependent on the next one.[14]


*Figure 1. Nested model showing the Inter dependence of the dimensions of sustainability.*

14. "What is Sustainability?"available at https://www.mcgill.casustainabilityfilessustainabilitywhat-is-sustainability.pdf

## Sustainable Development:

The Bruntland Commission in the year 1987 in its report "Our Common Future", while attempting to link the complex subject matter of economic development and environmental stability, presented the definition of the term 'sustainable development' as :

*"Development that meets the needs of the present without compromising the ability of future generations to meet their own needs."*

This definition is so far the most widely accepted definition on the subject.[15]

The concept and practice of Sustainable Development may be theoretically construed as comprising of at least three constituents, viz. Environmental Sustainability, Economic Sustainability and Sociopolitical Sustainability.

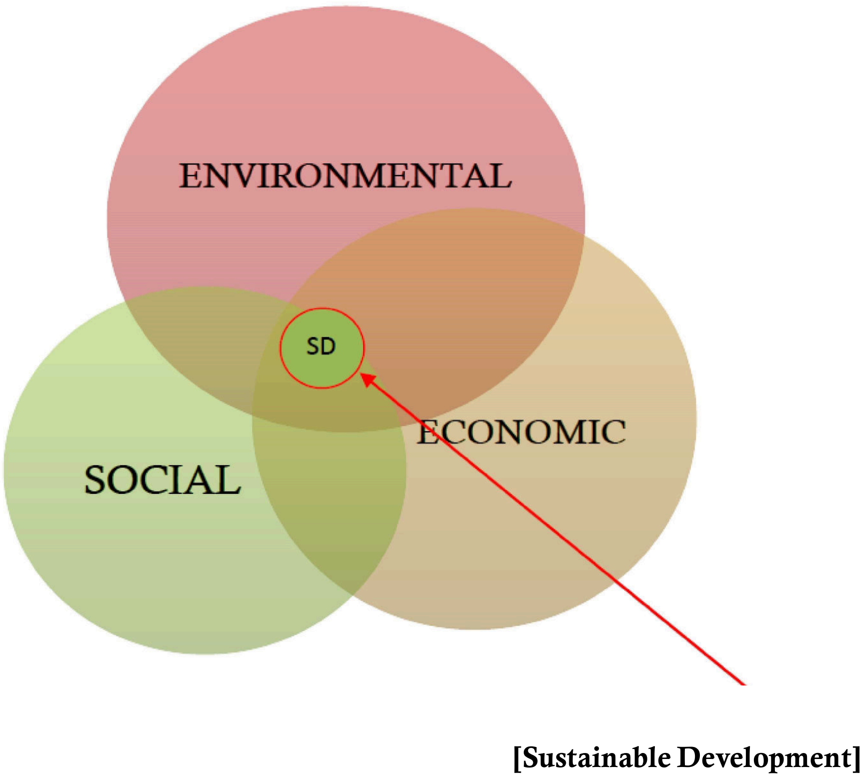


*Figure 2. Model showing the constituents of sustainable development.*

15. Rachel Emas, "The Concept of Sustainable Development: Definition and Defining Principles" Brief for GSDR 2015 available at https://www.sustainabledevelopment.un.orgcontentdocuments

Sustainable development on a practical platform prescribes the policies, projects and investments which are capable of providing the resultant advantages as on today, yet however at the same time ensuring the same without sacrificing environmental, social and personal health in the ensuing future generations and time. Because of their nature and scope, these kind of policies are time and again portrayed as green since they predominantly focus on limiting the impact of development on the environment. Resultantly the benefits of sustainable development are witnessed over a wide section of human health and well-being, evidencing reduction in pollution along with environment-related diseases, improved health outcomes and decreased stress.[16]

### 6.2 India's Environmental, Social and Governance Regime:

The idea of sustainable development has been fairly acknowledged and implemented in India with a view to ensure the coexistence of sustainability and development of the nation and accordingly, the environmental, social and governance policies are drafted keeping in view the same avowed object in mind. Hence, understanding the ESG compliance regime and reporting system in India assumes a vital importance.

ESG reporting in India can be said to have started as far back as the year 2009 when the Ministry of Corporate Affairs, Government of India had issued The National Voluntary Guidelines on Corporate Social Responsibility, 2009 for the prescribed companies.

Further, the Securities and Exchange Board of India (SEBI) vide Circular No. SEBI/HO/CFD/CMD-2/P/CIR/2021/562 Dated May 10, 2021 ordered that with effect from the financial year 2022-2023 filing of BRSR shall be mandatory for the top 1000 listed companies (by market capitalization). As per the said circular-

*"The BRSR is intended towards having quantitative and standardized disclosures on ESG parameters to enable comparability across companies, sectors and time. Such disclosures will be helpful for investors to make better investment decisions. The BRSR shall also enable companies to engage more meaningfully with their stakeholders, by encouraging them to look beyond financials and towards social and environmental impacts".*[17]

Further, the SEBI vide **The SEBI (Credit Rating Agencies) (Amendment) Regulations, 2023**, has made elaborate provisions relating to **"ESG Rating Providers"**, including the norms for transparency, governance and prevention of conflict of interest on the part of the ESG rating providers who is required to maintain a website and disclose the ESG ratings, ensure transparency in ESG ratings and disclosures, submission of required information to the Board, appointment of compliance Officer, maintenance of books of accounts and records, steps taken on auditor's remarks pertaining

16. Available at https://www.who.int/health-topics/sustainable-development#tab=tab_1

17. Securities and Exchange Board of India (SEBI) Circular No. SEBI/HO/CFD/CMD-2/P/CIR/2021/562 DATED May 10, 2021, available at https://www.sebi.gov.inlegalcircularsmay-2021business-responsibility-and-sustainability-reporting-by-listed-entities_50096.html

to the activity of ESG rating, code of conduct for the ESG rating providers etc. to mention a few provisions, meant towards efficacious ESG compliance and reporting through disclosures.[18]

**6.2.1 Constitutional & Statutory Provisions:**

The contemporary Indian governance regime is equipped with good number of legislations designed for the protection of environment from pollution and maintenance of the healthy and green ecological balance.

Article 21 of Constitution of India guarantees right to life and liberty to the citizens which is also extended to include right to live in pollution free environment.

Article 48-A provides that-

*"The State shall endeavour to protect and improve the environment and to safeguard the forests and wildlife of the country."*

The provision on fundamental duties contained in the Constitution of India casts duty on citizens to protect environment, particularly, Article 51-A (g) provides that-

*"It shall be duty of every citizen of India to protect and improve the natural environment including forests, lakes, rivers and wild life and to have compassion for living creatures."*

Article 253 empowers the Parliament to enact laws for the country to carry out any treaty conventions and international agreements. In accordance with this authority, the Parliament had enacted some Statutes/Acts safeguarding the environment like The Water (Prevention and Control of Pollution) Act, 1974, The Air (prevention and control of pollution) act, 1981 and The Environmental Protection Act 1984.

The broader legislative framework covers the following Acts, the provisions of which are enforced for the generic cause of environmental issues:-

(1) The Wildlife (Protection) Act, 1972

(2) The Water (Prevention and Control of Pollution) Act, 1974

(3) The Air (prevention and control of pollution) Act, 1981

(4) The Environment (Protection) Act, 1986

(5) The Energy Conservation Act, 2001

(6) Biological diversity Act, 2002

(7) Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006 (FRA)

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*18. SEBI Notification No. SEBI/LADNRO/GN/2023/136 dated 03/07/2023 available on https://www.sebi.gov.inlegalregulationsjul-2023securities-and-exchange-board-of-india-credit-rating-agencies-amendment-regulations-2023_73451.html*

(8) The National Green Tribunal Act, 2010

(9) Compensatory Afforestation Fund Act, 2016

(10) Forest Conservation Act, 1980

(11) The Public Liability Insurance Act 1991

In addition to this, a wide spectrum of **Industrial & Labour Laws** governing-

- Industrial disputes and their resolution,
- payment of Wages,
- payment of Bonus as well as,
- health, safety and welfare do exist for ensuring the sustainability.

Similarly to ensure gender equality-

- Equal Eemuneration Act,
- Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 have been passed and implemented.

To ensure Social Security, legislations like-

- Employees State Insurance Act,
- Employees Provident Fund and Miscellaneous Provisions Act,
- Maternity Benefit Act,
- Payment of Gratuity Act,
- Apprentices Act,
- The Labour Laws (Simplification of Procedure for furnishing Returns and Maintaining Registers by Certain Establishments) Act have been brought in to force.

Further, several national policies for environmental management like-

- The National Forest Policy, 1988,
- The National Conservation Strategy and Policy Statement on Environment and Development, 1992,
- Policy Statement on Abatement of Pollution, 1992, as well as a few sector policies namely the :
    - National Agriculture Policy, 2000
    - National Population Policy, 2000 and

- National Water Policy, 2002 etc. have significantly contributed in the direction of environmental management in India. These policies have not only acknowledged the necessity for sustainable development in the country but also formulated the required approaches achieve it.[19]

Similarly, India's National Action Plan seeks to promote the purposes of sustainable development along with addressing the climate change issues. As a long-term strategy it includes the following National Missions-

i) *National Solar Mission*:

For energy and ecological security,

ii) *National Mission for Sustaining the Himalayan Eco-System*:

To study the Himalayan glaciers, fresh water resources and health of ecosystem,

iii) *National Mission for Sustainable Agriculture* :

For making Indian agriculture sector more resilient through cropping patterns, technology, biotechnology, and insurance.

iv) *National Mission on Enhanced Energy Efficiency*:

For energy efficiency in buildings, management of solid waste and mass transport

v) *National Water Mission*:

For conservation of water, minimisation of wastages, efficient distribution and water management,

vi) *National Mission for Green India*:

For addressing climate change,

vii) *National Mission on Strategic Knowledge for Climate Change*:

For research and technology development in the field of climate change.[20]

With a view to curb the environmental pollution, The Ministry of Environment, Forest & Climate Change administers 'Control of Pollution' scheme, and during the Financial Year 2022-2023 the total budget of the said scheme was Rs.600 Crore.[21]

19. Supra 1, pp. 57

20. Supra 2.

21. Annual Report 2022-2023, Ministry of Environment, Forest & Climate Change, pp. 13 avaliable at httpsmoef.gov.inwp-contentuploads202305Annual-Report-English-2022-23.pdf

### 6.2.2 Judicial Pronouncements towards ESG concerns[22] :

Judiciary has played an important role in protection of environment and sustainable development through some landmark judgements on the subject. The Hon'ble Supreme Court in *Vellore Citizens Welfare Forum* v. *Union of India (Tamil Nadu Tenneries Case)*[23] has explained the Principles of Sustainable Development, which are – in brief- as under:-

i) *Intergenerational equity*:

Means an idea that the present generation has inherited earth from their ancestors hence they are bound by an obligation to pass over the same on the future/next generation with the same quality.

ii) *Use and conservation of natural resources* :

Means to use the natural resources in the most sustainable manner.

iii) *Environmental Protection :*

Achieving the development without destructing the environment.

iv) *Precautionary principle:*

Any substance or activity which causes / has capacity to threat to the environment must be strictly prevented, so as to stop harm to the environment.

v) *Polluter pays principle:*

The person responsible for environmental pollution is liable to pay compensation to the victims of pollution as well as for the cost of restoration of environmental degradation.

vi) *Obligation to assist and cooperate:*

Environmental pollution being the global phenomenon and problem, can only be solved through co-operation of all concerned.

vii) *Eradication of poverty:*

Eradication of poverty is one of the most demanding principles of sustainable development.

viii) *Financial assistance to developing countries:*

International cooperation should be extended by developed countries to the developing countries in optimum exploitation of natural resources, so as to achieve sustainable development, since developing countries lack technical and financial resources.

22. Supra 12

23. (1999) 5 SCC 647

Further, in *Kinkri Devi* v. *State*[24] the Hon'ble Himachal Pradesh High court issued interim direction to state government against uncontrolled and unscientific quarrying of lime stone causing damage to Shivalik Hills, ecology, environment and inhabitants of the area.

In *Court on Its Own Motion* v. *Union of India*[25], the Supreme Court held that intergenerational equity is a part of Article 21 of the Constitution of India.

In *Citizen, consumer and Civic Action Group* v. *Union of India*[26], the Court held that there should be a proper balance between protection of environment and development activities which are essential for progress.

In *M.C Mehta* v. *Union of India*[27], the Hon'ble Supreme Court of India has applied precautionary principle and directed that, with a view to protect the Taj Mahal from the consequential degradation because of the environmental pollution, all the industries operating in the Taj Trapezium Zone must use natural gas as a substitute for coal/coke as industrial fuel, and those industries which are not in a position to obtain natural gas connection must stop functioning in the Taj Trapezium Zone and they should shift their industries to other industrial area.

In *Indian Council for Enviro Legal Action* v. *Union of India*[28], the Hon'ble Supreme Court applying the Polluter Pays principle directed the closure of industries causing environment pollution and also that the concerned villagers could claim damages for the loss suffered by them by instituting appropriate suits in court.

In *Calcutta Youth Forum* v. *State of West Bengal*[29], the court highlighted that the crisis of environmental degradation is a social problem and under the Constitution of India it is the State's obligation to take and redress this issue with serious concern.

Thus, it can be seen that, the Indian Judiciary is elaborately and precisely elucidating the law relating to sustainable development and environment protection through numerous judicial pronouncements. Resultantly there is an enormous and voluminous increase in environmental interpretational jurisprudence pertaining to, inter alia, the environmental laws setting up bench marks related to environment protection.

Thus, virtually, as it appears from the aforesaid discussion, India's comprehensive regime in addressing the diverse sectors' problems is in tune with the areas specified in the United Nations 17 Sustainable Development Goals (SDGs) addressing the problems relating to Poverty, Food Security, Sustainable Agriculture, Equal Opportunities, Gender Equality, Sustainable Water Management, Sanitation, Sustained and inclusive Economic Growth, Productive employment, Sustainable industrialization fostering growth and innovation and Combating Climate Change.

24. AIR 1988 H.P. 4
25. SuoMotu Writ Petition (civil) No. 284 of 2012, (2013) 1 MLJ 639 (SC)
26. AIR 2002 Mad. 298
27. (1997) 2 SCC 353
28. (1996) 3 SCC 212
29. 1986 (2) C.L.J. 26

## 7 THE CHALLENGES INVOLVED IN GOVERNANCE FOR ESG-SUSTAINABILITY:

Achieving sustainable development though a cherished goal and the urgent requirement of the contemporary era, in the context of India, too, is not free from the challenges confronted on the way towards its achievement. The following can be treated as the path-breakers-

i) *Population*

Ever increasing population brings with it numerous problems like poverty, unemployment, health, male nutrition, housing & accommodation, education and such many more.

ii) *Drinking water problem*

The ground level of water mass is shrinking day by day which is coupled with its inefficient use resulting in acute shortage of drinking water.

iii) *Inequality*

Gender, racial or otherwise, the inequality poses a big problem in the process of sustainable development as the fruits are not scattered/spread over across the sections of the society.

iv) *Increasing Pollution & Health deterioration*

The pollution caused by smoke emanated by industries and vehicles and other substances released in air degrades the quality of air, ultimately resulting into serious health hazards like asthma, respiratory problems and hearing impairment.

v) *Climate Change*

The ever increasing temperature levels and the carbon emissions had severe and adverse visible effects evidencing crop failures, increasing droughts, scarcity of food supply, contagious diseases, degradation of environment, increasing floods and many more.

vi) *Threat to bio-diversity*

The gigantic habitat destruction, pollution of the land, water and soil cause a severe effect on the survival and endurance of biodiversity, which proves to be an obstacle in the sustainable development.

vii) *Deforestation*

In the name of launching and executing development projects, large numbers of trees are cut down which results in serious problem of deforestation, loss of bio diversity, adverse effects on monsoon, extinction of endangered animal species and plant varieties of immense medicinal value, ultimately leading to hindrance in the sustainable development.

viii) *Energy consumption & generation*

Extensive energy consumption in any form like electric, hydro, thermal- poses a great problem. The necessity of the time is resort to green energy concept.

