

CSEET Communique

AUGUST 2023

e-bulletin



**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)



75
Azadi Ka
Amrit Mahotsav



CSEET Communique (e-bulletin)

◆ Issue : 40 ◆ August 2023 ◆

President

CS Manish Gupta

Vice-President

CS B. Narasimhan

Editorial Team

CS Lakshmi Arun

Director

Anita Gupta

Deputy Director

Dr. Akinchan Buddhodev Sinha

Deputy Director

Directorate of Academics

Contents

Message from President	1
XV BRICS Summit - South Africa @ 2023	2
Capital Market Indices	6
An Overview of Capital Market	8
Comprehending Types of Bill Tabled in Parliament	15
Sample Questions	23

© The Institute of Company Secretaries of India.

All rights reserved. No part of this e-bulletin may be translated or copied in any form or by any means without the prior written permission of The Institute of Company Secretaries of India.

Disclaimer : Although due care and diligence have been taken in preparation and uploading this e-bulletin, the Institute shall not be responsible for any loss or damage, resulting from any action taken on the basis of the contents of this e-bulletin. Anyone wishing to act on the basis of the material contained herein should do so after cross checking with the original source.



Put your effort, understand the concept, don't just study because you have to, study because you want to learn.

Dear Students,

At the very outset, I wish all of you happy 77th Independence Day – the day which not only reminds us of the painstaking efforts and lives laid in winning the long-fought battles for freedom but a day which fills our hearts with so much patriotism that we are both zealous as well as gratified to serve our nation in whatever was possible.

Having celebrated our Independence Day with full gusto, I also take this opportunity to congratulate all of you who have cleared the CSEET of July 2023 and wish you all the very best for stepping into the next stage of your journey towards becoming a Governance Professional. And for those dear friends who have not been able to make it, I have full faith in your abilities and capabilities. It might not have been your day or your moment, but I am sure that the coming session of the Examinations will be yours. The mere fact that you have chosen to serve the nation, the corporates, the growth engines through this route, by way of preserving their governance frameworks says a lot about your overall commitment and dedication. All you need is a top-up of your efforts to achieve the intended goal.

Friends, as you move ahead, your professional life will only be a part of your total life and yet your habits, your attitude and your actions in one part will impact the other. Ethics and integrity should always be the principles governing your life. It goes without saying that the times ahead would be full of challenges, every day would not be the same, every professional assignment would arrive with varying magnitude of complexities and opportunities. However, the onus would be on you, to place in your best of efforts and make each of them satisfying.

The quote shared in here above, comes after much thought. Your young age and youthful mind might tempt you into mugging up of facts and information, but the road ahead would require much more conversance and understanding. And that my dear friends will be your true beginning on the path of learning.

Happy reading ! Happy learning !

Warm regards,

(CS Manish Gupta)

President

The Institute of Company Secretaries of India

XV BRICS Summit - South Africa @ 2023¹

Evolution of BRICS

The leaders of BRIC (Brazil, Russia, India, and China) countries met for the first time in St. Petersburg, Russia, on the margins of G8 Outreach Summit in July 2006. Shortly afterwards, in September 2006, the group was formalised as BRIC during the 1st BRIC Foreign Ministers' Meeting, which met on the sidelines of the General Debate of the UN Assembly in New York City. After a series of high-level meetings, the 1st BRIC summit was held in Yekaterinburg, Russia on 16 June 2009.

BRIC group was renamed as BRICS (Brazil, Russia, India, China, South Africa) after South Africa was accepted as a full member at the BRIC Foreign Ministers' meeting in New York in September 2010. Accordingly, South Africa attended the 3rd BRICS Summit in Sanya, China on 14 April 2011.

BRICS is a partnership of five leading emerging markets and developing countries, founded on historical bonds of friendship, solidarity and shared interests.

Together, the Federative Republic of Brazil, the Russian Federation, the Republic of India, the People's Republic of China and the Republic of South Africa represent over:

42% of the Global Population

30% of the World's Territory

23% of GDP and

18% of Global Trade

BRICS countries have been the main engines of global economic growth over the years. Over a period of time, BRICS countries have come together to deliberate on important issues under the three pillars of political and security, economic and financial and cultural and people to people exchanges.

BRICS Architecture

BRICS is not supported by a permanent secretariat or office. The Chair of BRICS rotates annually among the member states in the order of the acronym. The Chair sets the priorities and calendar of events for the year, as well as hosting the Summit and all related meetings. The Chair develops its annual priorities in close consultation with other BRICS members, based on the Chair's agenda as well as previously agreed decisions in the interests of continuity of BRICS cooperation.

1. Chittaranjan Pal, Deputy Director, The ICSI

View expressed in the Article is the sole expression of the Authors and it does not express the views of the Institute, where the Author Working for.

The annual Chair has announced a theme for its Chairship since the Third BRICS Summit:

- **the Third BRICS Summit** was held in Sanya, China, in April 2011 under the theme: “Broad Vision, Shared Prosperity”
- **the Fourth BRICS Summit** was held in New Delhi, India, in March 2012 under the theme: “BRICS Partnership for Global Stability, Security and Prosperity”
- **the Fifth BRICS Summit** was held in Durban, South Africa, in March 2013 under the theme: “BRICS and Africa: Partnership for Development, Integration and Industrialisation”
- **the Sixth BRICS Summit** was held in Fortaleza, Brazil, in July 2014 under the theme: “Inclusive Growth: Sustainable Solutions”
- **the Seventh BRICS Summit** was held in Ufa, Russia, in July 2015 under the theme: “BRICS Partnership – A Powerful Factor of Global Development”
- **the Eighth BRICS Summit** was held in Goa, India, in October 2016 under the theme: “Building Responsive, Inclusive and Collective Solutions”
- **the Ninth BRICS Summit** was held in September 2017 under the theme: “BRICS: Stronger Partnership for a Brighter Future”
- **the 10th BRICS Summit** was held in Johannesburg, South Africa, in July 2018 under the theme: “BRICS in Africa: Collaboration for Inclusive Growth and Shared Prosperity in the Fourth Industrial Revolution”
- **the 11th BRICS Summit** was held in Brasilia, Brazil, in November 2019 under the theme: “BRICS: Economic Growth for an Innovative Future”
- **the 12th BRICS Summit** was held virtually in November 2020 under the theme: “BRICS Partnership for Global Stability, Shared Security and Innovative Growth”
- **the 13th BRICS Summit** was held virtually in September 2021 under the theme: “BRICS@15: Intra BRICS Cooperation for Continuity, Consolidation and Consensus”
- **the 14th BRICS Summit** was held virtually in June 2022 under the theme: “Foster High-quality BRICS Partnership, Usher in a New Era for Global Development”
- **the 15th BRICS Summit** held from 22 to 24 August 2023 under the theme: “BRICS and Africa: Partnership for Mutually Accelerated Growth, Sustainable Development and Inclusive Multilateralism”.