### 7.1 State's Responsibility:

The State assumes the key responsibility to subdue and overcome the above kind of challenges to sustainable development. In India the governance mechanism has been framed and executed in an efficacious manner as discussed in the above paragraphs, ensuring conservation of resources in efficient way and equitable and efficient distribution and consumption.[30]

## 8 ROLE OF COMPANY SECRETARY IN ESG COMPLIANCE & REPORTING

Company Secretary being one of the key managerial personnel under the provisions of the Companies Act, 2013, and who is also considered as the principal corporate governance officer, is required to inculcate and execute sincere and steady corporate disclosures and reporting relating to the environmental, social, and governance (ESG) norms along with the potential risks, so that stakeholders can make informed decisions on ESG performance & compliance by that particular company. He has to ensure that the substantive as well as procedural statutory provisions related to the ESG concerns are strictly and timely complied with. He should advise the Board of Directors as to how the ESG considerations can be incorporated in company's policies and decisions, so as to make the company ESG compliant not only in letter but also in spirit.

## 9 CONCLUSION

The idea of sustainability and sustainable development is strongly imbibed in governance regime in India while making the policies and also practically reflected in its execution. A sound statutory framework comprising numerous legislations regulating Environmental, Social and Governance concerns exists with dedicated administrative agencies equipped with necessary powers to tackle the wrongdoers regarding the ESG concerns, is firmly established in India. Judicial activism to address the cause of justice on the subject is well established. Community and Corporate participation, response and co-operation in furtherance of the cause of ESG concern is also praise worthy in India. Though, the mission is not free from challenges, India with committed thrive for excellence is capable to deliver at a premium level in ESG compliance, reporting and advancing towards sustainability and sustainable development. The present study has been carried out by the researcher in the form of a wide extensive coverage, as an exploratory study identifying the broader legislative framework on ESG concerns and the challenges faced there at. It is found that in the current scenario, surly a striving and thriving compliance mechanism regulating Environmental, Social and Governance concern aiming at curating committed excellence and ensuring sustainability and sustainable development exists in contemporary governance regime in India. Nevertheless, many sector specific, issue specific empirical studies or doctrinal research can be carried out which may give their own results.

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# ESG : Beyond Compliance for Sustainable Business Success

*CS Khushboo Agarwal**

Building a strong environmental, social and governance (ESG) score can determine the overall success of the business and attract socially responsible investors.

**What is ESG and why is it important?**

Environmental, social, and corporate governance (ESG) is a strategic framework for identifying, assessing and addressing organizational objectives and activities ranging from the company's carbon footprint and commitment to sustainability, to its workplace culture and commitment to diversity and inclusion, to its overall ethos regarding corporate risks and practices. It's an organizational construct that's become increasingly important, especially to socially responsible investors who want to invest in companies that have a high ESG rating or score.

**Why does ESG matter? ESG matters for several reasons:**

*Risk management*: Companies that prioritize ESG can identify and mitigate potential risks, such as environmental risks, supply chain risks and reputational risks. This can help companies avoid negative impacts on their financial performance.

*Reputation*: Companies that prioritize ESG can improve their reputation as responsible corporate citizens, which can attract socially responsible investors and customers. This can also help companies retain employees who value ethical and sustainable business practices.

*Innovation*: Companies that prioritize ESG can drive innovation by developing new products and services that address social and environmental challenges. This can create new business opportunities and help companies stay competitive.

*Long-term value creation*: By implementing ESG practices, companies can create long-term value for stakeholders, including shareholders, employees and communities. Companies that prioritize ESG can benefit from a more sustainable business model that focuses on creating long-term value instead of short-term gains.

**Three main pillars of ESG:**

*Environmental commitment*: This includes everything around a company's commitment to sustainability and the impact it has on the environment, including its carbon emissions and footprint, energy usage, waste, and environmental responsibility.

*Social commitment*: This covers a company's internal workplace culture, employee satisfaction,

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

retention, diversity, workplace conditions and employee health and safety. Companies with happy and healthy employees perform better and are viewed as a stronger investment.

*Corporate governance* : A company's commitment to governance includes compliance, the internal corporate culture, pay ratios, the company ethos and transparency and accountability in leadership. Investors are interested in companies that can keep up with changing laws and regulations and that have a commitment to equity and equality in the workplace.

Your company's environmental efforts will only become more important as the effects of climate change continue to grow. Companies that are more prudent with resources, such as water, coal, oil and electricity, are predicted to fare better in a future where those resources may be limited in certain areas. Similarly, a company's social profile is more important than ever in a time where a single Tweet can negatively impact an entire brand or company's reputation. And as more laws and regulations arise around technology, a strong commitment to proper governance and compliance will be crucial for keeping a company operating and in business.

**ESG Compliance Requirements in India**

In India, regulatory requirements related to ESG compliance are enforced by several regulatory bodies, including the Securities and Exchange Board of India (SEBI), Ministry of Corporate Affairs (MCA) and the National Stock Exchange of India Ltd. (NSE) & Bombay Stock Exchange of India Ltd. (BSE).

Under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed companies in India are required to disclose their ESG policies and practices in their annual reports. These disclosures must cover information on environmental impact, social responsibility and governance practices.

The MCA has also issued several guidelines related to ESG compliance for companies, including the Corporate Social Responsibility (CSR) Rules, 2014. Under these rules, companies with a certain level of turnover or net profit are required to spend a minimum percentage of their profits on CSR activities.

The NSE has also introduced several initiatives to promote ESG compliance among companies listed on the exchange. These initiatives include the NSE ESG Index, which measures the performance of companies based on their ESG practices.

In addition to these regulatory requirements, companies must also comply with environmental, labor and human rights laws and regulations, such as the Air (Prevention and Control of Pollution) Act, 1981, the Factories Act, 1948 and the Minimum Wages Act, 1948.

Non-compliance with regulatory requirements related to ESG can result in legal penalties, reputational damage and loss of investor confidence. Therefore, it is essential for companies to comply with these requirements and to have a robust ESG compliance framework in place. The role of the company secretary in ensuring compliance with regulatory requirements related to ESG is crucial, as they are responsible for monitoring and implementing these requirements at the board level.

**Beyond Compliance: Leveraging ESG Regulations for Sustainable Business Success**

ESG regulations, or Environmental, Social, and Governance Regulations, are essential for global organizations that wish to remain at the forefront of their industries. Companies must adhere to these regulations to maintain their competitiveness and reputation. Responsible organizations must adhere to ESG regulations. ESG regulations require organizations to consider the requirements of all stakeholders, including investors, employees, and customers. Additionally, they promote sustainability by encouraging businesses to consider their environmental impact.

The business case for contemplating ESG regulations becomes more compelling over time. Companies are recognizing the importance of minimizing and controlling risk, as well as augmenting their corporate reputation and brand image. These factors can enhance employee morale, employee retention, financial performance and access to capital.

Understanding the potential hazards associated with a company's operations can assist it in avoiding substantial losses due to legal action or reputational damage. By implementing policies that comply with ESG regulations, businesses can better manage environmental impacts on their businesses and safeguard themselves from regulatory violations and other liabilities resulting from noncompliance.

In addition to mitigating risk, a strong commitment to responsible corporate behavior enhances a company's public image by demonstrating its dedication to social responsibility and sustainability initiatives. Customers expect businesses they support to be accountable for their impact on nature and society in the current environment. A favorable brand image results in increased customer loyalty, which frequently translates to increased sales revenue over time.

Investing in ethical practices that benefit all stakeholders can provide organizations with internal benefits, such as increased employee engagement and morale. When employees feel valued by their employer, they are more likely to be loyal and fruitful, which could result in increased sales over time. In addition, compliant companies may have an easier time gaining access to capital markets due to investors' perceptions of a lower level of risk associated with investing in these companies compared to those without appropriate governance systems in place.

ESG regulations offer businesses the opportunity to both conform to standards and demonstrate their commitment to ecological and social responsibility. We will now investigate how these regulations are implemented in practice.

**ESG Regulations in Practice**

ESG regulations are gaining importance in the business world, necessitating that companies be able to navigate this complex domain. Organizations must comprehend how ESG regulations can be leveraged for long-term business success to achieve maximum success in this industry.

Unilever is an organization that has effectively implemented ESG regulations. Unilever has been a pioneer in sustainability, reducing its environmental impact and increasing the transparency of its operations. By demonstrating its commitment to ESG through carbon neutrality and investments in renewable energy, Unilever is serving as a model for other companies.

When integrating ESG regulations into their enterprises, organizations should adopt a holistic approach. Companies should evaluate the entirety of their operations, from production to marketing strategies and devise ways to make them more eco-friendly or reduce their negative effects on nature and society. Companies should also prioritize stakeholder engagement throughout this process to ensure that they meet both customer expectations and regulatory requirements when incorporating ESG practices into daily operations.

When incorporating ESG regulations into their operations, organizations should be proactive and consider all aspects of their business, including supply chain management, product development and marketing strategies. It is essential to prioritize stakeholder engagement throughout this process, as it will help to ensure that the organization meets customer expectations and regulatory requirements while incorporating ESG practices into daily operations. Moreover, transparency is of the utmost importance; companies must be forthright about any issues pertaining to social responsibility so that stakeholders can accurately evaluate performance relative to objectives established by regulators or internal policies established by leadership teams. In this regard, organizations may choose from a variety of reporting frameworks, such as Global Reporting Initiative (GRI) standards or United Nations Sustainable Development Goals (SDGs). By being clear about which metrics are used to measure progress toward sustainability objectives, businesses can effectively demonstrate their commitment and compliance with applicable laws.

To remain competitive in today's rapidly evolving global market, businesses must keep abreast of the most recent industry trends. CFOs should always be on the lookout for new developments pertaining to sustainability initiatives that, if exploited properly, could provide valuable growth opportunities.

ESG Regulations in Practice an integral component of a global organization's compliance strategy and stakeholder engagement is essential to the effective implementation of these regulations. Therefore, it is essential to comprehend how stakeholders can be effectively engaged for optimal results.

**The Role of Stakeholder Engagement in ESG Regulations**

The engagement of stakeholders is essential for ESG regulation compliance. To ensure compliance with all regulatory requirements and to have a positive impact on society, businesses must engage their stakeholders. Participation of stakeholders can assist businesses in identifying potential risks, developing plans to resolve those risks and ensuring that any actions are consistent with their goals and values.

Various methods, including surveys, focus groups, interviews, and public forums, can be utilized by businesses to engage with stakeholders. These methods enable businesses to gain insight into stakeholder opinions regarding specific ESG-related topics, such as human rights or environmental concerns. By collecting stakeholder feedback through surveys, focus groups, interviews, and public forums, businesses can acquire data to inform decisions regarding ESG compliance while simultaneously delivering value to shareholders and other stakeholders.

Unilever has effectively implemented stakeholder engagement initiatives to achieve its Sustainable Living Plan's sustainability objectives (SLP). Numerous public forums were held all over the world to collect feedback from local communities on how to best achieve SLP objectives while considering local perspectives on climate change, water scarcity and other sustainability issues. This allowed Unilever to design solutions that were compliant with global standards of sustainability practices, such as those established by the UN Global Compact Principles and ISO 14001:2015 Environmental Management System (EMS) Standards, while still meeting the requirements of each community.

Engaging stakeholders is not only essential for long-term success in today's cutthroat business environment where transparency is a must for consumers and investors, but it also helps companies establish trust. It reduces associated costs, such as fines or penalties imposed by regulators or governments for violations of environmental laws, by involving stakeholders in decision-making processes.

Engagement with stakeholders is a crucial element of ESG regulations, allowing organizations to be transparent and accountable in their operations. Considering this, the following section will examine how ESG reporting and transparency can assist global organizations in meeting regulatory requirements.

**ESG Reporting and Transparency**

Transparency and ESG reporting are essential elements of any successful ESG strategy. Organizations are required to ensure that their ESG data is accurate, up-to-date, and easily accessible. To accomplish this, organizations should become conversant with the various frameworks available for measuring and tracking environmental, social and governance (ESG) performance.

GRI, SASB, TCFD and SDGs are some of the most widely used ESG reporting frameworks currently. Each framework has its own set of metrics for measuring various facets of an organization's sustainability initiatives, such as carbon emission reduction targets and gender diversity initiatives. Before developing a plan for gathering and disclosing relevant information in accordance with these standards, organizations should determine which framework best meets their requirements.

When it comes to ESG reporting, accurate disclosure is crucial, both internally within an organization and externally to investors and other stakeholders who may be interested in how the company operates from a sustainability standpoint. Stakeholders require assurance that they can rely on the disclosed data; consequently, companies must implement robust internal processes to ensure that all disclosures conform to industry standards for accuracy and integrity. Organizations should consider investing in technologies such as cloud computing and artificial intelligence to facilitate data collection, analysis, verification, and sharing while reducing manual errors.

Organizations must ensure that they provide sufficient clarity and detail regarding their activities so that stakeholders can completely comprehend the steps taken to achieve sustainability performance goals such as energy efficiency and waste management. This includes providing explicit explanations of how progress against these objectives will be measured over time, including completion timelines if applicable, as well as detailed descriptions of each step taken during each phase of implementation.

In addition, businesses should consider employing visual aids such as infographics and videos, as these forms of media provide a more engaging way for audiences to ingest content than text alone.

Global organizations must maintain compliance with current ESG regulations and prepare for the future of ESG regulation by implementing ESG reporting and transparency. To gain a deeper understanding of this dynamic landscape, it is essential to investigate the potential ramifications of impending changes to ESG regulations.

**How can companies implement ESG practices?**

Companies can implement ESG practices by:

*Assessing their ESG performance* : Companies should conduct an assessment of their current ESG performance and identify areas where they can improve. This includes assessing their environmental impact, social impact and corporate governance structure.

*Setting goals and targets* : Companies should set goals and targets for improving their ESG performance. This includes setting targets for reducing their carbon footprint, improving labor practices, and increasing board diversity.

*Developing ESG policies and procedures* : Companies should develop policies and procedures that align with their overall business strategy and address ESG issues. This includes developing environmental policies, social responsibility policies and corporate governance policies.

*Implementing and monitoring ESG practices* : Companies should implement ESG practices and monitor their effectiveness. This includes developing processes for monitoring and reporting on ESG performance and ensuring that the company is meeting its ESG targets and goals.

*Engaging with stakeholders* : Companies should engage with stakeholders on ESG issues. This includes communicating with investors, customers, employees and the wider community to ensure that the company is meeting its ESG responsibilities and addressing concerns.

**Unleashing the Power of ESG Certification: Driving Compliance, Growth, and Reputation in a Sustainable World**

In an era where sustainability has become a top priority for large businesses, Environmental, Social, and Governance (ESG) practices are gaining immense importance. To demonstrate their commitment to sustainability and comply with regulations such as the EU Taxonomy, SFDR and other regulations, some organizations are turning to ESG certification.

I would like to explore with all of you the benefits of ESG certification for regulatory compliance and listing some potentials consequences of neglecting these practices. Also, we will explore into the cost considerations associated with certifying key professionals rather than the entire workforce.

**I. Benefits of ESG Certification for Compliance**

- *Demonstrating Commitment to Sustainability* : ESG certification showcases an organization's dedication to environmental protection, social responsibility and ethical governance. It provides a clear signal to stakeholders, regulators and investors that a business is aligned with sustainable practices.

- *Facilitating Regulatory Compliance* : ESG certification ensures that an organization meets the requirements outlined in regulations such as the EU Taxonomy. By obtaining certification, businesses can navigate complex frameworks, identify relevant environmental objectives and effectively communicate their compliance efforts to regulatory bodies.
- *Enhancing Reputation and Stakeholder Trust* : ESG certification bolsters an organization's reputation by showcasing its genuine commitment to sustainability. By adhering to recognized standards, organizations can build trust with consumers, employees, investors, and the wider community; enhancing their brand value and attracting like-minded stakeholders.
- *Accessing Funding and Investment Opportunities* : Many large financial institutions, investors, and funds are increasingly integrating ESG considerations into their investment decisions. ESG certification can provide organizations with a competitive advantage, as it enables access to sustainable funding options and investment opportunities that prioritize ESG-aligned businesses.

**II. Consequences of Neglecting ESG Certification Practices:**

- *Regulatory Non-Compliance* : Failure to obtain ESG certification may lead to non-compliance with regulatory frameworks such as the EU Taxonomy. This can result in financial penalties, reputational damage and exclusion from markets that prioritize sustainability.
- *Loss of Competitive Advantage* : Organizations that neglect ESG certification risk falling behind competitors who proactively adopt sustainable practices. Without certification, businesses may struggle to attract customers, investors and talented professionals who prioritize sustainability in their decision-making.
- *Reputational Damage and Stakeholder Distrust* : Lack of ESG certification raises questions about an organization's commitment to sustainability, leading to potential reputational damage. This can erode stakeholder trust, negatively impacting customer loyalty, employee engagement and investor confidence. Targeting and credentialing those integral figures engrossed in pivotal determinations concerning ESG bears numerous advantages for an establishment while proving fiscally prudent contrasted to endowing the entirety of staff.

Focusing efforts and financial means on ESG-related resolutions allows an organization on:

- *Targeted Expertise* : Certifying key professionals ensures that those driving ESG strategies possess the necessary knowledge and skills to implement sustainable practices effectively.
- *Cost Optimization* : Certifying a select group reduces the overall certification costs

associated with training, examinations, and ongoing maintenance, while still maintaining the organization's compliance efforts.

- *Scalability and Flexibility* : Concentrating on key professionals allows organizations to adapt their ESG strategies more efficiently, focusing resources where they are most needed and scaling up certification efforts as the business grows.

ESG certification plays a vital role in ensuring regulatory compliance, enhancing reputation, and accessing sustainable investment opportunities. Neglecting ESG certification practices can result in compliance risks, loss of competitive advantage and reputational damage. By strategically certifying key professionals, organizations can effectively manage costs while ensuring the necessary expertise is in place to drive sustainable practices. Embracing ESG certification is not only a compliance requirement but a strategic move that aligns businesses with the growing demand for sustainability and responsible practices in today's world.

**The Future of ESG Regulations**

As businesses around the globe recognize their responsibility to protect our environment, ensure human rights, and promote ethical practices, the future of ESG regulations is rapidly evolving. The increasing emphasis on sustainability and corporate social responsibility (CSR) has resulted in a surge of new regulations that businesses must abide by.

The influence of regulation and policy on ESG reporting will be felt for many years to come, as governments around the world enact legislation requiring businesses to report on their environmental, social, and governance performance. The Modern Slavery Act of 2015 in the United Kingdom and the Duty of Vigilance Law of 2017 in France are examples of legislation that encourages organizations to implement more sustainable business models by holding them accountable for their actions. In addition, international organizations such as the United Nations have established guidelines to direct businesses toward responsible behavior in areas such as the protection of human rights, the enforcement of labor regulations, and the fight against corruption. By doing so, these organizations are providing a road map for businesses around the globe to effectively meet ESG requirements.

Emerging technologies play a significant role in making it easier for businesses to track their progress against these objectives and enabling external stakeholders, such as investors, to access this data swiftly and precisely. Data analytics tools can help identify trends related to climate change or analyze consumer feedback from surveys, which can then inform the operations department’s decision-making processes or boardroom discussions regarding the company’s future strategy.

By engaging with all stakeholders on a regular basis through dialogue sessions or public consultations, businesses can receive valuable insights on how to improve existing practices and ensure that all parties feel heard throughout the process. This helps to foster trust between parties and permits an open exchange of ideas, which could lead to more effective strategies that are tailored to meet specific targets established under various regulatory frameworks or internal policies developed by management teams themselves.

The future of ESG regulations will undoubtedly bring more complexity and challenges, but they can be successfully navigated with the correct strategy. As we near the conclusion of our discussion on this topic, let us now consider how organizations should prepare for such regulatory changes.

**Role of Company Secretary in ESG Compliance**

Company Secretaries (CS) play a crucial role in facilitating better ESG (Environmental, Social, and Governance) compliance for companies. Here are some ways in which CS can contribute to ESG compliance:

*Advising the Board* : CS can advise the board on ESG risks and opportunities and help identify areas where the company can improve its ESG performance. They can also provide guidance on regulatory requirements related to ESG compliance and help ensure that the company is adhering to them.

*Developing ESG policies* : CS can work with the board and management to develop ESG policies and procedures that align with the company's overall business strategy. This includes developing environmental policies, social responsibility policies and corporate governance policies.

*Implementation and monitoring* : CS can facilitate the implementation of ESG policies and procedures and monitor their effectiveness. This includes developing processes for monitoring and reporting on ESG performance and ensuring that the company is meeting its ESG targets and goals.

*Stakeholder engagement* : CS can play a key role in engaging with stakeholders on ESG issues. This includes communicating with investors, customers, employees and the wider community to ensure that the company is meeting its ESG responsibilities and addressing concerns.

*Training and awareness* : CS can help develop training programs and awareness campaigns to educate employees on ESG issues and the company's ESG policies and procedures.

By facilitating better ESG compliance, Company Secretaries can help companies improve their reputation, attract more socially responsible investors, and create long-term value for stakeholders. Through their expertise in corporate governance and regulatory compliance, Company Secretaries can ensure that ESG policies and procedures are embedded into the company's culture and operations, and that ESG is considered in all decision-making processes.

**Conclusion**

As the world continues to move towards a more sustainable future, the function of ESG regulations within global organizations is growing in significance. As CFOs and other finance executives are tasked with ensuring an organization's compliance with these regulations, it is imperative that they comprehend how to best leverage them for long-term success.

The engagement of stakeholders is integral to the implementation of ESG regulations. Engaging stakeholders at the outset can assist organizations in ensuring that their regulations align with their values and that they remain compliant throughout the process. Engaging stakeholders can also assist organizations in identifying potential risks and developing mitigation strategies before they become problems.

ESG reporting and transparency are also essential components of regulatory compliance success. In addition to providing explicit information regarding how they have achieved their objectives, organizations must be able to provide data comparing their achievements to their stated objectives. This helps investors make informed decisions when evaluating companies and provides assurance that management teams across industries are taking sustainability efforts seriously.

When it comes to ESG regulation, finance executives must remain ahead of the curve, anticipating landscape shifts before they occur. By keeping apprised of emerging trends such as green bonds and impact investing, CFOs can gain an advantage over their competitors and generate greater returns over time through proactive planning as opposed to playing catch-up.

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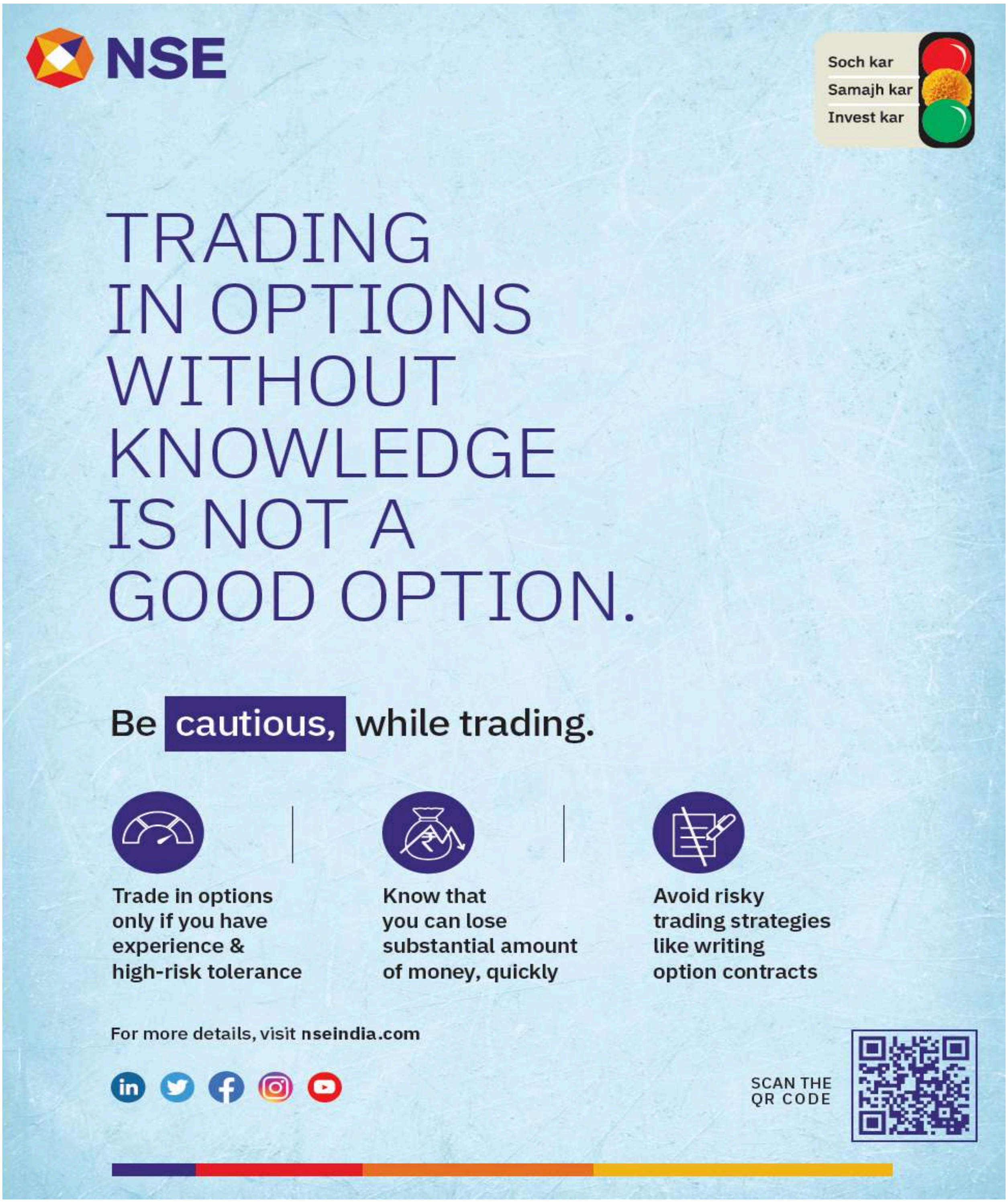
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# Sustaining Gender Diversity - A reflection of Corporate mindset

*CS Tenisa Gope**

**Introduction**

India is a land marked by the adoration of "Ardhanareshwar", the two portfolios of a person, comprising of men and women. India is a place where women stood equivalent to men and considered to be a parcel of the productive community. In "Taittiriya Samhita" men and women are recognized as the two wheels of the same cart. Indian history glorifies the unfathomable contribution of women in shaping the then Indian economy. The world has been astounded by the great Indian women who have bewildered us with their sheer political skills, sharp working knowledge and fine intelligence, may it range from Ahilyabai Holkar, of Maratha Empire or Rani Lakshmibai of Jhansi. However, with the advent of Corporatization, where India has inched towards 24,49,618[1] Companies being registered with Registers of Companies (RoC) during the Financial Year 2022-23, its poignant to wonder the existence of workplace gender diversity and secured workplace in the current corporate culture.

To remove ambiguity, lets define gender diversity at workplace as men and women being hired and placed at workplace at consistent and similar pay and being provided an access to promotion, resources or pay without any discrimination and biasness.

**Indian Corporate Law promoting gender diversity and workplace security**

The Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements), 2015 (SEBI LODR) have recognized the need of doing away with the patriarchal methods of running the corporates and have introduced the concept of Woman Director, to ensure gender diversity at the helms of the corporate affairs and decision making.

According to Companies Act, 2013 read with Rule 3 of Companies (Appointment and qualifications of Directors) Rules, 2014, the Board of Directors (BoD) of the following Companies shall have atleast one Woman Director:

(i) every listed company;

(ii) every other public company having -

(a) paid–up share capital of one hundred crore rupees or more; or

1. *https://www.corporate-cases.com/2023/02/statistics-on-number-of-companies-in-india. html#:~:text = 2022% 3A% 20 The %20 total%20number%20of,%2C%202021%20was%2022%2C76%2C448.*

* Executive, Vedant Fashions Ltd.

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

(b) turnover of three hundred crore rupees or more

Provided further that any intermittent vacancy of a Woman Director shall be filled-up by the Board at the earliest but not later than immediate next Board meeting or three months from the date of such vacancy whichever is later.

As, a step-ahead the Act to secure the position of Women on the Board, the Act, has elaborated the following penalies for non-compliance of having atleat one Woman Director:

- the company and
- every officer of the company,

who is in default shall be liable to a penalty of

- o fifty thousand rupees, and
- o in case of continuing failure, with a further penalty of five hundred rupees for each day during which such failure continues

subject to a maximum of three lakh rupees in case of a company and one lakh rupees in case of an officer who is in default.

Further, SEBI LODR propagates the exigency of establishing an optimum BoD by way of having atleast one Woman Director, among other requirements of a well composed BoD. The Regulator, to strengthen gender diversity at the Board level has made it obligatory for the top 500 Listed Entities by April 01, 2019 and top 1000 Listed Entities by April 01, 2020 to have atleast one Independent Woman Director in its Board. Such concept of having mandatory Woman Director on the Board compels the Companies to have a secured workplace at the top level of management, which is to percolate deep into the lower level of management, making the workplace safe and secure and promoting gender diversity.

Although it is disconsolate to mention, having diversity at Board and workplace alone doesnot serve the purpose of maintaining gender diversity at workplace. Rooting the concept of gender diversity, requires protecting the female workforce. With this view India has legislated of Women from Prevention of Sexual Harassment of Women at Workplace Act, 2013 (POSH) to address the concern of sexual harassment countered by the women at workplace. The Supreme Court of India in its landmark judgement of *Vishakha and others* v. *State of Rajasthan*,1997, has given the 'Vishakha guidelines', which provided the foundation for the POSH Act, 2013. The POSH Act bestows the legal obligation on the employers to prohibit and prevent sexual harassment at workplace, to ensure maintenance of gender diversity. The POSH Act, is a legislative strategy of securing the workplace and providing a safe place to work. Under the POSH Act, the applicable employers are obliged to constitute an Internal Complaints Committee (ICC) inorder to receive, consider and address at the cases/complaints of sexual harassment at workplace. The ICC has been entrusted with all the powers of the Civil Court while gathering evidences under the POSH Act.

**Gender diversity sustainability in India and abroad _ Comparative study**

Several Countries worldwide have strived to establish legal regime for sustaining workplace diversity and securing workplace. Countries have made reservations for the Women in the top-managerial position. The gender quota on the Board of Directors (BoD) in certain Countries have been discussed below:

***Norway***

In the year of 2002, it was reported that less than 10% of the Members of BoD of the listed Companies in Norway are Women. This statistical figure has put the concept of gender diversity and workplace security a challenge. To tackle the situation the Government has issued Direction, dedicated to the private listed Companies, whereby it was stated that such Companies must have atleast 40% Woman Directors in the Board. The target of achieving the limit for Woman Directors was by the year 2005. However, such target was not achieved by the Companies, compelling the Government to introduce legislation, making it mandatory for the Private Listed Companies to have 40% Women representation on the Board.

***Spain***

The Spain government has passed Gender Equality Act, 2007, whereby all the eligible Companies and Firms were obliged to have atleast 40% Women representation on the Board, within 2015. Meeting the criteria was a prerequisite for obtaining any Government contracts. The Act has ensured equal opportunities and treatment of men and women at workplace. Such Act in turn has demanded in enhancing workplace safety for Women.

***America***

The United States of America has not specifically mandated the inclusion of Women in the Board, rather have adopted an alternate approach by way of making it compulsory on the Companies to disclose the selection/nomination process of the Directors on the Board, alongwith the selection criteria that is being adopted by the Nomination Committee to ensure diversity interms of gender on the BoD. This has silently made the Companies responsible to maintain gender diversity in the BoD in appreciation of the knowledge, skills, intelligence that the Woman Director bring to the Board.

***United Kingdom***

Britain Financial Regulator has recommended that atleast 40% of the Board shall comprise of Woman Director, inorder to upload one of the greatest parameters of the Corporate Governance i.e. Board diversity. Further, the Financial Conduct Authority has also proposed that atleast one of the Senior Managerial positions viz. the position of the Board Chair, Chief Financial Officer, Chief Executive Officer or any other Senior Managerial positions by whatever name called, shall be held by Woman. The proposals have initiated a voluntary responsibility on the Companies and has resulted in 33% Woman representations in BoDs of the Companies. Efforts are being made to reach the shortfall of Woman representation.

***France***

In France, the Government has passed the Quota Bill in the year 2011, under which all the Listed Companies of the Country are required to mandatorily have atleast 20% of Woman Directors within a timespan of three years of passing the Bill and 40% of Woman Directors within the next three years of the Bill. The non-listed Companies are given some relaxation, the Bill requires the non-listed Companies 20% of Woman Directors within three years of passing the Bill which shall be enhanced to 40% within next six years. The Bill has been passed by the lower Parliament in 2021 and the target set has to be achieved by 2030.