BRICS coordination is managed by BRICS Sherpas and Sous-Sherpas. All BRICS decisions are taken in consultation with other BRICS members and are based upon consensus.

The New Development Bank, headquartered in Shanghai, China, is the premier institution of BRICS. The Bank aims to mobilise resources for infrastructure and sustainable development projects in BRICS and other emerging markets and developing economics. The Johannesburg-based Africa Regional Centre of the Bank plays a catalytic role in providing financial and project preparation support for infrastructure and sustainable development projects in South Africa and Africa. BRICS Leaders also established the BRICS Contingent Reserve Arrangement, a mechanism for providing support through additional liquidity and other means to BRICS countries during times of economic crisis.

The architecture of BRICS cooperation extends across business, academia, media, parliaments, political parties, civil society and sport. BRICS has formalised cooperation with the establishment of the BRICS Business Council, the BRICS Think Tanks Council, and the BRICS Women's Business Alliance.

The BRICS Business Forum meets on the eve of the summits, bringing together Leaders and CEOs, and is aimed at expanding and diversifying trade and mutual investments, including through the identification of new business opportunities. The BRICS Business Council brings together large business associations from each of the BRICS countries with a view to making recommendations on issues of trade and investment related to the business environment. The BRICS Women's Business Alliance bridges the challenges of micro, small and medium enterprises with need for the greater economic inclusion of women in the economy. The BRICS Academic Forum, which takes place prior to the summits, brings together academics from across BRICS. The BRICS Think Tanks Council is responsible for sharing and disseminating information; research, policy analysis and prospective studies; and capacity-building. The Council makes recommendations to the BRICS Leaders.

XV BRICS Summit 2023 Declaration

The Leaders of the Federative Republic of Brazil, the Russian Federation, the Republic of India, the People's Republic of China and the Republic of South Africa met in Sandton, South Africa, from 22 to 24 August 2023 for the XV BRICS Summit held under the theme: ***"BRICS and Africa: Partnership for Mutually Accelerated Growth, Sustainable Development and Inclusive Multilateralism"***.

In the Summit the leaders reaffirmed their commitment to the BRICS spirit of mutual respect and understanding, sovereign equality, solidarity, democracy, openness, inclusiveness, strengthened collaboration and consensus and to strengthening the framework of mutually beneficial BRICS cooperation under the three pillars of political and security, economic and financial, and cultural and people-to-people cooperation and to enhancing our strategic partnership for the benefit of our people through the promotion of peace, a more representative, fairer international order, a reinvigorated and reformed multilateral system, sustainable development and inclusive growth.

BRICS leaders also reiterated their commitment inter alia towards Partnership for Inclusive Multilateralism; Fostering an Environment of Peace and Development; Partnership for Mutually Accelerated Growth; Partnership for Sustainable Development; Deepening People-to-People Exchanges; BRICS institutional development and stressed that BRICS cooperation needs to embrace changes and keep abreast with the times etc.

India's Participation in the 15th BRICS Summit

Prime Minister Shri Narendra Modi participated in the 15th BRICS Summit held under South Africa's chairship, in Johannesburg on 23 August 2023. The leaders held productive discussions including on global economic recovery, partnership with Africa and the Global South and reviewed the progress made on the BRICS agenda so far. During his address, Prime Minister called for a strengthened BRICS that will be:

B - Breaking barriers

R - Revitalising economies

I - Inspiring Innovation

C - Creating opportunities

S - Shaping the future

In his various interventions, Prime Minister highlighted the following:

- Called for setting defined timelines for UNSC reforms
- Called for reform of Multilateral Financial Institutions
- Called for reform of WTO
- Exhorted BRICS to build consensus on its expansion
- Urged BRICS to send a global message of unity and not polarization
- Proposed creation of a BRICS Space Exploration Consortium
- Offered Indian Digital Public Infrastructure - the Indian stack to BRICS partners
- Proposed undertaking skill mapping, skilling and promoting mobility among BRICS countries
- Proposed joint efforts of BRICS countries for protection of Big Cats under International Big Cat Alliance
- Proposed establishing a repository of traditional medicine among BRICS countries
- Called upon BRICS partners to support AU's permanent membership of the G20.

References:

<https://brics2021.gov.in/about-brics>

<https://brics2023.gov.za/brics-architecture/>

<https://brics2023.gov.za/wp-content/uploads/2023/08/Jhb-II-Declaration-24-August-2023-1.pdf>

<https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1951543>

Capital Market Indices¹

An Index is used to give information about the price movements of products in the financial, commodities or any other markets. Financial indexes are constructed to measure price movements of stocks, bonds, T-bills and other forms of investments. Stock market indexes are meant to capture the overall behaviour of equity markets. A stock market index is created by selecting a group of stocks that are representative of the whole market or a specified sector or segment of the market. An Index is calculated with reference to a base period and a base index value.

Benefits of Indices

- They provide a historical comparison of returns on money invested in the stock market against other forms of investments such as gold or debt.
- They can be used as a standard against which to compare the performance of an equity fund.
- It is a lead indicator of the performance of the overall economy or a sector of the economy
- Stock indexes reflect highly up to date information
- Modern financial applications such as Index Funds, Index Futures, Index Options play an important role in financial investments and risk management.

Major Capital Market Indices are as under:

1. Broad-market indices
2. Sectoral Indices
3. Strategy indices
4. Fixed income indices
5. Hybrid indices

A brief of above-mentioned indices are given below:

1. Broad-market indices

The Broad market indices are, consisting of the large, liquid stocks listed on the Exchange. They serve as a benchmark for measuring the performance of the stocks or portfolios such as mutual fund investments.

In India, seventeen broad market indices are on the NSE. Overall, the NSE owns and manages 350 indices under the NIFTY brand, including the NIFTY 50. The NIFTY 50, which comprises the top 50 companies in India, is also called the benchmark index. Likewise, India's oldest equity

1. Mr. Mahesh Airan, Assistant Director, Academics, ICSI

Views expressed in the Article are the sole expression of the Author and may not express the views of the Institute.

index, the SENSEX, comprises the 30 best-performing companies managed by the Bombay Stock Exchange (BSE).

2. Sectoral Indices

While SENSEX and NIFTY50 provide the overall picture and trend of the economy, sectoral indices summarise the specific sectors or industries. These sectoral indices are constructed in a similar manner as the broad market indices. Usually, when an investor buy or sell a stock in a particular sector, he should first analyse the trend of the sectoral index for that sector.

For example, under the NIFTY brand, there are various sectoral indices viz. Automobiles, Banking, Realty, IT, Financial Services, FMCG, Pharma, Metal, Oil & Gas, Healthcare, Consumer Durables, Media etc.

3. Strategy Indices

These are multi-factor indices which are designed to reflect the performance of a portfolio of stocks that are selected based on combination of 2 or more factors selected from 4 single-factors such as quality, value, alpha and low volatility. Some of the strategy indices are:

- NIFTY Alpha 50: tracks the performance of 50 stocks with high Alphas in the last one year.
- NIFTY 100 Equal Weight: includes constituents of the Nifty 100 Index.
- NIFTY Low Volatility 30: tracks the performance of 30 stocks in Nifty 100 with the lowest volatility in the last year.

4. Fixed income Indices

The fixed income indices offer independent and comprehensive benchmarks for the fixed income market in India, covering universe of fixed income assets including government securities, T-bills, corporate bonds of different credit rating categories, commercial papers, certificate of deposits and overnight rate.

5. Hybrid Indices

The hybrid indices measure the performance of hybrid portfolios comprising indices from NIFTY 50 and aggregate fixed income indices. Hybrid indices under the brand NIFTY measures govt, state and corporate bonds.

References:

<https://www.nseindia.com/products-services/about-indices>

<https://www.bseindia.com/markets.html>

AN OVERVIEW OF CAPITAL MARKET¹

Capital Market

The personal savings of an entrepreneur along with contributions from friends and relatives generally are the source of fund to start new or to expand existing business. This may not be feasible in case of large projects as the required contribution from the entrepreneur (promoter) would be very large even after availing term loan; the promoter may not be able to bring his / her share (equity capital). Thus, availability of capital can be a major constraint in setting up or expanding business on a large scale.

The institutions, players and mechanism that bring suppliers and users of capital together, is known as capital market.



Securities Market

Securities Market is a place where companies can raise funds by issuing securities such as equity shares, debt securities, derivatives, mutual funds, etc. to the investors (public) and also is a place where investors can buy or sell various securities (shares, bonds, etc.). Once the shares (or securities) are issued to the public, the company is required to list the shares (or securities) on the recognized stock exchanges.

**Securities Market is a
part of the Capital
Market.**

1. CS Puneeta Ahuja, Executive Academics, Academics, ICSI

Views expressed in the Article are the sole expression of the Author and may not express the views of the Institute.

Primary Market

Instead of depending upon a limited pool of savings of a small circle of friends and relatives, the promoter has the option of raising money from the public across the country by selling (issuing) shares of the company. For this purpose, the promoter can invite investment to his or her venture by issuing offer document which gives full details about track record, the company, the nature of the project, the business model, the expected profitability etc.

If an investor is comfortable with this proposed venture, he or she may invest and thus become a shareholder of the company. Through aggregation, even small amounts available with a very large number of individuals translate into usable capital for corporates. A person's savings of, say, even Rs. 5,000 can contribute in setting up, say, a Rs. 5,000 crore Cement or Steel plant. This mechanism by which corporates raise money from public is called the primary markets.

Secondary Market

Importantly, when an investor, as a shareholder, need money back, he or she can sell these shares to other or new investors. Such trades do not reduce or alter the company's capital. Stock exchanges bring such sellers and buyers together and facilitate trading. Therefore, companies raising money from public are required to list their shares on the stock exchange. This mechanism of buying and selling shares through stock exchange is known as the secondary markets.

Trading in the Indian stock market majorly takes place in the below two stock exchanges -

- BSE - Bombay Stock Exchange
- NSE - National Stock Exchange of India Limited

Difference between Primary and Secondary market

<i>Basis for comparison</i>	<i>Primary Market</i>	<i>Secondary Market</i>
Meaning	The market place for issuing fresh securities	The market place for trading already issued securities
Objectives	To raise funds	Capital Appreciation
Scope	Includes issuance of new securities through Initial Public Offer	Includes the further trading of securities already offered to the public
Another name	Initial Public Offer (IPO) Market	Further Public Offer (FPO) Market
Purchasing of securities	Investors can purchase securities directly from the Company	Purchase and sale of securities is done by the investors among themselves
Financing	Primary market provides funds to new and old companies for their expansion and diversification	It does not provide funding to companies

Parties to transactions	Company and Investors	Investors among themselves
Major Intermediaries	Underwriters	Brokers
Price	Price as given in the offer document / red herring prospectus	Price fluctuates i.e. depends on demand and supply forces
Utilisation of fund	Fund gained from primary market becomes the capital of the company	Fund received from secondary market becomes income of investors

Key Acts Governing the Capital Markets in India

- The Securities Contracts (Regulation) Act, 1956
- SEBI Act, 1992
- Depositories Act, 1996
- Companies Act, 2013
- Banking Regulation Act, 1949

Capital Market Regulator

The market is supervised by Securities and Exchange Board of India (SEBI). The securities market enables capital formation in the economy and enhances wealth of investors who make the right choices. The investor confidence is the key prerequisite for the emergence of a vibrant and deep capital market. The role of regulator in creating and enhancing investor confidence is, therefore, paramount.

Accordingly, Securities and Exchange Board of India (SEBI) was set up by an Act of Parliament of India in April, 1992 with a mandate to:

- Protect the interest of investors
- Promote the development of and
- Regulate the securities market

SEBI ensures supply of quality securities and non-manipulated demand for them. It develops best market practices and takes enforcement actions against the miscreants. It essentially maintains discipline in the market so that the participants can undertake transaction safely.

Other Capital Market Regulators are:

- Reserve Bank of India (RBI)
- Insurance Regulatory and Development Authority of India (IRDAI)
- Pension Fund Regulatory and Development Authority (PFRDA)

Capital Market regulation

SEBI prescribes the conditions for issuer companies to raise capital from the public so as to protect

the interest of the suppliers of capital (investors). The extensive disclosures prescribed for issuers facilitate informed investment decision making by investors while simultaneously ensuring quality of the issuer.