**Table**

**(Gender diversity sustained at the Board)**

| *Sl No.* | *States* | *Women at Board level (in %)* |
|---|---|---|
| 1. | India | 18[1] |
| 2. | United States of America | 43[2] |
| 3. | United Kingdom | 39.1[3] |
| 4. | Spain | 27[4] |
| 5. | Norway | 45.5[4] |
| 6. | France | 45.5[4] |
| 7. | Sweden | 38.2[4] |
| 8. | Italy | 36[4] |
| 9. | Belgium | 35.4[4] |
| 10. | Denmark | 32.6[4] |

*Note:*

1. *Data for top 500 Companies listed at National Stock Exchange (NSE). Source: https://economictimes.indiatimes.com/news/company/corporate-trends/top-500-nse-listed-companies-have-18-women-directors-says-study/articleshow/95683897.cms?from=mdr*

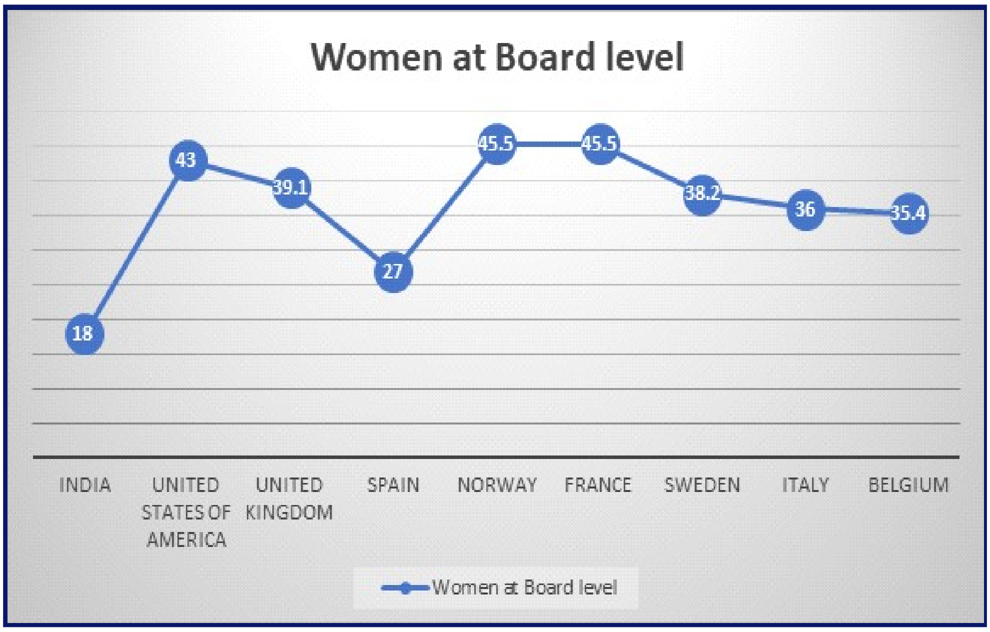
2. *Data for Woman Director in S&P 500. Source: https://www.catalyst.org/research/women-on-corporate-boards/#:~:text=In%202021%2C%20women%20accounted%20for,decrease%20from%2047%25%20in%202020.&text=Women%20of%20color%20accounted%20for%2018%25%20of%20new%20board%20independent%20directors.*

3. *Data for top 100 Companies. Source: https://economictimes.indiatimes.com/news/company/corporate-trends/uk-sets-target-of-40-women-on-company-boards/articleshow/90965771.cms*

4. *Source:https://www.statista.com/statistics/1322153/europe-women-on-boards-financial-services-by-country/#:~:text=As%20of%202021%2C%20Norway%20ranked,director%20seats%20filled%20by%20women.*

**Graph**

**(Gender diversity sustained at the Board)**




**Insight to the concept of gender diversity at workplace**

To integrate the concept of gender diversity and workplace safety, strategy, procedure, planning and structure is required in the corporate, this helps to celebrate Women workforce throughout the organisation right from the Board at the top to the workforce at the ground level. According to the statistical survey of 775 Companies carried on by Aon, 26% of the working population are Women in India*. Though the statistical figure is subordinate to the workplace gender diversity ratio prevailing in the developed countries of the world like US and UK, however it has demonstrated an upward trend in sustaining workplace gender diversity. The ratio portraits that efforts have been made to maintain a safe and secured workplace for Women, although the efforts are still subjected to further improvements. In India where, the female birth is considered to be a liability, a nation where females donot have sufficient access to basic privileges in the underdeveloped areas of the Country and in a society where child marriage still prevails, reaching workplace diversity of the aforementioned percentage is conspicuously noticeable. The nation is progressing interms of securing Women diversity at workplace, and has set the target reflecting 31.4% of employees as women employees.

**Source: https://economictimes.indiatimes.com/news/company/corporate-trends/the-india-inc-report-card-on-gender-diversity/articleshow/90061441.cms?from=mdr.*

The rationale behind increase in workplace gender diversity and the urge to maintain workplace safety is due to the supremacy offered by the women employees. Having a secured and safe workplace will enable engagement of more women employees and the Corporates can prosper under the excellence offered by the women employees viz:

*Diverse workforce, innovative workforce* : Men and women hail from diverse background and have diverse exposure during their work lifecycle, making them more innovative in different spectrum. Women tend to perceive work crisis from the angle of their own experience and knowledge, allowing them to resolve the issue in an innovative way.

*Excel in soft skills* : To be at height of success intelligence and knowledge plays a dominant role. However, it has been noticed that the soft skills also plays an importance role while it comes to tackling of business crisis. Emotional intelligence is highly recognized in corporate success. A stick client, a tough Board, a stubborn lender may often be easy to handle with the skill of effective communication, awareness, empathy etc. Such soft skills are more dominant in Women compared to their counterparts, hence leading to the growth of the organization, amidst all the odds.

*Enhanced stakeholders reflection* : Corporates that employ only men in their organisations, reflects their men-centric ideology. Such corporates reflect that they only bother for the well being of the male and sidelines the over all development of the nation. Reflection of such confined ideology, deflects the trust of stakeholders in the business. The stakeholders fail to connect with such narrow ideology of the corporate, leading to a business failure. Companies with Women employees shows how they recognize the role of Women and appreciate their organizational presence, making such Companies more dear to the stakeholders.

Despite the contribution of Women in organisational success, the gender diversity at workplace is still at a question because:

*Pay-gap* : Although it is miserable, pay-gap is a major issue in several Companies in India. The corporates will hardly admit the facts that men are being well paid and are extended better facilities, compared to the females. The females are underestimated while it comes to providing compensation to them, thus decreasing the job satisfaction and increasing employee turnover among the Women workforce.

*Gender-biasness* : No matter how hard it is tried, the contribution of women are often sidelined. Often it is observed that the male CEO is more inclined towards deputing males at different managerial positions, narrowing the opportunities for the female. Male are given more project and team leads compared to the females.

*Unsafe workplace* : The safely of the women at workplace is a much debatable issue. How safe are the Women at the micro, small, medium and large organization is to be reconsidered. The recent #MeToo movement has unlashed several cases of workplace sexual harassments, countered by Women at workplace on a day to day basis. Such cases ranges from visual, verbal, non-verbal or even physical harassments. Workplace gender diversity will become ab lapsed concept if the organisations fail to maintain workplace safety for Women.

Every noble cause can be achieved only with valiant efforts, to achieve gender diversity at workplace, a safe working environment and to reinforce the thought that the corporate exists for the benefit of all the stakeholders, Companies need to go beyond the bar. Some of the efforts that can be deliberated by the corporate to maintain gender diversity at workplace and workplace safety are:

*Abolish sexism* : Promotion, salary hike, appraisal appeal female as much they appeal men. The first and foremost step towards achievement of gender diversity is giving equal treatment to both men and women while it comes to work opportunities and pay. Men and women are to be treated at par and the notion of sexism are to be done away with.

*Revisit the recruitment process* : At times it is being found that the women are asked awkward questions that makes then uncomfortable at work interviews. Questions on if they will like to continue even after marriage or pregnancy is often thrown at the women candidates, making them well embarrassed and demotivated at the same time. Such recruitment process doesnot offer complete analysis of the women candidates, thus making them appear less suitable for the job position. To recruit suitable candidates at a particular job role, the candidates are to be analysed irrespective of their gender.

*Implementing gender diversity and safe work environment training* : Along with all other corporate trainings, gender diversity and safe work environment training shall be made compulsory for the employees at all level. Such training, will enable the employees to remove their mind blockage towards working with female employees, thus creating a safe and secured working environment. This will help to secure diversity in terms of gender at workplace. Further, it will help the employees to gain familiarity with the fact that gender discriminations are to be eliminated and gender biasness at the workplace are not to be tolerated and offering a safe and secured work environment to each other is the responsibility of all.

There are numerous cases of sexual harassment at workplace that has hindered the flourishment of the concept of gender diversity at workplace:

***Medha Kotwal Lele & Ors.* V. *Union of India & Ors.***

The case was decided by the Supreme Court in the year 2018. In this case the petitioner has questioned the constitutional validity of the POSH Act, that aims at protecting Women at work. The case highlighted how women counter sexual harassment, facilitated by third party and has also raised the topic of online sexual harassment at workplace. This petitioner stated that the Act has failed to address such workplace harassment. However, the Supreme Court has rejected all the arguments of the petitioner and have proved the constitutional validity of the POSH Act and its important in preventing workplace sexual harassments. This case acts as a landmark in terms of gender-based violence at workplace.

***Gaurav Jain* Vs. *Hindustan Latex Family Planning Promotion Trust (HLFPPT) & Others Delhi High Court, 2015***

In this case landmark judgement by the Delhi High Court under the POSH Act. In this case, as reported, female employee was forced to accompany her male senior to a vacation with him and was forced to stay in a hotel. Being triggered by the circumstances the female employee has availed the Internal Complaints Committee constituted under POSH and the ICC considered the subject male senior as guilty. The Delhi High Court validated the order of terminating the service of the senior male employee on the basis of the finding of the ICC. The case is a sheer example of abuse of position by a senior male employee for sexual advantages, making Women employees vulnerable.

However, despite all the challenges, it has been observed that some of the large corporate entity in recognisation of the concept of the gender diversity at workplace and to benefit themselves from the diversified workforce have created a land mark, while it comes to securing a diversified and secured workplace for Women. Some of such striking corporates whose efforts worth citing are:

**Table**

**(Companies with highest Women Employees)[1]**

| *Sl No.* | *Name of the Company* | *Women employees (in numbers)* | *Women employees (in %)* |
|---|---|---|---|
| 1. | Tata Consultancy Services (TCS) | 2,10,000 | 35 |
| 2. | Infosys | 1,24,498 | 40 |
| 3. | Wipro | 88,946 | 36 |
| 4. | HCL Technologies | 62,780 | 28 |
| 5. | Reliance Industries | 62,560 | 18 |
| 6. | Motherson Sumi Systems | 52,501 | 41 |
| 7. | Tech Mahindra | 42,774 | 34 |
| 8. | ICICI Bank | 32,697 | 31 |
| 9. | HDFC Bank | 22,750 | 16 |
| 10. | Page Industries | 22,631 | 74 |

*Note 1. Source: https://www.businessinsider.in/business/news/tech-majors-are-also-the-companies-that-employ-the-highest-number-of-women/articleshow/95946250.cms*

According to the recent Hurun Report, published in December 01, 2022, which has listed out the most valuable Indian Companies _ ranging from age old nutraceutical and sugar Companies to the new age start ups. The report recognizes TCS to have the most number of Women workers among the top 500 most valuable Companies and thus proving it to br the most safe place for Women employees. The report depicts that technology sector have made a remarkable contribution towards maintaining gender diversity at workplace. Besides TCS, the role of Infosys, Wipro, HCL Technologies are well marked in this context. Such Companies have offered a secured and safe working environment to the female employees, making them the highest Women employment generating Corporates.

## Conclusion

The world is shifting from the stubbornness of the patriarchal society. Preserving and promoting gender diversity at workplace can be achieved only by way of securing the workplace against all the sexual harassments. A secure workplace is not an outcome of management decisions and strategies, it's the end result of everyone's endeavors. Management's strategical decisions only paves a way for a better workplace for Women, however, upholding the ultimate spirit of safe and secured work environment, for preserving gender diversity is the responsibility of all.  Having a secured work environment for sustaining gender diversity can be adopted by the management as a modus operandi towards meeting its Economic, Social and Governance grail. Womanhood is to be respected, celebrated and above all safeguarded at all spectrums of the corporates.

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# Digital Transition of India : Mixed to Competitive

*CS Sameer Gahlot**

The journey of the Indian economy from being a mixed to competitive & digital economy has been a long one. It can be broadly categorised into ***four phases*** starting from 1950 till date. The first phase (starting from 1950 which lasted until 1990) was mostly confined to becoming self-reliant with a significant amount of subsidies being provided to the domestic industries with the exception of essentials like oil, sophisticated technologies, etc. which were imported from developed countries like US, Russia (erstwhile USSR) and the European Union. This phase marked the dominance of labour intensive traditional practices in agriculture and also events like the green revolution in the agricultural sector along with nationalisation of banks & insurance sector in 1969 and 1972 respectively.

As this phase eclipsed, the ***second phase*** took cognizance (starting from 1991 which lasted until the onset of the Global Financial crisis of 2008). The AI journey broadly started with the introduction and evolution of new technologies due to the LPG (Liberalisation, Privatisation and Globalisation) reforms as well the introduction of the internet as a medium to exchange ideates while communicating with people all over the globe. It is during the second phase that building blocks for the financial system were set-up in India through the enactment of different acts like the Information Technology Act (IT Act), Payment and Settlement System Act were enacted and platforms like BHIM-UPI were created by RBI's wholly owned subsidiary arm, National Payment Corporation of India. The IT Act defines certain novel concept(s), which redefined the way businesses were conducted, such as asymmetric crypto system, digital signature certificate, public & private key among others. The service sector in India grew tremendously during this period due to technological advancement. It contributed 52.6 percent of the country's Gross Domestic Product (GDP) in 2006, which is higher than the share for countries at a comparable level of per capita income as India. The sector employed 32 percent of the country's labour force in 2004. Services exports accounted for 38.4 percent of India's total exports in 2006 (against 20 percent in 1990), and services trade was 15 percent of the country's GDP in the same year (up from 3.4 percent in 1990)[1]. United Nations Millennium Development Goals also allowed nation states to collaborate on issues of common interest which further gave required impetus to develop global partnership for development[2].

1. *https://www.ideasforindia.in/topics/macroeconomics/service-sector-growth-and-convergence-across-indianstates. html #:~:text=Services%20contributed%2052.6%25%20of%20the,s%20labour%20force%20in%202004.*

2. *https://www.itu.int/en/ITU-D/Statistics/Pages/intlcoop/mdg/goals.aspx*

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

With the end of the Global Financial crisis in 2008 began an era of development that is categorised in this article as a ***third phase***. The Government of India introduced a plethora of initiatives to uplift the Indian economy like Skill India, Digital India, etc., which were aimed at hand holding and empowering the domestic sector to compete in the globalised environment with emphasises on digital evolution. The economic activities started gaining traction again when initiatives related to digitalisation of the Indian economy were introduced. This phase ended with the onset of pandemic in the year 2020 halting all kinds of economic activity due to which the GDP numbers and economic growth across all nations came to a standstill position. It became evident during this period that an economy can only grow through inclusive policies and it is through competition in the industry that will lead us to the path of development. Our past lessons have taught us that an epidemic or plague converts an economy into a closed one. But, the solution lies not in protectionism but concentration of industries or businesses in different countries so that ricochet effect can be mitigated. Not only does this globalisation have various other merits when it comes to movement of people between countries, it is through this movement that diaspora has become an integral part of economies in the world which is evident from the fact that India currently receives the highest flow of remittances in the world at $108 billion in 2022, up by 24.6 percent from a year ago, and accounting for 3 percent of India's GDP[3]. We would also like to apprise that the principle of ***"Vasudhaiva Kutumbakam"*** is still an intact part where the whole world is helping each other as a family in fighting challenging issues like rule based order, climate change which are transcendental through countries.