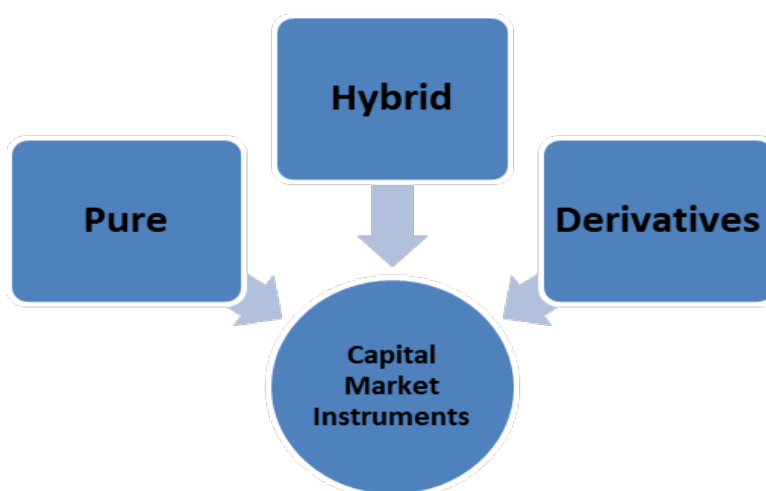
Further, SEBI has prescribed norms for such corporates on 'on going' basis and also during their restructuring (like substantial acquisition, buy back and delisting of shares) to safeguard the interest of investors. To ensure market integrity, SEBI has prescribed norms for fair market practices including prohibiting fraudulent and unfair trade practices and insider trading. Detailed norms for safeguarding the interest of investors in secondary markets have also been prescribed. SEBI also prescribes conditions for operation of collective investor schemes, including Mutual Funds.

Instruments available in Capital Market

Apart from shares, there are many other financial instruments (securities) used for raising capital. Debentures or bonds are debt instruments which pay interest over their life time and are used by corporates to raise medium- or long-term debt capital. If an investor prefers fixed income, he may invest in these instruments which may give higher rate of interest than bank fixed deposit, because of the higher risk. Besides, equity and debt, a combination of these instruments, like convertible debentures, preference shares are also issued to raise capital. Some of the instruments which are available in capital market are listed below:

- Equity
- Debentures
- Bonds
- Government securities
- Money Market instruments such as Treasury Bills, Commercial Papers or Certificate of Deposits

Instruments in capital markets can be classified into -



Pure Instruments: Equity shares, preference shares, debentures and bonds which are issued with the basic characteristics without mixing the features of other instruments are called pure instrument.

Hybrid Instruments: Instruments which are created by combining the features of equity, preference, bonds are called as hybrid instruments.

Example: Hybrid instruments are: - Convertible preference shares

- Non-convertible debentures with equity warrant
- Partly convertible debentures
- Secured premium notes

Derivative Instrument: A derivative instrument is a financial instrument which derives its value from the value of some other financial instrument or variable. Example: Futures and Options belong to the categories of derivatives.

Mutual funds

Mutual funds (MFs) collect money from many investors and invest this corpus in equity, debt or a combination of both, in a professional and transparent manner. In return for your investment, you receive units of mutual funds which entitle you to the benefit of the collective return earned by the fund, after reduction of management fees.

If an investor has constraints like time, wherewithal, small amount etc. to invest in the market directly, Mutual Funds, which are regulated entities, provide an alternative avenue.

Capital Market Intermediaries

It is not that the providers of funds meet the user of and exchange funds for securities. It is because the securities offered by the users may not match the preference of the providers of funds. There are a large variety of intermediaries who bring the providers and user of funds together to facilitate the transactions.

Intermediaries are service providers and are an integral part of any financial system. The Market Regulator, i.e., SEBI regulates various intermediaries in the primary and secondary markets through its Regulations for these respective intermediaries. SEBI has defined the role of each of the intermediary, the eligibility criteria for granting registration, their functions and responsibilities and the code of conduct to which they are bound. These Regulations also empower SEBI to inspect the functioning of these intermediaries and to collect fees from them and to impose penalties on erring entities.

To ensure fair and high standards of service to investors, SEBI allows only fit and proper entities to operate in the capital markets as intermediaries. In this regard, it has prescribed detailed and uniform norms of their registration.

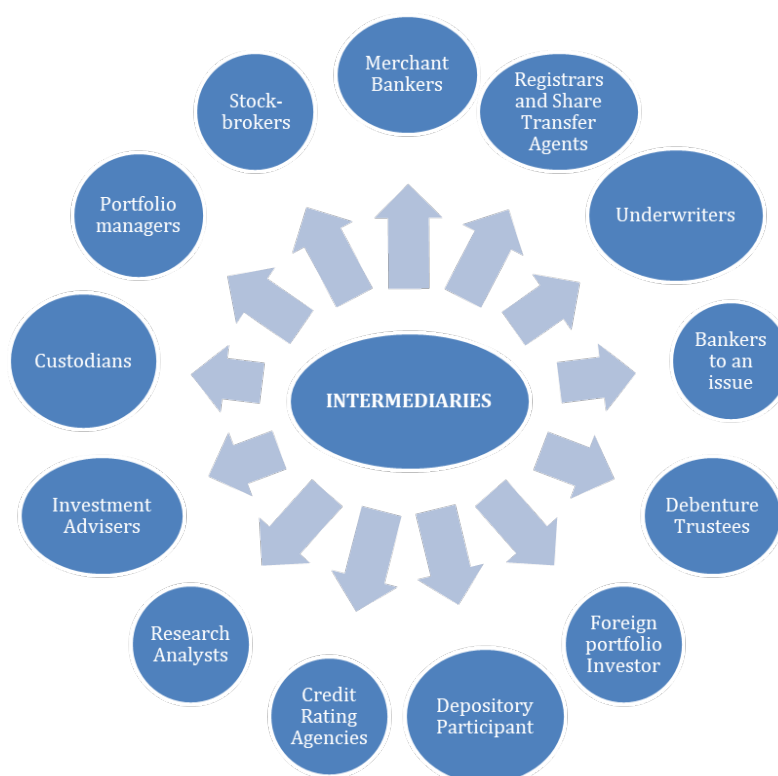
The capital market intermediaries are vital link between investor, issuer and regulator.

The objectives of these intermediaries are :

- to smoothen the process of investment
- to establish a link between the investors and the users of funds.

- Corporations and Governments do not market their securities directly to the investors. Instead, they hire the services of the market intermediaries to represent them to the investors.
- Investors, particularly small investors, find it difficult to make direct investment. A small investor desiring to invest may be able to diversify across issuers to reduce risk. He may not be equipped to assess and monitor the credit risk of issuers. Market intermediaries help investors to select investments by providing investment consultancy, market analysis and credit rating of investment instruments.
- In order to operate in secondary market, the investors have to transact through share brokers. Registrars and Share Transfer Agents, Custodians and Depositories Participants are capital market intermediaries that provide important infrastructure services for both primary and secondary markets.

The following market intermediaries are involved in the Securities Market :



Investor protection

SEBI has been established with the prime mandate to protect the interest of investors in securities. The above-mentioned regulatory framework of SEBI is invariably geared towards protecting the interest of investors. Besides, SEBI also has a comprehensive mechanism to facilitate redressal of investor's grievances.

An investor enjoys investing, if (i) he knows how to invest; (ii) he has full knowledge of the market; (iii) the market is safe and there are no miscreants; and (iv) there are arrangements for redressal in case of grievances. Accordingly, SEBI's investor protection strategy has four elements:

1. Build the capacity of investors through education and awareness to enable an investor to take informed investment decisions.
2. Make available every detail relevant for investment in public domain.
3. Ensure that the market has systems and practices which make transactions safe.
4. Facilitate redressal of investor grievances.

SCORES Framework

SEBI in its endeavor to redress the investors' complaints launched a centralized web-based complaints redress system 'SCORES' in June 2011. The purpose of SCORES is to provide an administrative platform for aggrieved investors, whose grievances, pertaining to the securities market, remain unresolved by the concerned listed company, registered intermediary or recognized market infrastructure institutions (MIIs).

Conclusion

Capital Market allows people to do more with their savings by providing variety of assets thereby enhancing the wealth of investors who make the right choice. Simultaneously, it enables entrepreneurs to do more with their ideas and talent, facilitating capital formation. Thus, capital market mobilizes savings and channelizes it, through securities, into preferred entrepreneurs.

Reference:

<https://investor.sebi.gov.in/pdf/reference-material/beginners.pdf>

COMPREHENDING TYPES OF BILL TABLED IN PARLIAMENT¹

INTRODUCTION

Article 79 of the Constitution of India provides for Constitution of Parliament. It states that “there shall be a Parliament for the Union which shall consist of the President and two Houses to be known respectively as the Council of States and the House of the People.”

The Constitution of India empowers the three essential branches of government: the executive, the legislature, and the judiciary. Designed to be both republican and federal in nature, the Constitution embodies key elements of the parliamentary system. It establishes a Union Parliament, composed of the President and two Houses: the Rajya Sabha (Council of States) and the Lok Sabha (House of the People). The Union Executive, drawn from members of both Houses of Parliament, is collectively accountable to the Lok Sabha, fostering a close interconnection between the Union Executive and the Parliament.

Parliament stands as the innermost sanctum of our democratic structure. It derives its inspiration from Westminster model. This esteemed institution serves to reconcile, amalgamate, and synchronize our varied interests, thereby upholding national unity. The authority and jurisdiction of Parliament are delimited by the distribution of powers between the Union and the States and by the inclusion of a set of fundamental rights in the Constitution that are justiciable. Additionally, a provision for judicial review is established, mandating that all laws enacted by Parliament adhere to the Constitution’s provisions and are subject to scrutiny for constitutionality by an independent Judiciary. These provisions collectively define the nature and scope of Parliament’s authority and jurisdiction.

The President of India serves as the head of State and acts upon the guidance and advice of the Union Council of Ministers. Importantly, the Indian Parliament operates within the constraints of a written Constitution, underscoring its non-sovereign status.

LOK SABHA

The Lok Sabha, currently comprising up to five hundred and thirty members, is elected directly from territorial constituencies in the States. Additionally, not more than twenty members represent the Union territories, chosen as per Parliament’s stipulations. The cap on the maximum number of members elected directly from territorial constituencies can be exceeded if such an increase is a result of State reorganization legislated by Parliament. The President has the authority to nominate up to two members from the Anglo-Indian community to the Lok Sabha if they are deemed underrepresented.

Unless dissolved earlier, the Lok Sabha’s tenure spans five years from its initial meeting date, at which point it dissolves. However, during a state of Emergency, this period can be extended by Parliament through legislation for up to one year at a time, not exceeding six months beyond the Emergency’s cessation.

1. Ms. Snigdha Kashyap, Consultant, Academics, ICSI.

Views expressed in the Article are the sole expression of the Author and may not express the views of the Institute.

Article 81 provides for the composition of the House of people shall consist of –

- (a) not more than five hundred and thirty members chosen by direct election from territorial constituencies in the States, and
- (b) not more than twenty members to represent the Union territories, chosen in such manner as Parliament may by law provide.

(2) For the purposes of sub-clause (a) of clause (1), –

- (a) there shall be allotted to each State a number of seats in the House of the People in such manner that the ratio between that number and the population of the State is, so far as practicable, the same for all States; and
- (b) each State shall be divided into territorial constituencies in such manner that the ratio between the population of each constituency and the number of seats allotted to it is, so far as practicable, the same throughout the State:

Provided that the provisions of sub-clause (a) of this clause shall not be applicable for the purpose of allotment of seats in the House of the People to any State so long as the population of that State does not exceed six millions.

(3) In this article, the expression “population” means the population as ascertained at the last preceding census of which the relevant figures have been published.

Provided that the reference in this clause to the last preceding census of which the relevant figures have been published shall, until the relevant figures for the first census taken after the year 2026 have been published, be construed,– (i) for the purposes of sub-clause (a) of clause (2) and the proviso to that clause, as a reference to the 1971 census; and (ii) for the purposes of sub-clause (b) of clause (2) as a reference to the 2001 census.

RAJYA SABHA

The Rajya Sabha, known as the Council of States, serves as the Upper House of the Indian Parliament. It comprises representatives from States, Union Territories, and individuals nominated by the President. The Vice-President of India is the Rajya Sabha’s ex-officio Chairman, and the House also selects a Deputy Chairman from among its members to preside over sessions.

Rajya Sabha possesses distinctive attributes, as a federal chamber, it holds special powers under the Constitution. Legislative subjects are divided into three lists: Union List, State List, and Concurrent List. These lists are mutually exclusive, barring Parliament from legislating on State List subjects under ordinary circumstances. However, if Rajya Sabha passes a resolution by a two-thirds majority of members present and voting, stating that legislating on a State List subject is “necessary or expedient in the national interest,” Parliament gains the authority to enact a law on the specified matter for all or part of India’s territory. Such a resolution remains in effect for a maximum of one year, extendable for additional one-year periods through similar resolutions.