To encapsulate the ***last phase***, a list of strategic sectors was prepared and all other sectors were opened up for private investment. The Foreign Direct Investment (FDI) was further relaxed in various other sectors like Insurance, Defence, Pension, Telecom Instrument, etc.

This phase puts reliance on freedom of trade and competition to innovate novel technologies and methodologies. These phases have shaped our life and transformed the way in which we interact with each other. Likewise, the 21st century would be characterised with the onset of the Industry 4.0 and rampant use of digital servitization which would be remembered with certain other buzzing words like automation, innovation, electrification, net zero emission, climate change, digitilization, circular economy, metaverse, pandemic, sustainable development goals, artificial intelligence and glocalization among others to name a few.

Fast forwarding to the Economic Survey 2020-21, Digital Technology has been the ***'sprint runner'*** of this year that enabled us to tide over the disruptive effects of the pandemic. It is noteworthy that the theme for the Economic Survey 2021-22 relates to the art and science of policy making under conditions of extreme uncertainty which is likely to be carried forward by the Government at a time when diverse models are experimented under sandbox framework across the globe to surmount complex technologies including AI, Machine Learning and Blockchain. Technological developments have kept pace with the rising dimensions and depth of economic activities to support their detailed monitoring. Advances in remote sensing, automation, digitisation, information management ecosystem, text mining, natural language processing, artificial intelligence and nowcasting provide us with quick and comprehensive information on activities. Their optimal utilisation has supported

3. *https://rbi.org.in/scripts/BS_ViewBulletin.aspx?Id=21791*

and can further refine compilation of macroeconomic aggregates and increase their efficacy in navigating through uncertainties.[4]

In recent times, Digital infrastructure has emerged as an equally or arguably a more significant infrastructure necessity, as compared to the traditional infrastructure necessities such as power, water, and roads. India's digital divide is narrowing fast, as less affluent states leapfrog to catch up with more affluent states[5]. More importantly, AI has transformed the way we perceive our everyday activities and make it accessible to all sectors including but not limited to finance, agriculture, cyber security, defence, health, smart cities, and space. Some of the transformative digital platforms indigenously developed based on low-cost technology by the Government of India includes Bharat Interface for Money-Unified Payment Interface (BHIM-UPI), Government e-Marketplace (GeM), Goods and Services Tax Network (GSTN), Digital Locker (DigiLocker), Unified Mobile App for New-Age Governance (UMANG), Jeevan Pramaan, e-Hospital, MyGov, e-National Agriculture Market (e-NAM), Study Webs of Active-Learning for Young Aspiring Minds (SWAYAM), Aarogya Setu, MeghRaj, Pradhan Mantri Gramin Digital Saksharta Abhiyan (PMGDISHA), eKYC (electronic Know Your Customer), DBT (Direct Benefit Transfer), V2 as well as recently introduced V3 portal of the Ministry of Corporate Affairs, etc. The Union Budget 2023-2024 also highlighted creation of three centres of excellence for Artificial Intelligence to be set-up in top educational institutions to realise the vision of ***"Make AI in India and Make AI work for India"***[6].

In this dynamic environment, where everything is just a click away it is pertinent to note that the number of telephone subscribers in India as on April 30, 2023 stands at 1,172.52 million with urban telephone subscription constituting around 653.88 million and the rural subscription at 518.64 million during the same period. The share of urban and rural subscribers in the total number of telephone subscribers at the end of April-23 was 55.77 percent and 44.23 percent respectively[7]. The number of subscribers who use the internet to avail any service may be less, meaning thereby internet penetration is not widely available creating obstacles for people to enjoy basic online services such as opening of a bank account, accessing meaningful information. To make Internet available for all there are certain key areas, such as physical infrastructure, which need to be looked upon in order to realise the vision and mission of different participants especially the Government of India which is eyeing to create up to $1 trillion of economic value from the digital economy[8] with the overall objective of achieving $5 trillion economy by 2025[9]. The fifth technological wave is on our doorstep and India is proactively dealing with it by ramping up its Digital Public Infrastructure (DPI) while concomitantly working on its shortcoming(s). India has emerged as the largest player in real-time payment transactions globally, with a share close to 50 percent. The Unified Payment Interface

4. *https://rbidocs.rbi.org.in/rdocs/Speeches/PDFs/STATISTICSDAY95F880F16B7942F8BAC2D41D33B264C0.PDF*
5. *The Role of Digital Infrastructure in Socio-economic Development by Naman Agrawal, S. Mohit Rao and Himanshu Agrawal*
6. *https://pib.gov.in/PressReleasePage.aspx?PRID=1895315*
7. *https://www.trai.gov.in/sites/default/files/PR_No.58of2023.pdf*
8. *https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1565669*
9. *https://pib.gov.in/Pressreleaseshare.aspx?PRID=1549454*

(UPI) is the mainstay of the retail payment ecosystem, with around 9 billion transactions in April 2023 alone and this is attracting global attention[10].

Additionally, to address the issues arising in this sphere, the Government of India has constituted a Task Force on Artificial Intelligence as "AI Task Force an initiative by the Ministry of Commerce & Industry" along with the "National Strategy for AI" released by Niti Aayog, a think tank which replaced the erstwhile Planning Commission. MeitY further creates ***four committees***[11] i.e. Committee on Platforms and Data for AI, Committee on Leveraging AI for Identifying National Missions in Key Sectors, Committee on Mapping Technological capabilities, Key Policy enablers required across sectors. Skilling and Re-skilling, R & D and Committee on Cyber Security, Safety, Legal and Ethical Issues to develop a policy framework on different dimensions of AI. Certain recommendations of said committee(s) include the following:

1. Developing an Open National Artificial Intelligence Resource Platform for knowledge sharing and awareness, based on platforms available in countries like Singapore, and integrating them with databases of the Government for accuracy and authenticity of the information available on the said platform and other incidental matters[12].
2. Identification of 20 such sectors including but not limited to agriculture, health, food, water resource, environment & pollution, education, culture, finance, public safety, railways and specially abled, etcetera, where AI can be used[13].
3. A regulatory and collaborative framework should be developed which shall ensure availability of data with clear and transparent controls, inclusive growth through supportive policies and regulations rather than banning activities through multistakeholderism approach[14].
4. International collaboration to tackle cyberattacks while coming up with robust solutions, allowing hackathon around such issues, cybersecurity challenges, fiduciary responsibility of the public agencies in possession of sizeable data and making them accountable while sensitising them as well as sharing best practices or use cases for further development[15].

The National Strategy for AI[16] released by the Niti Aayog focuses on five key sectors, such as healthcare, agriculture, education, smart cities & infrastructure, and smart mobility & transportation, which are envisioned to benefit most from AI while presenting barriers which needs to be addressed such as lack of expertise, absence of enabling ecosystem, high cost with low awareness, privacy & security and absence of collaborative approach to adopt and implement. Based on the National Strategy for AI, some of the use case(s) of AI in India are:

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10. *https://rbi.org.in/scripts/BS_ViewBulletin.aspx?Id=21791*
11. *https://www.meity.gov.in/writereaddata/files/constitution_of_four_committees_on_artificial_intelligence_0.pdf*
12. *https://www.meity.gov.in/writereaddata/files/Committes_A-Report_on_Platforms.pdf*
13. *https://www.meity.gov.in/writereaddata/files/Committes_B-Report-on-Key-Sector.pdf*
14. *https://www.meity.gov.in/writereaddata/files/Committes_C-Report-on_RnD.pdf*
15. *https://www.meity.gov.in/writereaddata/files/Committes_D-Cyber-n-Legal-and-Ethical.pdf*
16. *https://niti.gov.in/sites/default/files/2019-01/NationalStrategy-for-AI-Discussion-Paper.pdf*

1. Leveraging Technology to improve healthcare facilities through National eHealth Authority (NeHA), Integrated Health Information Program (IHIP) and Electronic Health Record Standards for India. AI can be used to treat patients in far-fetch areas and also for cancer screening & treatment which can help detect and manage cancer at an early stage that too at low cost.
2. In agriculture, production and nutrient content can be enhanced and improved at the grassroots level with updates at an appropriate interval(s) for precision farming and other related information such as optimal sowing date, soil test fertilisers application, farm yarn manure application, soil health, recommended fertiliser, and seven day weather forecasts among others.
3. In education, smart content can be created using AI after properly analysing existing courses, textbooks, course curriculum, chapter summaries and multiple-choice tests. It can also detect school dropout, a project recently conducted by the Government of Andhra Pradesh based on certain specific parameters while resolving issues associated with that. The Andhra Pradesh Government, based on machine learning and analytics, has identified about 19,500 probable drop-outs from government schools in Visakhapatnam district for the next academic year (2018-19).
4. Robust R&D can be conducted using AI which would be free from any errors and provide conducive results to conduct further studies. Moreover, congestion and chaotic conditions of Indian traffic can be resolved through effective use of AI.

Using frontier technologies, Indian companies are making significant leaps in innovation such as large multinational corporations (MNCs) setting up Global Capability Centres (GCCs) which are offshore offices, delivering a wide array of services across IT sector verticals. India is home to about 40 percent of global GCCs, and they are estimated to comprise 25 percent of overall IT services exports. It is estimated by the National Association of Software and Service Companies (NASSCOM) that India will add 500 GCCs by 2026[17]. In doing so, they are making their contribution to the country's socioeconomic transformation. Additionally, a startup culture has taken root across the country, positioning India as the third biggest startup economy in the world[18]. As per the Global Innovation Index 2022, India became the global leader in innovation in the Central & Southern Asia region[19]. It placed India at 40$^{th}$ position, notched up from 48th position in 2020. Though India has the third largest startup ecosystem in the world, only 4 cities appearing in the top 100 startup cities, there still exists an exponential gap in the number of patents registered by the non-resident vis-à-vis resident (also highlighted by the ES 2020-21). The Department for Promotion of Industry and Internal Trade Start-ups Intellectual Property Protection Scheme has not yielded the expected results

17. *https://rbi.org.in/scripts/BS_ViewBulletin.aspx?Id=21791*
18. *https://www.wipo.int/edocs/pubdocs/en/wipo-pub-2000-2022-en-main-report-global-innovation-index-2022-15th-edition.pdf*
19. *https://www.wipo.int/edocs/pubdocs/en/wipo-pub-2000-2022-en-main-report-global-innovation-index-2022-15th-edition.pdf*

but there is still a scope to improve by hand-holding and empowering the start-up in their initial years.

On the global front, India became a founding member of an international grouping, the Global Partnership on Artificial Intelligence (GPAI), focusing on AI. In order to compete globally with countries like Israel, South Korea, Switzerland, Sweden and Japan, India needs to ramp up its budget in R&D. The recently approved National Research Foundation Bill would be the right step in this direction to foster a culture of research and innovation throughout India's universities, colleges, research institutions, and R&D laboratories[20].

AI is currently unregulated and is evolving faster than light with its different variant(s) such as Artificial General Intelligence (AGI) and Artificial Super Intelligence (ASI) which could have major ramifications on privacy, information, economies, and societies. The pace of progress of these technologies has so far outpaced the ability to effectively regulate them, which has led to backlash from some governments, under varying pretexts. Italy, Russia, North Korea, Cuba, Iran, China, and Syria have banned the technology citing either data privacy or misinformation concerns. Therefore, it would be essential to involve discussion around regulating these emerging technologies like AI in each and every session to design these technologies in a safe way for the growth of humanity to achieve the goals of all the participant(s) in the ecosystem. This year presents a golden opportunity for India when it is heading G20 presidency wherein it can shed light on issues including AI which are transcendental in nature to reach consensus on regulating these emerging technologies to safeguard One Earth, One Family, One Future.

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20. *https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1935895*

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# Artificial Intelligence : Today's Digital Transformation

*CS Nagesh Kumar**

## Introduction

In the ever-evolving realm of technology, artificial intelligence (AI) has emerged as a powerful catalyst, revolutionizing industries and reshaping societies. As organizations strive to navigate the complex digital landscape, the concept of digital transformation has become increasingly crucial. At the heart of this transformative journey lies AI, a driving force that propels organizations towards innovative possibilities and enhanced efficiencies. This article delves into the nuanced relationship between artificial intelligence and digital transformation, shedding light on the profound impact AI has on various aspects of organizational evolution.

Digital transformation, in its essence, refers to the integration of digital technologies into all aspects of an organization's operations, fundamentally changing how they function and deliver value. It is a response to the ever-increasing demand for agility, adaptability, and competitiveness in the digital age. In this context, artificial intelligence emerges as a key enabler of digital transformation, empowering organizations to leverage vast amounts of data and automate processes in ways that were previously unimaginable.

In this article, we will explore the multifaceted relationship between artificial intelligence and digital transformation. We will delve into the role of AI in driving automation and operational efficiency, the power of AI-driven data analysis in decision-making, the impact of AI on enhancing customer experiences, and the ethical considerations that accompany the integration of AI into digital transformations. By uncovering the nuances of AI within the digital transformation landscape, organizations can chart a course towards sustainable growth, innovation, and success in the digital era.

## The Role of AI in Digital Transformation

1.1 *Defining Digital Transformation:*

In the rapidly evolving digital era, organizations are compelled to undergo digital transformation to adapt and thrive in the face of technological advancements and changing customer expectations. Digital transformation refers to the comprehensive integration of digital technologies into all aspects of an organization's operations, fundamentally altering how they operate, interact with stakeholders, and deliver value. At its core, digital transformation is driven by the need for organizations to become more agile, customer-

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

centric, and data-driven. In this context, artificial intelligence emerges as a transformative force that fuels and accelerates the process of digital transformation.

1.2 *Introduction to Artificial Intelligence:*

Artificial intelligence encompasses a range of technologies and techniques that enable machines to exhibit human-like intelligence and perform tasks that traditionally required human intervention. Machine learning, a prominent subset of AI, enables machines to learn from vast amounts of data and improve their performance over time without explicit programming. Natural language processing allows machines to understand and interpret human language, enabling effective communication between humans and machines. Robotics and automation, another facet of AI, involve the use of intelligent machines to automate repetitive tasks and physical processes.

Within the realm of digital transformation, AI plays a pivotal role in reshaping business models, optimizing operations, and delivering enhanced customer experiences. By harnessing the power of AI, organizations can unlock new opportunities and efficiencies that were previously unattainable. AI empowers organizations to leverage the wealth of data available in the digital landscape and extract valuable insights for informed decision-making. It enables the automation of repetitive and mundane tasks, freeing up human resources to focus on higher-value activities. AI-powered chatbots and virtual assistants enhance customer service interactions by providing personalized and timely assistance. Through AI, organizations can reimagine their processes, strategies and interactions to meet the evolving demands of the digital world.

The integration of AI into digital transformation initiatives has the potential to revolutionize various industries. For example, in manufacturing, AI-driven robotics and automation streamline production processes, improve quality control and enhance supply chain management. In healthcare, AI-powered algorithms analyze medical data to facilitate early disease detection, support diagnosis and optimize treatment plans. Financial institutions leverage AI to detect fraudulent activities, provide personalized financial recommendations, and enhance risk management practices. Retail organizations utilize AI to analyze customer preferences and behavior, deliver personalized product recommendations and optimize inventory management. The applications of AI in digital transformation are vast and continue to evolve as technology advances and organizations embrace the potential of AI to drive innovation, efficiency, and competitiveness.

As organizations embark on their digital transformation journeys, understanding and harnessing the potential of AI is critical. By leveraging AI technologies such as machine learning, natural language processing and robotics, organizations can unlock new levels of operational efficiency, gain valuable insights from data, enhance customer experiences, and drive innovation. However, it is important to approach the integration of AI into digital transformation initiatives thoughtfully and ethically, considering factors such as bias, privacy, and security. By doing so, organizations can navigate the nuances of AI and seize the transformative potential of this remarkable technology in their digital transformation endeavours.

## Automation and Operational Efficiency

2.1 *Automation in Business Processes:*

Automation lies at the heart of digital transformation, driving operational efficiency and freeing up resources for higher-value activities. With the advent of artificial intelligence, organizations can leverage automation in a multitude of business processes to streamline operations, reduce costs, and enhance overall efficiency. AI-powered automation enables organizations to tackle routine and repetitive tasks that were previously performed by humans, allowing employees to focus on more strategic and creative endeavors.

Through AI-driven automation, organizations can achieve unprecedented levels of productivity and accuracy. Tasks such as data entry, document processing and report generation can be automated, minimizing human error and significantly reducing the time required to complete these activities. Furthermore, AI-powered robotic process automation (RPA) enables the integration of disparate systems and applications, automating end-to-end processes and eliminating the need for manual handoffs and data entry.

Industries across the spectrum are witnessing the benefits of automation through AI. In manufacturing, AI-driven robots and autonomous systems can handle complex assembly processes, resulting in improved precision and efficiency. Supply chain management can be optimized through AI algorithms that analyze demand patterns, predict inventory needs, and automate procurement and logistics operations. In customer service, chatbots powered by AI can handle routine customer inquiries, providing quick and accurate responses while freeing up human agents to address more complex issues.

2.2 *Workforce Transformation:*

AI-powered automation does not replace humans; rather, it augments human capabilities and enables organizations to reallocate human resources to more strategic and value-added tasks. As mundane and repetitive tasks are automated, employees can focus on activities that require creativity, critical thinking and problem-solving skills. This shift in roles necessitates a transformation in the workforce, where employees need to develop new skill sets to thrive in an AI-powered environment.

Organizations embracing AI-driven automation must invest in reskilling and upskilling programs to equip their workforce with the necessary skills to collaborate effectively with AI systems. This includes developing expertise in areas such as data analysis, algorithm design and AI system management. Moreover, cultivating skills such as creativity, emotional intelligence and complex problem-solving becomes crucial as these are areas where human judgment and intuition still surpass AI capabilities.

While automation through AI offers tremendous opportunities, concerns about job displacement are valid. However, historical precedents have shown that technology-driven advancements often create new job opportunities that were previously unimaginable. Rather than replacing jobs entirely, AI automation transforms the nature of work, requiring individuals to adapt and acquire new skill sets to thrive in a digitally transformed world organizations also need to consider the ethical implications of automation in the workforce. It is essential to ensure that the benefits of automation are equitably distributed among employees, and measures are in place to address potential job displacement. Strategies such as reskilling initiatives, job rotation and creating new roles that leverage human creativity and empathy can mitigate the adverse effects of automation on the workforce.

In conclusion, AI-driven automation is a game-changer in achieving operational efficiency within digital transformation initiatives. By automating routine and repetitive tasks, organizations can optimize processes, reduce errors, and enhance productivity. The transformation of the workforce, enabled by AI, allows employees to focus on higher-value activities, fostering creativity and innovation. It is crucial for organizations to invest in reskilling and upskilling programs to ensure a seamless transition and empower employees to thrive in the era of automation. Through thoughtful implementation and consideration of the human aspect, organizations can unlock the full potential of AI-powered automation to drive operational efficiency and success in the digital transformation journey.

**Data Analysis and Decision-Making**

3.1 *Leveraging Data for Insights:*

In the digital age, organizations are inundated with vast amounts of data. However, the true value lies in the ability to extract meaningful insights from this data to inform decision-making and drive strategic initiatives. This is where artificial intelligence plays a pivotal role. AI-powered data analysis techniques enable organizations to process, analyse and derive valuable insights from large and complex datasets, unlocking patterns, trends, and correlations that may have otherwise remained hidden.

Machine learning algorithms, a subset of AI, form the backbone of data analysis. These algorithms have the ability to learn from data patterns and make predictions or classifications without being explicitly programmed. By leveraging machine learning, organizations can uncover valuable insights from structured and unstructured data sources, such as customer interactions, social media, sensor data and transaction records.

The application of AI in data analysis transcends industry boundaries. In healthcare, AI algorithms can analyze medical records, clinical notes, and genetic data to support diagnosis, treatment planning and drug discovery. In finance, AI-powered analytics can detect patterns in financial transactions to identify fraudulent activities and manage risks effectively. Retail organizations utilize AI to analyze customer behaviour and preferences, enabling targeted marketing campaigns and personalized product recommendations. These are just a few examples of how AI-driven data analysis empowers organizations to make data-informed decisions and gain a competitive edge in the digital landscape.

3.2 *Predictive Analytics and Personalization:*

One of the key advantages of AI-powered data analysis is its ability to predict future outcomes and deliver personalized experiences. Predictive analytics, a branch of data analysis, utilizes historical and real-time data to forecast future trends, behaviours and events. By leveraging AI algorithms, organizations can make accurate predictions, enabling proactive decision-making and strategic planning.

Predictive analytics finds extensive applications across various industries. For instance, in manufacturing, AI algorithms can forecast equipment failure, allowing proactive maintenance to minimize downtime and optimize production efficiency. In e-commerce, organizations can utilize predictive analytics to anticipate customer demand, optimize inventory levels and offer personalized product recommendations. Financial institutions leverage predictive analytics to assess creditworthiness, identify potential fraud and optimize investment strategies.

Personalization is another significant aspect empowered by AI-driven data analysis. By analyzing vast amounts of customer data, including browsing history, purchase patterns, and demographic information, organizations can deliver highly targeted and personalized experiences. AI algorithms enable the identification of customer segments, enabling tailored marketing campaigns and customized product offerings. Personalization not only enhances customer satisfaction but also increases engagement, loyalty and ultimately drives business growth.

However, it is important to balance personalization with ethical considerations, such as data privacy and security. Organizations must handle customer data responsibly, ensuring compliance with relevant regulations and adopting robust data protection measures to maintain customer trust.

In conclusion, AI-powered data analysis revolutionizes the way organizations make decisions and derive insights. By leveraging machine learning algorithms and predictive analytics, organizations can uncover hidden patterns, forecast future trends and deliver personalized experiences. The ability to analyze vast amounts of data empowers organizations to make informed decisions, optimize operations and drive innovation. However, it is crucial for organizations to navigate the ethical considerations surrounding data privacy and security to build trust and ensure responsible use of customer data. Through the integration of AI-powered data analysis, organizations can embrace data-driven decision-making and unlock new opportunities for growth and success in the digital era.

**Enhancing Customer Experience**

4.1 *The Power of AI in Customer Experience*

In today's hyperconnected world, delivering exceptional customer experiences has become a paramount focus for organizations. Artificial intelligence serves as a game-changer in this domain, enabling organizations to understand and engage with customers in more personalized and meaningful ways. By harnessing AI technologies, organizations can gain valuable insights into customer preferences, behaviour and sentiment and leverage this information to create seamless, tailored experiences throughout the customer journey.

AI-powered chatbots and virtual assistants are transforming customer interactions. These intelligent systems use natural language processing to understand and respond to customer queries, providing quick and accurate assistance around the clock. Through AI-driven chatbots, organizations can offer instant support, resolve common issues and provide relevant information to customers, thereby enhancing the overall customer experience. Additionally, virtual assistants can learn from past interactions to personalize future conversations, creating a more human-like and engaging experience for customers.

4.2 *Personalization and Recommendation Systems:*

Personalization is a key differentiator in the digital age, and AI plays a crucial role in delivering personalized experiences to customers. By analyzing vast amounts of customer data, AI algorithms can uncover valuable insights about individual preferences, purchase history, and browsing behaviour. This enables organizations to create personalized marketing campaigns, recommend relevant products and services, and tailor the overall customer journey to meet specific needs.

Recommendation systems powered by AI have become prevalent in various industries. In e-commerce, organizations leverage AI algorithms to offer product recommendations based on customers' browsing and purchasing history, improving cross-selling and upselling opportunities. Streaming platforms utilize AI-powered recommendation systems to suggest personalized content based on viewers' past preferences and viewing patterns, enhancing user engagement and satisfaction. These recommendation systems not only drive sales and customer loyalty but also enhance the overall customer experience by providing relevant and enjoyable interactions.

4.3 *Sentiment Analysis and Voice of the Customer:*

Understanding customer sentiment and feedback is crucial for organizations to continuously improve their products and services. AI techniques, such as sentiment analysis, enable organizations to analyze and interpret customer sentiment from various sources, including social media, customer reviews and support interactions. By applying natural language processing and machine learning, AI algorithms can identify positive and negative sentiment, extract key themes, and identify emerging trends.

This analysis allows organizations to gain valuable insights into customer perceptions, pain points and expectations. By listening to the voice of the customer through AI-powered sentiment analysis, organizations can make data-informed decisions, prioritize areas for improvement and proactively address customer concerns. This not only improves the customer experience but also fosters customer loyalty and advocacy.

4.4 *Ethical Considerations in Customer Experience*

While AI offers tremendous potential for enhancing customer experiences, organizations must navigate ethical considerations to ensure responsible and fair use of customer data. It is vital to prioritize data privacy, transparency and consent when leveraging AI technologies to collect and analyse customer information. Organizations should establish robust data governance frameworks and comply with relevant regulations to protect customer privacy and build trust.

Moreover, it is crucial to address potential biases that may arise from AI algorithms. Bias can inadvertently influence decision-making processes and impact customer experiences. Organizations need to ensure that AI models are trained on diverse and representative datasets, and regularly evaluate and mitigate any biases that may arise.

In conclusion, AI is revolutionizing customer experience by enabling organizations to deliver personalized, seamless interactions throughout the customer journey. Through AI-powered chatbots, virtual assistants and recommendation systems, organizations can engage customers in more meaningful and tailored ways. AI-driven sentiment analysis allows organizations to understand customer sentiment and feedback, enabling continuous improvement and proactive customer service. However, organizations must prioritize ethical considerations, including data privacy, transparency, and bias mitigation, to ensure responsible and customer-centric use of AI. By embracing AI technologies within the context of enhancing customer experience, organizations can forge stronger connections with customers, drive loyalty, and gain a competitive edge in the digital landscape.

## Ethical Considerations in AI-Powered Transformation

5.1 *The Importance of Ethical AI:Practising Company*

As organizations embrace AI-powered transformation, it is crucial to prioritize ethical considerations to ensure responsible and trustworthy use of this technology. Ethical AI refers to the development, deployment, and utilization of artificial intelligence systems in a manner that aligns with principles of fairness, transparency, accountability and human well-being. By addressing ethical considerations, organizations can mitigate potential risks, build public trust and foster sustainable and inclusive AI-powered transformation.

5.2 *Fairness and Bias Mitigation:*

One of the key ethical challenges in AI is ensuring fairness and mitigating biases in algorithms and data sets. AI systems are trained using historical data, which can inadvertently embed biases present in the data. These biases can lead to discriminatory outcomes and perpetuate social injustices. To address this challenge, organizations need to ensure that AI algorithms are developed and trained on diverse and representative data sets, minimizing biases and promoting fairness. Regular evaluation and auditing of AI systems can help identify and rectify any biases that may emerge during the deployment phase.

Transparency in AI algorithms is also crucial for fairness. Organizations should strive to make their AI systems transparent and explainable, enabling stakeholders to understand how decisions are made. This transparency allows for scrutiny, accountability and the identification of potential biases or discriminatory patterns. Additionally, organizations should provide avenues for recourse and redress if individuals believe they have been subject to unfair or biased AI-driven decisions.

5.3 *Privacy and Data Protection:*

AI-powered transformation often relies on extensive data collection and analysis. It is essential for organizations to prioritize data privacy and protection to maintain the trust of their customers and stakeholders. Organizations must ensure that they collect and process data in accordance with applicable privacy laws and regulations. This includes obtaining informed consent from individuals, clearly communicating the purpose of data collection and implementing robust security measures to safeguard sensitive information.

Moreover, organizations should adopt privacy-preserving techniques in AI systems, such as data anonymization and encryption, to protect individual privacy while still enabling meaningful analysis. Data minimization principles should be followed, where organizations only collect and retain necessary data for the intended purposes, ensuring that the rights and privacy of individuals are respected throughout the AI-powered transformation process.

5.4 *Accountability and Human Oversight:*

While AI systems can automate decision-making processes, it is essential to maintain human oversight and accountability. Humans should have the ability to understand, challenge and override AI-driven decisions when necessary. Organizations must establish mechanisms for accountability, ensuring that AI systems are subject to rigorous testing, validation, and ongoing monitoring to detect and correct errors or biases.

Organizations should also define clear roles and responsibilities for individuals involved in AI-powered transformation initiatives. This includes establishing governance frameworks, codes of conduct and ethical guidelines that guide the development, deployment and use of AI systems. Ethical review boards or committees can be implemented to provide oversight and ensure compliance with ethical principles and standards.

5.5 *Social Impact and Inclusivity:*

AI-powered transformation should strive to have a positive social impact and promote inclusivity. Organizations need to consider the potential implications of their AI systems on various stakeholders, including vulnerable or marginalized groups. This involves conducting impact assessments to identify and mitigate any potential adverse effects on individuals or communities.

Ensuring diversity and inclusivity in AI development teams is crucial. By incorporating diverse perspectives, organizations can minimize biases and develop AI systems that are more representative and fairer. Collaboration with external stakeholders, such as ethicists, social scientists and civil society organizations, can provide valuable insights and guidance in addressing ethical considerations and ensuring the social acceptability of AI-powered transformation initiatives.

In conclusion, ethical considerations play a central role in AI-powered transformation. By prioritizing fairness, transparency, privacy, accountability and inclusivity, organizations can navigate the ethical challenges associated with AI. Addressing biases, ensuring data privacy, maintaining human oversight and considering social impact are critical elements in building responsible and trustworthy AI systems. By embracing ethical AI practices, organizations can harness the transformative power of AI while upholding fundamental values and principles, benefiting individuals, society and the overall success of AI-powered transformation initiatives.

**Conclusion**

Artificial intelligence (AI) is at the forefront of digital transformation, revolutionizing the way organizations operate, make decisions, and engage with customers. Throughout this article, we have explored the nuanced role of AI in various aspects of digital transformation and its impact on organizations across industries. From automation and operational efficiency to data analysis and decision-making, enhancing customer experience, and ethical considerations, AI has emerged as a powerful force driving innovation and growth.

However, as organizations embark on AI-powered transformation, it is essential to navigate ethical considerations. Fairness and bias mitigation are critical to ensuring AI systems do not perpetuate discrimination or social injustices. Transparency and accountability enable stakeholders to understand and challenge AI-driven decisions. Privacy and data protection safeguard individual rights and build trust. Human oversight maintains control and responsibility, preventing AI from becoming detached from human values and ethics. Inclusivity and social impact considerations ensure that AI transformation benefits all stakeholders and minimizes adverse effects on marginalized groups.

In conclusion, AI is a transformative force in digital transformation, with its wide-ranging applications and potential to reshape industries. By leveraging AI technologies responsibly and ethically, organizations can unlock new opportunities, drive innovation and deliver exceptional customer experiences. Embracing AI-powered transformation requires a careful balance between harnessing the benefits and addressing the challenges. By prioritizing ethical considerations, organizations can ensure that AI becomes a driving force for positive change, shaping a future where technology and human values go hand in hand.

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# Artificial Intelligence in Corporate Compliance for Enhanced Risk Management and Regulatory Adherence

*CS Tanay Ojha**

**Introduction**

In the fast-paced and complex world of corporate compliance, organizations face increasing challenges in navigating intricate regulatory frameworks and mitigating compliance risks. To address these challenges, the integration of Artificial Intelligence (AI) has emerged as a transformative solution, revolutionizing the way businesses approach and manage compliances.

AI encompasses a wide range of technologies, including machine learning, natural language processing, and data analytics, which empower organizations to leverage vast amounts of data and extract meaningful insights. By automating labor-intensive compliance tasks, analyzing patterns, and detecting anomalies, AI systems enable more accurate risk assessment and decision-making processes.

The purpose of this paper is to provide a comprehensive exploration of AI's applications in corporate compliance, emphasizing the benefits and challenges associated with its implementation. By doing so, we aim to shed light on how organizations can effectively leverage AI to enhance risk management and regulatory adherence.

The applications of AI in corporate compliance are far reaching. One crucial area where AI proves invaluable is risk assessment. By analyzing both structured and unstructured data, AI algorithms can identify patterns and trends that may indicate potential compliance breaches or vulnerabilities. This real-time monitoring enables organizations to proactively identify and address compliance risks before they escalate, safeguarding their reputation and avoiding costly penalties.

Regulatory monitoring is another key domain where AI plays a pivotal role. With constantly evolving regulations across various jurisdictions, organizations must stay abreast of changes to ensure compliance. AI powered systems can continuously scan and analyze regulatory updates, providing organizations with timely alerts and insights on relevant changes, thus facilitating proactive adaptation to shifting compliance requirements.