If the Rajya Sabha passes a resolution with a majority of not less than two-thirds of the members present and voting, asserting the necessity or expediency of establishing one or more All India Services common to both the Union and the States, Parliament is authorized to create such services through legislation.

According to the Constitution, the President holds the authority to issue Proclamations in cases of national emergency, failure of constitutional machinery in a State, or financial emergency. Each proclamation must receive approval from both Houses of Parliament within a specific timeframe. In specific circumstances, the Rajya Sabha holds unique powers in this context. If a Proclamation is issued when the Lok Sabha is dissolved or if its dissolution occurs during the permissible approval period, the proclamation remains valid if Rajya Sabha approves it within the period stipulated by the Constitution under Articles 352, 356, and 360.

Article 80 Composition of the Council of States.-

- (a) twelve members to be nominated by the President in accordance with the provisions of clause (3); and
- (b) not more than two hundred and thirty-eight representatives of the States and of the Union territories.

(2) The allocation of seats in the Council of States to be filled by representatives of the States and of the Union territories shall be in accordance with the provisions in that behalf contained in the Fourth Schedule.

(3) The members to be nominated by the President under sub-clause (a) of clause (1) shall consist of persons having special knowledge or practical experience in respect of such matters as the following, namely:-

Literature, science, art and social service.

(4) The representatives of each State in the Council of States shall be elected by the elected members of the Legislative Assembly of the State in accordance with the system of proportional representation by means of the single transferable vote.

(5) The representatives of the Union territories in the Council of States shall be chosen in such manner as Parliament may by law prescribe.

BILLS

Legislative proposals are presented to Parliament in the form of Bills. A Bill serves as a draft statute and is presented in the appropriate format, including features such as long and short titles, enacting formulas, commencement dates, and scope of application. It is structured into clauses, sub-clauses, and items, and may also include schedules and other components. Alongside these standard elements, a Bill must be accompanied by (i) a Statement of Objects and Reasons outlining the legislation's objectives, (ii) a memorandum detailing any delegated legislation, (iii) a financial memorandum discussing the financial aspects of the Bill, if applicable, and (iv) the President's recommendation, if necessary for the Bill's introduction or consideration. In the case of Bills amending existing laws, sections proposed for amendment are provided in an annexure. If a Bill comprises more than 25 clauses, an arrangement of clauses is included, unless it's an amending Bill.

There are majorly 4 kinds of bills-

- Ordinary Bill (Article 107, Article 108)
- Money Bill (Article 110)
- Financial Bill (Article 117 [1], Article 117[3])
- Constitutional Amendment Bill (Article 368)

ORDINARY BILL

Article 107 and Article 108 of the Indian Constitution pertain to Ordinary Bills. An Ordinary Bill is a proposed legislation draft presented before the legislature for enactment. Unlike money bills, finance bills, constitutional amendment bills, or ordinance replacing bills, ordinary bills can cover a broad range of subjects. They can be introduced in both the Lok Sabha and the Rajya Sabha by either a minister or a private member. Notably, the President's recommendation is not necessary for presenting an ordinary bill in either house. Once approved by the initial presenting house, the ordinary bill undergoes renewed discussions in the other house and can be held for up to six months for this purpose. The Rajya Sabha has the authority to amend or reject an ordinary bill. If the two houses cannot reach consensus or if the bill remains pending for over six months, a joint sitting of both houses is convened to resolve the deadlock through voting.

MONEY BILL

A Money Bill, as defined in article 110 of the Constitution, is a Bill which contains only provisions dealing with all or any of these matters, namely, (a) the imposition, abolition, remission, alteration or regulation of any tax; (b) the regulation of the borrowing of money or the giving of any guarantee by the Government of India, or the amendment of the law with respect to any financial obligations undertaken or to be undertaken by the Government of India; (c) the custody of the Consolidated Fund or the Contingency Fund of India, the payment of moneys into or the withdrawal of moneys from any such Fund; (d) the appropriation of moneys out of the Consolidated Fund of India; (e) the declaring of any expenditure to be expenditure charged on the Consolidated Fund of India or the increasing of the amount of any such expenditure; (f) the receipt of money on account of the Consolidated Fund of India or the public account of India or the custody or issue of such money or the audit of the accounts of the Union or of a State; or (g) any matter incidental to any of the matters specified in sub-clauses (a) to (f). However, a Bill is not deemed to be a Money Bill by reason only that it provides for the imposition of fines or other pecuniary penalties or for the demand or payment of fees for licences or fees for services rendered, or by reason that it provides for the imposition, abolition, remission, alteration or regulation of any tax by any local authority or body for local purposes.

A Money Bill can only be introduced in the Lok Sabha, not the Rajya Sabha. The Speaker's decision on whether a Bill qualifies as a Money Bill is final. The Speaker endorses a certificate confirming a Bill as a Money Bill before it is sent to the Rajya Sabha or presented to the President for assent.

In instances where a Bill introduced in the Rajya Sabha faces objections claiming it's a Money Bill and shouldn't proceed in the Rajya Sabha, the Chairman refers the matter to the Lok Sabha Speaker. The Speaker's decision on the matter is binding.

FINANCIAL BILL

A bill that falls under clause (1) of Article 117 of the Constitution is labeled as a Financial Bill. This type of bill encompasses provisions specified in sub-clauses (a) to (f) of clause (1) of Article 110 and other related matters. It combines features of both Money Bills and ordinary Bills. Similar to Money Bills, it cannot be introduced in the Rajya Sabha, and it requires the President's recommendation to be introduced. Other than these distinctions, a Financial Bill shares the characteristics of an ordinary bill in all other aspects.

An additional category of Financial Bills is outlined in Article 117(3). The primary difference between

this kind of Financial Bill and ordinary bills lies in the fact that such a Financial Bill, upon enactment and implementation, incurs expenses from the Consolidated Fund of India. As a result, such a bill cannot be passed by either house without the President recommending its consideration. Consequently, such Financial Bills can be introduced in the Rajya Sabha, modified by it, or resolved through a joint sitting if the two houses disagree. In essence, Rajya Sabha's authority concerning such Financial Bills is not restricted.

CONSTITUTION AMENDMENT BILL

Article 368 of the Constitution grants Parliament the authority to amend the Constitution and outlines the procedure for doing so. A Bill intended to amend the Constitution can be introduced by a Minister or a private member in either House of Parliament. A motion for leave to introduce the Bill can be approved by a simple majority of members present and voting. The Constitution defines three categories of constitutional amendments.