Moreover, AI enhances policy management by automating processes such as policy creation, dissemination, and enforcement. AI systems can review and categorize policies, ensuring consistency and alignment with regulatory guidelines. Additionally, AI driven chatbots and virtual assistants enable employees to access compliance information and seek guidance in real-time, promoting a culture of compliance throughout the organization.

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Fraud detection and prevention are areas where AI demonstrates remarkable capabilities. By analyzing large volumes of data and detecting anomalous patterns, AI algorithms can identify potential fraudulent activities, enabling organizations to take immediate action. This proactive approach not only safeguards the organization's assets but also ensures a fair and transparent business environment.

While the benefits of AI in corporate compliance are substantial, several challenges must be addressed for its successful integration. Ethical considerations, such as algorithmic bias and the need for transparency and explainability, require careful attention to prevent unintended consequences. Privacy concerns related to data collection and usage necessitate robust data protection measures to safeguard individual rights. Additionally, organizations must develop the necessary infrastructure, skills, and cultural readiness to adopt and embrace AI technologies effectively.

In conclusion, the integration of artificial intelligence in corporate compliance holds tremendous promise for organizations seeking to strengthen their risk management practices and ensure regulatory adherence. By leveraging AI's capabilities in risk assessment, regulatory monitoring, policy management, and fraud detection, organizations can enhance their compliance processes, reduce human error, and proactively mitigate compliance risks. However, to realize the full potential of AI, organizations must address ethical considerations, privacy concerns, and organizational readiness. Collaboration between industry stakeholders, academia, and regulatory bodies will be vital in establishing guidelines, standards, and best practices for responsible and effective AI implementation in corporate compliance.

**Benefits of AI in Corporate Compliance**

The integration of artificial intelligence brings forth numerous benefits for organizations aiming to optimize their corporate compliance efforts. Understanding these benefits is crucial for organizations considering the adoption of AI technologies in their compliance processes. The following are key advantages that AI offers in the realm of corporate compliance:

1. *Enhanced Efficiency and Accuracy* : AI powered systems automate manual and repetitive compliance tasks, such as data analysis, document review, and regulatory monitoring. By leveraging machine learning algorithms, organizations can process vast amounts of data quickly and accurately, significantly reducing the time and effort required for compliance activities. This increased efficiency allows compliance teams to focus on higher-value tasks, such as strategic risk management and decision-making.

2. *Real-time Regulatory Monitoring* : Staying up to date with constantly evolving regulations can be challenging for organizations operating in multiple jurisdictions. AI systems equipped with natural language processing capabilities can monitor and analyze regulatory changes in real-time. This enables organizations to promptly identify and adapt to new compliance requirements, ensuring ongoing adherence and minimizing the risk of non-compliance.

3. *Proactive Risk Identification and Mitigation* : AI algorithms can analyze historical compliance data, detect patterns, and identify potential compliance risks. By proactively identifying areas of vulnerability or potential misconduct, organizations can take preventive measures to address compliance gaps and mitigate risks before they escalate. This proactive approach

enables organizations to maintain a strong compliance posture, reducing the likelihood of regulatory breaches and associated penalties.

4. *Fraud Detection and Prevention* : AI powered analytics can analyze large volumes of data to identify suspicious activities, anomalies, and patterns indicative of fraudulent behavior. By continuously monitoring transactions, financial data, and employee behavior, AI systems can detect potential fraud cases and trigger alerts for further investigation. Timely detection of fraud enables organizations to take swift action, minimizing financial losses and protecting their reputation.

5. *Data-driven Decision Making* : AI algorithms can analyze diverse datasets, including structured and unstructured data, to generate insights that inform compliance-related decision making. By leveraging advanced analytics, organizations can make data-driven decisions regarding risk mitigation strategies, policy formulation, and compliance program effectiveness. These insights help organizations allocate resources efficiently and prioritize compliance efforts based on identified risks and priorities.

6. *Continuous Compliance Monitoring* : Traditional compliance monitoring often relies on periodic assessments, which may lead to potential gaps or delays in identifying compliance issues. AI-powered systems enable continuous monitoring of compliance-related activities, transactions, and behaviors. This ensures that organizations have real-time visibility into their compliance posture and can promptly address any emerging compliance concerns.

By leveraging the benefits outlined above, organizations can establish robust compliance frameworks, improve risk management practices, and foster a culture of compliance throughout the organization. The implementation of AI technologies empowers organizations to stay ahead of regulatory changes, efficiently allocate resources, and mitigate compliance risks effectively.

However, it is crucial to recognize that the adoption of AI in corporate compliance also presents certain challenges. The next section will delve into the key challenges organizations may encounter when implementing AI in their compliance processes and strategies.

**Challenges and Considerations for AI in Corporate Compliance**

While the integration of AI in corporate compliance brings significant benefits, organizations must also address various challenges and considerations to ensure its successful implementation. Being aware of these challenges is vital for organizations seeking to leverage AI effectively while maintaining ethical standards and regulatory compliance. The following are key challenges and considerations associated with AI in corporate compliance:

1. *Ethical Considerations* : AI algorithms and machine learning models are trained on vast amounts of data, and if the training data contains biases, the AI systems may inadvertently perpetuate those biases. It is crucial to ensure fairness, transparency, and explainability in AI algorithms used for compliance purposes. Organizations must implement ethical AI frameworks that address issues such as algorithmic bias, discrimination, and fairness, ensuring that AI systems do not perpetuate or amplify existing biases in decision-making processes.

2. *Data Privacy and Security* : AI applications in compliance often require access to sensitive and confidential data, such as employee information and customer data. Organizations must establish robust data privacy and security measures to protect the privacy rights of individuals and comply with applicable data protection regulations. Implementing strong data governance practices, data anonymization techniques, and secure data storage and transmission protocols are essential to safeguarding data privacy and maintaining compliance.

3. *Explainability and Interpretability* : AI algorithms can sometimes be viewed as "black boxes" because their decision-making processes are not always easily understandable or explainable to humans. In the context of compliance, it is crucial to ensure that AI systems can provide explanations for their decisions and recommendations. Organizations should strive to develop AI models that are interpretable, enabling compliance professionals and regulators to understand and validate the reasoning behind AI-generated outputs.

4. *Human-Machine Collaboration* : AI should be viewed as a tool to augment human decision-making rather than replace human judgment and expertise. Organizations should focus on fostering a collaborative environment where humans and AI systems work together effectively. Combining human expertise with AI capabilities ensures that ethical considerations, context-specific knowledge, and subjective judgment are appropriately integrated into compliance decision-making processes.

5. *Organizational Readiness and Change Management* : Integrating AI into existing compliance frameworks requires careful planning, organizational readiness, and change management strategies. Organizations should assess their current compliance processes, identify areas where AI can add value, and develop a roadmap for implementation. Adequate training and upskilling programs should be provided to employees to ensure they have the necessary skills and knowledge to effectively use AI tools and understand their limitations.

6. *Regulatory Compliance and Oversight* : As AI continues to evolve, regulatory bodies are actively working to develop frameworks and guidelines for the ethical and responsible use of AI in various industries. Organizations must stay abreast of regulatory developments and ensure that their AI systems comply with applicable laws and regulations. Collaboration between regulators, industry stakeholders, and academia is essential to establish standards and best practices for AI in compliance.

By addressing these challenges and considerations, organizations can unlock the full potential of AI in corporate compliance while ensuring ethical and responsible use. A comprehensive approach that combines technological advancements, governance frameworks, employee training, and collaboration with regulators will contribute to successful AI implementation in compliance practices.

In the next section, we will explore practical applications of AI in corporate compliance, highlighting specific use cases and examples that demonstrate the transformative potential of AI in this field.

**Practical Applications of AI in Corporate Compliance**

The integration of artificial intelligence (AI) in corporate compliance offers a wide range of practical applications that empower organizations to enhance their compliance processes and achieve better risk management. By leveraging AI technologies, organizations can streamline operations, improve decision-making, and proactively address compliance challenges. The following are practical applications of AI in corporate compliance:

1. *Risk Assessment and Predictive Analytics* : AI-powered algorithms can analyze large volumes of data to identify patterns, detect anomalies, and assess compliance risks. By leveraging historical data and real-time monitoring, AI systems can predict potential compliance breaches, enabling organizations to proactively implement risk mitigation strategies.

2. *Regulatory Monitoring and Compliance Updates* : AI systems equipped with natural language processing capabilities can monitor and analyze regulatory changes across various jurisdictions. These systems can automatically scan and interpret regulatory updates, providing organizations with real-time alerts and insights. This enables organizations to stay updated with evolving compliance requirements and adapt their practices accordingly.

3. *Policy Management and Compliance Documentation* : AI can automate policy management processes by reviewing and categorizing policies, ensuring consistency, and aligning them with regulatory guidelines. AI-powered systems can also assist in creating and disseminating policies, tracking compliance with policy requirements, and generating compliance documentation more efficiently.

4. *Fraud Detection and Investigation* : AI algorithms can analyze transactional data, financial records, and employee behavior to identify patterns indicative of fraudulent activities. By leveraging anomaly detection techniques and machine learning, AI systems can flag potential fraud cases for further investigation, aiding in fraud prevention and protecting organizations from financial losses.

5. *Due Diligence and Know Your Customer (KYC) Processes* : AI technologies can streamline due diligence processes by automating data gathering, verification, and risk assessment for client onboarding and KYC compliance. AI-powered systems can analyze customer data, perform background checks, and flag high-risk individuals or entities for further scrutiny, improving the efficiency and effectiveness of due diligence procedures.

6. *Employee Compliance Training and Monitoring* : AI-based chatbots and virtual assistants can provide interactive and personalized compliance training to employees. These AI systems can deliver on-demand training modules, answer compliance-related queries, and track employee engagement and comprehension. AI-powered monitoring tools can also identify potential compliance violations based on employee communication and behavior, ensuring adherence to ethical standards and regulatory requirements.

7. *Contract and Document Review* : AI technologies, such as natural language processing and machine learning, can automate the review of contracts, legal documents, and compliance-related materials. These systems can identify relevant clauses, assess contractual risks, and ensure compliance with regulatory obligations, saving time and reducing manual errors.

By applying AI in these practical ways, organizations can strengthen their compliance programs, streamline processes, and improve overall risk management. The use of AI technologies enables organizations to make informed decisions, proactively address compliance challenges, and allocate resources more effectively.

In the next section, we will discuss the future prospects and potential developments of AI in corporate compliance, exploring emerging trends and the evolving role of AI in this field.

**Future Prospects and Emerging Trends in AI for Corporate Compliance**

The integration of artificial intelligence (AI) in corporate compliance is an evolving field with promising future prospects. As organizations continue to embrace AI technologies, several emerging trends and developments are shaping the future of AI in corporate compliance. Understanding these trends is essential for organizations seeking to stay ahead of the curve and leverage AI effectively. The following are key future prospects and emerging trends in AI for corporate compliance:

1. *Explainable AI (XAI)* : As AI algorithms become more complex, there is a growing demand for transparency and explainability. Explainable AI (XAI) techniques aim to provide insights into the decision-making processes of AI systems, making their outputs more understandable and interpretable for humans. XAI will be crucial in compliance contexts, where accountability, fairness, and the ability to justify AI-generated decisions are paramount.

2. *Robotic Process Automation (RPA) Integration* : The integration of AI-powered bots with robotic process automation (RPA) tools is gaining momentum in corporate compliance. RPA enables the automation of repetitive manual tasks, while AI augments decision-making and cognitive capabilities. This combination allows organizations to achieve end-to-end automation of compliance processes, including data extraction, analysis, reporting, and compliance monitoring.

3. *Natural Language Processing (NLP) Advancements* : Natural language processing (NLP) capabilities are rapidly advancing, enabling AI systems to understand and interpret human language more accurately. NLP algorithms can analyze compliance-related documents, contracts, policies, and communication to extract relevant information, identify risks, and provide insights. Further advancements in NLP will enable more sophisticated compliance monitoring and analysis.

4. *Enhanced Fraud Detection and Prevention* : AI-driven fraud detection and prevention systems will continue to evolve, incorporating advanced machine learning algorithms and anomaly detection techniques. These systems will become more adept at identifying new and sophisticated fraud patterns, helping organizations stay ahead of evolving fraudulent activities.

5. *Advanced Data Analytics* : AI technologies will continue to advance data analytics capabilities, enabling organizations to derive deeper insights from compliance-related data. Predictive analytics, network analysis, and behavioral analysis will play significant roles in identifying emerging compliance risks, detecting patterns of non-compliance, and supporting proactive compliance measures.

6. *Regulatory Compliance Chatbots and Virtual Assistants* : AI-powered chatbots and virtual assistants will become more prevalent in providing real-time compliance guidance, answering employee queries, and assisting with regulatory compliance inquiries. These conversational AI systems will offer personalized and accessible compliance support, promoting a culture of compliance throughout organizations.
7. *Ethical AI Governance and Regulation* : As the use of AI in corporate compliance expands, there will be an increased focus on ethical AI governance and regulatory frameworks. Regulatory bodies will play a crucial role in establishing guidelines and standards for responsible AI use in compliance. Organizations will need to ensure compliance with these regulations and adopt ethical AI practices to address bias, fairness, and transparency.

By embracing these future prospects and emerging trends, organizations can unlock the full potential of AI in corporate compliance. These advancements will enable organizations to improve risk management, enhance decision-making, and navigate complex regulatory landscapes more effectively.

In the final section, we will provide concluding remarks and emphasize the importance of responsible and ethical AI implementation in corporate compliance.

**Embracing Responsible AI in Corporate Compliance**

The integration of artificial intelligence (AI) in corporate compliance offers organizations numerous benefits, including enhanced efficiency, proactive risk management, and data-driven decision-making. However, it is essential for organizations to approach AI implementation in corporate compliance with responsibility and ethics.

As AI technologies continue to evolve, organizations must address key challenges such as ethical considerations, data privacy, explainability, and human-machine collaboration. By establishing ethical AI frameworks, ensuring data privacy and security, and promoting collaboration between humans and AI systems, organizations can mitigate risks and ensure that AI is used responsibly and in compliance with regulatory requirements.

The practical applications of AI in corporate compliance, including risk assessment, regulatory monitoring, fraud detection, and employee training, provide organizations with opportunities to streamline processes, improve compliance effectiveness, and foster a culture of compliance.

Looking to the future, emerging trends such as explainable AI (XAI), robotic process automation (RPA) integration, and advanced data analytics will shape the landscape of AI in corporate compliance. These trends, coupled with enhanced fraud detection capabilities, natural language processing advancements, and regulatory compliance chatbots, will further empower organizations in their compliance efforts.

To harness the full potential of AI in corporate compliance, organizations must prioritize responsible AI governance, adhere to regulatory requirements, and maintain transparency and accountability. By incorporating ethics, fairness, and human oversight, organizations can ensure that AI technologies are utilized in a manner that upholds the highest standards of compliance and fosters trust among stakeholders.

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## COMMODITY RISKS
## HEDGE. DISCLOSE. BE COMPLIANT.

As per SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, all listed companies have been mandated to disclose commodity price risks and hedging activities in their Annual Reports.

For consistent implementation, **SEBI vide it's circular dated 15 Nov 2018** has prescribed a detailed format for such disclosures:

| COMMODITY NAME | EXPOSURE IN INR TOWARDS THE PARTICULAR COMMODITY | EXPOSURE IN QUANTITY TERMS TOWARDS THE PARTICULAR COMMODITY | % OF SUCH EXPOSURE HEDGED THROUGH COMMODITY DERIVATIVES | | | | |
|---|---|---|---|---|---|---|---|
| | | | DOMESTIC MARKET | | INTERNATIONAL MARKET | | TOTAL |
| | | | OTC | EXCHANGE | OTC | EXCHANGE | |
| | | | | | | | |

*Ref: SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141, dt. 15 November 2018*

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# Engineering the Era of Digital Acceleration

*CS Khushbu P. Prajapati**

**Introduction**

Thinking about Artificial Intelligence (AI) may seem like thinking of a futuristic world akin to those in science fiction movies, but in actuality, the lines between reality and fiction have blurred. AI is changing the world and the lives of people and is becoming the engine of growth of economies and organizations. Whether it is a simple Google Search, a conversation with Amazon, Alexa or Google Home or Apple's Siri, or a simple Chatbot on some website you visited, you may already be interacting with AI / ML - driven tools and well bots in many of your daily activities ! This, without a doubt, is changing the way we perform our daily activities, organize our work, our business and how we take decisions in our everyday lives.