- *Amendment by Simple Majority:* Bills concerning the creation of new States, alterations of existing State boundaries, establishment or abolition of Legislative Councils in States, and similar matters are treated as ordinary Bills. These Bills require a simple majority of the House to pass. They are not classified as Constitution (Amendment) Bills despite amending certain Constitutional provisions.
- *Amendment by Special Majority:* A Bill aiming to amend any other part of the Constitution must be passed in each House of Parliament by a special majority. This entails a majority of the total House membership and a majority of not less than two-thirds of the members present and voting. The two-thirds majority is essential at all stages of the Bill, not just during the Third Reading. Motions for circulating the Bill for public opinion or referring it to a Select/Joint Committee can be approved by a simple majority. During special majority votes, Divisions are conducted, and the Chair announces the passage of a specific motion or clause by a special majority.
- *Amendment and Ratification by States:* An amendment to the Constitution that modifies articles concerning the President's election, executive power extent of the Union and States, the Supreme Court, High Courts, any Seventh Schedule lists, representation of States in Parliament, or Article 368 itself, must undergo ratification. After being passed in both Houses of Parliament with a special majority, the amendment requires ratification by the legislatures of at least half the States through resolutions. These resolutions are needed before the amendment Bill is presented to the President for assent. The President's assent follows the receipt of authenticated copies of the resolutions from State Legislatures. Upon receiving the President's assent, the Constitution is amended as per the Bill's provisions.

HOW ARE BILLS PASSED?

A Bill undergoes three readings in each House, i.e., the Lok Sabha and the Rajya Sabha, before it is submitted to the President for assent.

LOK SABHA

First Reading

A Bill is initially introduced in both houses of the Indian Parliament, namely, the Lok Sabha and the

Rajya Sabha. The First Reading encompasses two actions:

- i. The motion for leave to introduce the Bill in the House, upon the adoption of which the Bill is introduced.
- ii. In the case of a Bill originating in and passed by the other House, the presentation of the Bill passed by the other House on the Table of the current House.

Before introducing the Bill, the member responsible for it must request permission from the House. Only upon the House granting leave, the Bill proceeds. This phase is referred to as the First Reading of the Bill.

Second Reading:

The second reading of the Bill unfolds in two stages:

- i. The first stage includes general discussions on the Bill, the selection of a committee for a comprehensive examination of the Bill, and scrutinizing it clause by clause. While preserving the fundamental principles, the committee can modify the provisions. Subsequently, the Bill is reported back to the House. Discussions during this stage involve deliberating on the Bill's principles and provisions. The discussions pertain to several motions, such as whether the Bill should be considered, referred to a Select Committee of the House, referred to a Joint Committee of the Houses with the concurrence of the other House, or circulated for public opinion.
- ii. The second stage, known as the Consideration Stage, involves examining the Bill clause by clause, as presented in the House or as reported by a Select or Joint Committee. Both Houses participate in this stage, thoroughly reviewing each clause and voting on them by majority.

If a Bill is passed by the Rajya Sabha and transmitted to the Lok Sabha, the Bill is first placed on the Lok Sabha's Table by the Secretary-General, Lok Sabha. In such cases, the Second Reading pertains to the motion:

- That the Bill, as passed by the Rajya Sabha, should be considered.
- That the Bill be referred to a Select Committee, if it hasn't already been referred to a Joint Committee of the Houses.

Third Reading:

The Third Reading involves deliberations on the motion that the Bill, or the Bill as amended, should be passed. If the majority of the members present and voting endorse the Bill, it is considered passed by the House. If not, the Bill is rejected. Acceptance or rejection depends on the votes garnered; if the majority supports the provisions, the Bill is accepted, but if it doesn't secure the necessary votes, it's rejected.

RAJYA SABHA

The legislative process in the Rajya Sabha for introduced Bills is largely similar. It involves three stages, each corresponding to the stages in the Lok Sabha process.

First Reading:

The legislative process initiates with the introduction of a Bill in the Rajya Sabha. The Bill's introduction

is accomplished by proposing a motion for leave to introduce the Bill. Once the House grants leave, the Bill is introduced. This phase marks the First Reading of the Bill. Typically, objections to introducing a Bill are rare. However, if any objections arise, the Chairman may allow a short explanatory statement from both the member opposing the motion and the member proposing it.

The introduction of the Department-related Parliamentary Standing Committees has facilitated the referral of Bills to the respective Committees by the Chairman of the Rajya Sabha or the Speaker of the Lok Sabha for examination and reporting. Nevertheless, it's now customary that an Ordinance replacement Bill is not typically referred to the Committee for scrutiny.

Second Reading:

The Second Reading encompasses two stages:

- i. **Motion for Consideration:** In the first stage, the Bill's overall discussion takes place, focusing on the Bill's principles and its provisions. This stage is initiated by proposing a motion for the consideration of the Bill. Following member speeches, the member-in-charge of the Bill responds to the debate, and the motion is put to a vote in the House. During this stage, the House can decide to refer the Bill to a Select Committee of the House, a Joint Committee of the two Houses, or circulate the Bill for public opinion.
- ii. **Clause-by-Clause Consideration:** The second stage of the Second Reading arises after the adoption of the motion for Bill consideration or the Bill as reported by the Select/Joint Committee. In this phase, the Bill's clauses are examined individually, and amendments can be proposed and voted on by the House. Accepted amendments become part of the Bill if they garner majority support from members present and voting.

Third Reading:

At this stage, the debate revolves around arguments in favor of the Bill's approval or rejection, without delving extensively into the details. Only formal, verbal, or consequential amendments are permitted. An ordinary Bill must receive the support of a simple majority of the members present and voting. After the Rajya Sabha passes a Bill, it is forwarded to the Lok Sabha for concurrence, accompanied by a message from the Secretary-General of the Rajya Sabha.

PRESIDENT'S ASSENT (ARTICLE 111)

Once a Bill is passed by both Houses of Parliament, it is submitted to the President for assent. Upon receiving the President's assent, the Bill becomes a law.

The Secretariat of the House that last possessed the Bill obtains the President's assent when a Bill is passed by both Houses. In the case of a Money Bill or a Bill passed in a joint sitting, the Lok Sabha Secretariat seeks the President's assent. Before the Bill is sent to the President via the Ministry of Law, the Presiding Officer of the concerned House endorses that the Bill has been passed by Parliament. A Bill is officially enacted only after securing the President's assent.

The President may choose to give or withhold assent to a Money Bill. Unlike other Bills, a Money Bill cannot be returned for reconsideration. The President is obligated to provide assent to a Constitution Amendment Bill passed by Parliament with the specified special majority and, if necessary, ratified by the required number of State Legislatures. The President can decide to give or withhold assent to a Bill. The President can also return a Bill (excluding a Money Bill) with suggestions to the Houses for

reevaluation. If the Houses pass the Bill again, whether with or without amendments, the President must provide assent. For Bills amending provisions of the Constitution as per Article 368 (2) after being passed by the Houses with the requisite special majority and ratified by States where necessary, the President must grant assent in accordance with the provision's conditions.

WITHDRAWING OF BILLS

The member responsible for a Bill holds the right to request leave for the withdrawal of the Bill at any stage of its consideration. If such leave is granted, no further actions are taken concerning that particular Bill, and it is withdrawn. If this withdrawal motion pertains to a Bill under consideration by a Select/Joint Committee, the motion's consideration is transferred to that Committee. It advances only after the Committee presents its opinion in the form of a report to the House. If the withdrawal motion concerns a Bill received from the Lok Sabha, a motion must be proposed in the Rajya Sabha, recommending that the Lok Sabha agrees to permit the Rajya Sabha to withdraw the Bill.

References

<https://www.india.gov.in/my-government/indian-parliament/rajya-sabha>

<https://sansad.in/lc>

<https://cms.rajyasabha.nic.in/>

Sample Questions

Paper 1 : Business Communication

1. A word used to describe or point out, a person, animal, place or thing which the noun names, or to tell the number and quantity, is called a/an _____.
 - a. Adjective
 - b. Verb
 - c. Noun
 - d. Preposition
2. In _____, we make judgments about what the other person is saying.
 - a. Evaluative listening
 - b. Biased listening
 - c. Appreciative listening
 - d. Empathetic listening
3. Which of the following is a disadvantage of using email communication?
 - a. Email is fast
 - b. Email is inexpensive
 - c. Email is easy to filter
 - d. Internet connectivity
4. What will be the correct order of the following steps of communication?
 - a. Receive, Transmit, Encode and Develop an Idea
 - b. Encode, Develop an Idea, Receive and Transmit
 - c. Develop an Idea, Encode, Transmit and Receive
 - d. Transmit, Develop an Idea, Receive and Encode
5. Which of the following is not the form of digital communication?
 - a. Video Conferencing
 - b. Letter sent through post.
 - c. Blogs
 - d. Skype

Paper 2 :Legal Aptitude, Logical Reasoning and Quantitative Aptitude

6. According to Article 21A of the Constitution of India, the State shall provide free and compulsory education to all children of the age of _____.
- (a) 8 to 18 years
 - (b) 14 to 24 years
 - (c) 6 to 14 years
 - (d) 8 to 18 years
7. Which is not a Torts of Personal Safety and Freedom?
- (a) Battery
 - (b) Assault
 - (c) Murder
 - (d) None of these
8. The law of torts deals with:
- (a) Defamation
 - (b) Robbery
 - (c) Murder
 - (d) All of the above
9. If 1st September, 2023 is a Friday, which day of week was on 30th January, 2024?
- (a) Sunday
 - (b) Monday
 - (c) Tuesday
 - (d) Friday
10. In a certain code language 'BOTTLE' is written as 'CPUUMF', then how will 'PROFIT' be written in that language?
- (a) QSPGUJ
 - (b) QSPGJU
 - (a) OSPGJU
 - (a) SPPGJU

11. $512 \times 3062 = ?$

(a) 1567748

(b) 1567724

(c) 1567744

(d) 1567742

12. $12548 \div 2 \times 3 = ?$

(a) 18282

(b) 18822

(c) 1822

(d) 1882

Paper 3: Economic and Business Environment

13. From the following information, calculate elasticity of demand

Original quantity of mangoes demanded= 100 kgs

Original price of mangoes = Rs10/ kg

New quantity of mangoes demanded = 60kgs.

New price of mangoes = Rs20/kg

- a. 1.4
 - b. 0.4
 - c. 2.0
 - d. 0.6
14. If the price of a product increases by 30% and the demand for the product decreases only by 10%, then the demand would be called _____.
- a. Perfectly Elastic
 - b. Relatively Inelastic
 - c. Unitary Elastic
 - d. Relatively Elastic
15. _____ account for flows for those transactions where the government is merely acting as a banker.
- a. Public
 - b. Private
 - c. Sales
 - d. Profit & Loss
16. Which of the following banks were not established by British East India Company?
- a. Bank of Bengal
 - b. Bank of Bombay
 - c. Bank of Madras
 - d. Bank of Baroda

17. When a company situated in one country makes an investment in a company situated abroad, it is known as_____.
- a. Foreign Portfolio Investment
 - b. Foreign Direct Investment
 - c. Foreign donation
 - d. Foreign grant

Paper 4 : Current Affairs

18. Who has taken over as the chairman of the Central Board of Indirect Taxes and Customs?
- Sanjay Kumar Agarwal
 - Vivek Johri
 - Sanjay Sinha
 - SK Mishra
19. Who has been sworn in as the Chief Justice of the Orissa High Court?
- Daya Shankar Pandey
 - Subhasis Talapatra
 - Prem Prakash Sinha
 - Deepak Kumar Mishra
20. Which among the following union ministers launched the mobile app 'ULLAS: New India Literacy Programme'?
- Rajnath Singh
 - Amit Shah
 - Smriti Irani
 - Dharmendra Pradhan
21. With which of the following organizations, 'India AI' has signed an Memorandum of Understanding (MoU) to promote emerging technologies?
- SpaceX
 - Google
 - Meta
 - Microsoft
22. In which city the G20 Empower Summit is being organized under the chairmanship of India?
- Jaipur
 - New Delhi
 - Guwahati
 - Gandhinagar

Answer Keys

1	a	6	c	11	c	16	d
2	a	7	c	12	b	17	b
3	d	8	a	13	b	18	a
4	c	9	c	14	b	19	b
5	b	10	b	15	a	20	d
						21	c
						22	d

Motto

सत्यं वद | धर्मं चर।

इष्टार्थे त्थे त्थुते. श्चिनेदुते क्पु त्थे त्थु.

Vision

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

Mission

"To develop high calibre professionals facilitating good corporate governance"



**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)

ICSI House, 22, Institutional Area, Lodi Road, New Delhi 110 003

tel 011-4534 1000 email info@icsi.edu website www.icsi.edu