**What is Artificial Intelligence (AI)?**

According to Accenture Research, "AI is the collection of multiple technologies that allow machines to detect, understand, act and learn either on their own or to augment human activities". They will have many of the capabilities of a human being – the ability to learn and distinguish between things. But they also have a great advantage over humans – they do not need to rest to function! The same Accenture study reveals that AI could double annual economic growth rates by 2035 by changing the nature of work and create a new relationship between Man and Machines, increasing labour productivity by up to 40%.

Artificial Intelligence (AI) is already present in many of the services we use every day, even when we may not be aware of them. For example, when Amazon suggests products, you might want to buy, it is using a system based on AI to suggest a product based on your previous purchases and what other people have bought after buying what you are buying (Suggested Products). AI is beginning to mature to the point where it can learn without human interactions.

AI tools are becoming an integral part of many organizations, both in the public and private sectors. It is being applied to help in the improvement of performance of Government agencies, in their service levels and accountability and develop solutions focused on the well-being of Citizens.

**The Resurgence of Artificial Intelligence (AI)**

Artificial Intelligence is not something new. To trace the origins of this concept that sounds so innovative, we have to go back to the year 1956. During the summer of 1956, a group of scientists met in the University of Dartmouth, New Hampshire and coined the term 'Artificial Intelligence

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(AI)'. These researchers worked for two months with a clear objective: to find a way to introduce the behaviours of human rational logic into machines. So many years have passed and there has been many investigations, some successes and some failures, in the effort to get machines to think like humans.

AI is now playing a crucial role in the digital transformation that allows machines to detect, understand, act and learn either on their own or to augment human activities. Customer experience is the root of digital transformation and AI is changing the entire scenario of customer experience.

*Digital Transformation (DX)* is the most crucial initiative that many organizations have undertaken or are taking up. The perfect storm of a wide range of technologies such as SaaS, Mobile, Robotics, IoT (Internet of things), Virtual Reality (VR), etc. is playing a crucial role in the Digital Transformation (DX) of companies. However, it is believed that *Artificial Intelligence (AI) and Machine Learning (ML)* will be the key technologies that will propel organizations through Digital Transformation.

**Applications of AI in Real World**

Artificial Intelligence processes are applied in real systems in a wide variety of sectors. Here are few examples:

- *IT and Security* : The most popular use of AI in business lies in these areas. About 44% of 835 companies surveyed by Tata Consultancy Services are already using AI to detect and prevent intrusions. 41% use it to solve technical problems of users, 34% to reduce the workload and automate their processes in the Production area. Gartner predicts that, at least 75% of security Software tools will include predictive and prescriptive analytics based on heuristics, AI-based skills, and machine learning algorithms.
- *Customer Service* : Companies know how important this area is and how much it can affect the brand. And in-spite of that, sometimes, mistakes are inevitable. The Microsoft State of Global Service 2016, found that 60% of consumers stopped interacting with a company, just because they had a bad experience of customer service. People do not like to wait for hours in the line to be served, tapping numeric keys and being transferred a number of times until they can communicate with the right person. The solution to overcome these issues are "AI Chatbots". These bots can process and analyze customer information from the first contact point and get them to the right place much faster. Data collected from their interactions provide you with useful perspectives on how to serve your customers.
- *Business Operations and Decision Support* : AI can help many activities related to the running of a business, such as scheduling conferences, team meetings and business trips. Very soon, AI will be able to aid us in decision making. IBM estimates that by 2025, data-based decision-making tools market will be $2 trillion.
- *Finance and Accounting* : Accenture predicts that 80% of finance and accounting tasks will be automated in the coming years.
- *Human Resources* : This is another area where AI will be able to aid businesses. Artificial Intelligence can help streamline many of the HR processes. There are many ways of applying

AI to the processes such as hiring, prepare interview schedules, filtering candidates or finding the most appropriate profiles for the positions that are offered etc. In a recent article published on Forbes, Jeanne Meister states that "HR leaders need to experiment with all facets of AI to deliver value to their organization."

***So, what implications does AI bring to the Workplace?***

Can you imagine arriving at your office desk and a machine lists out your tasks and meetings for the day? Well, that's where technology is taking us with this fourth industrial revolution, led by Digital Transformation (DX).

While Artificial Intelligence, Automation and Machine Learning break barriers in all industries, businesses will have to embrace these technologies and understand that they are a source of multiple benefits. As AI becomes an integral part of work processes, the overall benefits will become clearer. By automating tasks, companies will be able to free human capital to focus on more interesting aspects of the projects. Implementing smarter and more compatible business processes with AI will allow humans to focus on more important challenging and creative aspects. Highly qualified people are the backbone of any organization and reducing their time in repetitive / mundane work can be achieved through the implementation of AI-processes.

Giants like Google, Microsoft, Facebook, Amazon etc. are investing 100s of millions of dollars in the development of Artificial Intelligence solutions. To showcase what's coming, Google unveiled a virtual assistant called Duplex which can talk / act like a real human and help you get your daily chores done.

In the work environment, AI will allow us to work more efficiently, reduce human errors, and automate processes with the help of assisted intelligence, such as Chatbots and Natural Language Processing (NLP) tools that can simulate human conversation, answer questions or personalize learning experiences.

Artificial intelligence (AI) is increasingly being embedded into the day-to-day lives of everyone, not just in the personal sphere, but also in corporate / business decision-making across the enterprise.

*"It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is most adaptable to change."*

The above quote best fits the definition of Digital Transformation (DX) in today's enterprises. The message is clear: to remain agile and face competition, organisations need to evolve and respond quickly to market changes. In today's context, digital strategy of an organisation revolves around major improvements in three areas – Customer Experience, Operational Processes and Business Models.

Digital transformation is a multi-pronged strategy that can impact all aspects of a business – be it operations, sales, marketing, and customer support. It is widely used across industries and has become a key focus for many organizations seeking to remain competitive in the digital age.

The last few years have seen a significant shift in the way businesses approach digital transformation strategies. A few years ago, many of the technologies that are prevalent today were just beginning to make traction.

With the advances in technology, there was also a change in business models: the focus shifted from technology-driven initiatives to customer-driven initiatives. To support this shift in focus, emerging technologies, such as cloud computing, AI, and IoT, are today playing a more prominent role in driving digital transformation.

Moreover, few years ago, cloud computing was still a relatively new concept, and artificial intelligence (AI) and machine learning (ML) were just starting to gain traction. Today, these AI technologies have become mainstream. And statistics says that over 37% of businesses have used it in some form, of course, this could be even higher if you take the fact that most software systems that businesses subscribe to have inbuilt AI-driven analytics.

**Which Industries Are Flourishing with Digital Transformation?**

Digital transformation is not limited to any particular industry. Almost any business can adopt it as both practice and strategy—the automobile industry, service-driven sectors, financial sectors, health care, and so on. Technology is a valuable asset to achieve objectives more quickly and effectively for all businesses, though some adapt to digital transformation better than others.

**Information Technology**

IT, as an industry, is rapidly expanding. In politics, health care, education, and other areas, having access to the right information helps companies meet the challenges of our changing world. Advances in technology can, for example, accelerate the process of developing new facilities and providing services to customers. Tech companies, as part of digital transformation, invest heavily in digital tools, such as the following:

- Cloud computing
- Flexible consumption
- Edge computing
- Artificial intelligence
- Machine learning
- Big data
- Cognitive computing

These tools help the firms to stand out, allowing many to garner immense growth in a surprisingly short amount of time.

**Health Care**

Hospitals are driven by their human resources but can benefit greatly from adopting digital transformation policies and technologies. The most obvious example in health care is the now-ubiquitous online doctor consultation. Artificial intelligence and other advanced tech are leading forces in the digitalization of the medical industry. Notable advantages to digital transformation in health care include the following:

- Electronic data management and electronic health records provide overall information about a patient's medical history, including prior diagnoses, treatments, and surgeries.
- Institutions and medical staff can access patient records quickly and then easily sync them among different locations and providers accordingly.
- If applied on a large scale (e.g., hospital chains, research institutions), digital transformation greatly increases cost efficiency.
- Customization and dynamic presentation become more affordable for specialists, doctors, and hospital groups.
- Data and evidence-based tools can help institutions make more appropriate treatment decisions for patients.
- Chatbots and other such automated services that patients can use to contact a hospital or navigate its website can make customer service more efficient and less costly.

**Financial Sector**

Digital transformation is already quite strong in the financial sector. In fact, an avalanche of recent changes in tech, such as the emergence of cloud computing, analytics, and robotics, is remodelling the financial sector at an accelerating rate. The industry is shifting towards a no error zone, where humans could be replaced entirely by technology and automation.

A recent study by Accenture revealed that almost 80% of financiers believe that progress in artificial intelligence technology will enable banks to offer a "human-like customer experience." And 76% think that automation will break new ground in customer interaction within the next few years.

**How AI Works with the Cloud to Empower Digital Transformation**

AI needs processing power and most organizations do not have the space on-premise for extensive server rooms. Software as a Service (SaaS) products like Onshape and Arena make special use of AI, as the larger the database, the more capable and efficient the AI becomes.

SaaS solutions, which place the vast majority of computer processing in the cloud, give the benefits of AI without so many burdens. AI is key for companies becoming more agile and more reactive even predictive in their problem solving. A traditionally automated solution does not need the cloud the same way AI does, but it also is not utilizing nearly the same amount of computing power to analyze the data in way that will give a competitive edge.

**What is the Future of AI in Digital Transformation?**

The effects of AI in DX efforts are already felt today at multiple access points. Engineers designing CAD files with generative AI can see automatic updates in their design parameters, which opens up new design possibilities, including viable alternatives not considered before – but, when used, may be lighter, reduce material cost and save on part construction and deployment.

Improvements include greater visibility into company initiatives (either at the corporate or departmental level), which can accelerate the approval and production processes for new products and solutions, thus shortening time to market without bypassing key steps.

This is not about replacing people with computer software. It is about efficiently analyzing and acting upon cloud-based data, giving people the tools, they need to succeed today and tomorrow.

The nuances of "Digital Transformation" as we know it today began to emerge in the mid- 2010s. From this period, digital innovation became more pervasive and integral to almost every aspect of both business and society. This usage encompasses a broader set of changes that organizations must undertake to fully leverage the potential of digital technologies, including changes to business models, processes, culture, and customer experiences.

Based on our collective research on companies undergoing digital transformation, the framework outlines the four pillars of digital transformation we see today:

- IT uplift,
- Digitizing operations,
- Digital marketing, and
- Businesses.

All four are part of most companies' digital transformation journey. But without understanding how they are different, it's confusing to understand what to do next or how to invest — the resources, tools, goals, C-Suite sponsors and KPIs required for success are totally different in each case. Being clear about their differing demands can help you make smart trade-offs and clear progress.

**IT uplift**

For many companies, digital transformation starts with upgrading the company's IT infrastructure as well as mobile infrastructure, data lakes, and the cloud. Essentially, this is an opportunity to use budget allocated to "digital initiatives" to modernize IT and communications platforms within your enterprise. When completed, an IT uplift provides your company access to up-to-date tools that offer increased employee efficiency, lower IT maintenance costs and increased employee satisfaction.

Some companies are already deep into this journey, but many other companies struggle with questions about how to upgrade the digital infrastructure. Often this is the first step on the digital journey. It requires IT architects and time, but promises up-to-date platforms with more effective tools to serve customers at lower cost of maintenance. But for more mature digital companies, investment is still required to use advanced tools such as artificial intelligence.

**Digitizing operations**

A second critical pillar of digital transformation, often tackled earlier in the digital transformation journey, is using digital for optimizing, simplifying, and rationalizing existing processes. The goal here is to use digital tools, including more advanced technologies such as AI, 5G, and Internet of Things (IOT), to streamline business growth.

In its most basic form, this pillar can mean swapping out analog activities with digital ones. But other times it involves rearchitecting the system to meet the needs of today customers. For example, in the past when PayPal sent payments via email, they had significant time to ensure regulatory compliance. But to enable the instant payments demanded in today's market required rearchitecting the PayPal's organization, merging once separate divisions for payments and compliance into one entity. This is more than just swapping analog processes for digital ones; it is about rearchitecting the organization and the digital operations to serve customers better.

Digitizing operations is a fundamental pillar of digital transformation in the sense that, without it, the company will be left behind by more efficient operators. A company may begin its digital transformation journey by digitizing processes and as it matures, rearchitect processes entirely. As a company rearchitects their processes, they also start to unlock more transformational possibilities. For example, when a European retailer changed its platform to serve customers better, it discovered it could also offer other retailers' products with their improved ecommerce platform and digitized logistics, enabling the retailer to create an ecosystem of products and services from third party sellers to offer to their customers.

Because of the need to understand how the business works, digitizing operations often fares better when led by the CFO or COO. It does require time and technology but the benefits, measured by the central KPIs, are savings in time, money, and people to solve business problems and serve customers.

**Digital marketing**

If you are looking for digital solutions to win clients, build brand awareness, profile clients or simply sell online, then you are pursuing the digital marketing pillar. This pillar is different from the others in its focus on digital tools to interact and sell to customers. Not surprisingly, it requires different resources, such as investing in capturing clean data, digital tools including artificial intelligence to understand customers, and omnichannel presence.

Several global retailers are using digital channels, AI and predictive analytics to access prospects and customers, set up digital marketplaces, viral campaigns, and geo targeting campaigns. Likewise, companies are using artificial intelligence to identify and act on critical customer behaviours, for example, identifying customers likely to leave your service and then intervening before they do so.

Typically, the CMO leads this initiative and should focus on KPIs such as return on marketing investments, reduction customer acquisition costs, and generation of a large amount of valuable data that can be used to acquire new customers and better serve existing customers.

**New ventures**

Finally, digital opens up many new opportunities for established companies. Seizing these opportunities, some of which may be quite disruptive, requires both developing the innovation and digital capabilities to test and pivot to new sources of growth. Digital may provide the opportunity to create new business models, new products and services, or even collaborate with a large ecosystem to create new sources of growth.

Typically the CEO, or head of sales, leads such initiatives because of the requirement for investment, agility, but most importantly a team capable of running experiments to validate the new business opportunity. The payoff is new sources of revenue, but the KPIs are more nuanced, typically unit economic measures that you are creating solving a significant customer problem and growing profitably. Most businesses have these opportunities at hand but seizing them requires a greater digital maturity than for an IT uplift or digitizing processes.

For example, a large retail bank which we studied entered a range of different industries, such as transportation (ride sharing), content distribution (music and TV), e-health and retail marketplace just to name a few. The first deputy CEO was in charge of this transformation and be built a team that contained individuals with strong innovation capabilities, which tested and built each new business. As part of the digital function, executives were also tasked with digitizing the entire ecosystem as well as a separate department with a task to build and maintain the resulting ecosystem. To measure whether they are succeeding, the bank carefully analyzes their ability to increase customer retention in the core financial services business but more importantly, for the new businesses, measure number of daily/monthly average users, engagement, and cross-selling opportunities.

**The Digital Journey**

Everyone who has been part of digital transformation describes it as a journey. Digital transformation takes time, and is a series of evolutionary, and occasionally disruptive, steps. Like in any journey, you need to decide where to go first. Typically, companies begin with IT uplift and digitizing operations, followed by digital marketing and new business building. But all four pillars are important to digital transformation, so they may happen in another order. The key to success is simply getting clarity that digital transformation is not one thing, but rather many different things. Having the right leader, resources, and measures of success for the journey towards each different pillar can contribute greatly to success.

**In Summary**

Artificial Intelligence (AI) is here to stay and is leading an industrial revolution to make organizations more competitive and efficient. AI has already become a strategic factor to generate sustained growth and provide a competitive advantage to organizations. The challenge for all of us is how we manage the changes needed in organization structure, management culture and the investment needed in the development of skills so that the workforce has the capability to adapt to this global trend that we already find in our professional and personal lives.

Complete, authentic digital transformation will only be achieved once individuals and companies “get it” beyond the level of a basic concept. The benefits of digital transformation are far-reaching, and it can provide a wide range of opportunities for the betterment of almost every business in every sector and industry.

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## Motto

सत्यं वद। धर्मं चर।

speak the truth. abide by the law.

## Vision

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

## Mission

"To develop high calibre professionals facilitating good corporate governance"


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