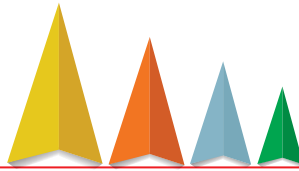


CHARTERED SECRETARY

THE JOURNAL FOR GOVERNANCE PROFESSIONALS

Direct Taxation:



Transitioning to a
NEW ERA

NEW ERA



THE INSTITUTE OF
Company Secretaries of India

भारतीय कम्पनी सचिव संस्थान

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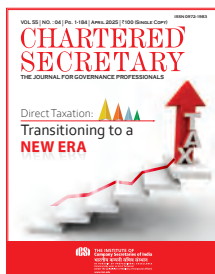


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EDITORIAL

The Direct Tax regulatory regime in India has seen a transition over the years from a modest inception with the Income Tax Act, 1961 to the recent introduction of the Income Tax Bill, 2025 in the Parliament by our Hon'ble Finance Minister, Smt. Nirmala Sitharaman. This Bill represents a significant step taken by the Government of India, in the direction of simplifying the language, removing redundant and repetitive provisions and reorganizing sections logically in the existing Act, to facilitate ease of reference. The ICSI commends this initiative by the Government of India to modernize the taxation system and the CS fraternity welcomes the introduction of this forward-looking legislation with enthusiasm and a strong commitment to actively contribute towards achieving the Government of India Vision of 'Viksit Bharat@2047'.

In alignment with the spirit of progress and transformation and to address the reforms in Direct Taxation in India and the Income Tax Bill, 2025, this month's Issue of the Journal is dedicated to the Theme, **'Direct Taxation: Transitioning to a New Era'**, paving a way for the growth of the professionals in the field.

The articles titled **'India's Tax Reforms: Past, Present and the Income Tax Bill, 2025 for a Viksit Bharat'**, **'Virtual Digital Assets under Direct Taxation'**, **'Reformation in Income Tax with Income Tax Bill, 2025: An Empirical Study using Multiple Regression Model'** succinctly capture the advances of the tax system in India and its various reforms including implementation of virtual digital assets. The Journal covers insightful articles on the evolving role of **'Artificial Intelligence in Tax Compliances'**. The articles titled **'Economic Impacts of Direct Taxes on MSMEs'**, and **'Direct Taxation and MSMEs Corporatisation: Gauging Impact'**, explore the impact of direct taxes on corporatisation of MSMEs and discuss their economic concerns.

Further, the Journal includes articles on topics such as, **'Demat- A word of Caution for Issue/Allotment in Securities'**, **'An Empirical Study on Code on Wages, 2019'** and **'Women Directors and Board Diversity: Legal Framework & Role of Company Secretary'**, offering a rich blend of insights on emerging governance practices, regulatory compliance, evolving professional opportunities, and the growing emphasis on inclusivity and sustainability in corporate India.

The article in Global Connect section titled, **'Embracing Ethical Responsibility and Sustainable Leadership'**, throws light on ethical responsibility & best practices in global initiatives for sustainability.

The Research Corner section covers an article titled, **'Appointment of Directors of a Private Company: Some Critical Issues'**, which examines and interprets the different provisions of the Companies Act, 2013 vis-à-vis the erstwhile 1956 Act, concerning the appointment of directors of a private company.

Happy Reading!

CS Asish Mohan
(Editor - Chartered Secretary)



CS Dhananjay Shukla, President, The ICSI & CS Asish Mohan, Secretary, The ICSI met with Shri Pankaj Chaudhary, Hon'ble MoS for Finance to discuss the pivotal role of Company Secretaries in construing & ensuring compliance with the tax statutes in the country.



ICS delegation led by CS Dhananjay Shukla, President, The ICSI met with Smt. Raksha Khadse, Hon'ble MoS for Youth Affairs & Sports to apprise her of Company Secretaries role in streamlining tax operations in India.



ICS delegation led by CS Dhananjay Shukla, President, The ICSI met with Shri Sarbananda Sonowal, Hon'ble Minister of Ports, Shipping & Waterways to apprise him of the various initiatives ICSI has taken towards streamlining tax compliance & strengthening Corporate Governance.



CS Pawan G Chandak, Vice-President, The ICSI and CS Manoj Kumar Purbey, Central Council Member, The ICSI met with Smt. Savitri Thakur, Hon'ble MoS for Women and Child Development to discuss the critical role of Company Secretaries in the Income Tax domain.



ICSI delegation led by CS Dhananjay Shukla, President, The ICSI met with Shri Arvind Sawant, Hon'ble Member of Lok Sabha to apprise him about the role & responsibility of Company Secretaries in a Company's tax compliance & management.



ICSI delegation led by CS Dhananjay Shukla, President, The ICSI met with Shri Baijayant Jay Panda, National Vice President, BJP & Hon'ble Member of Lok Sabha and apprised him of the ICSI's contribution in ensuring a well-developed tax structure in the country.



ICSI delegation led by CS Dhananjay Shukla, President, The ICSI met with Dr. Bhagwat Kishanrao Karad, Hon'ble Member of Parliament, Rajya Sabha and discussed the important role that Company Secretaries play in the modern taxation landscape.



CS Nagendra D Rao, Former President, The ICSI met with Shri B. Y. Raghavendra, Hon'ble Member of Lok Sabha and apprised him about the role of Company Secretaries in creating an efficient tax system.



ICSI delegation led by CS Dhananjay Shukla, President, The ICSI met with Shri Daggumalla Prasada Rao, Hon'ble Member of the Lok Sabha to discuss how Company Secretaries are leveraging their tax know-how to ensure best practices in India Inc.



ICSI delegation led by CS Pawan G Chandak, Vice-President, The ICSI met with Shri Kaushalendra Kumar, Hon'ble Member of Lok Sabha & Select Committee Member, Income-tax Bill, 2025 to apprise him about the role & responsibility of Company Secretaries in a Company's tax compliance & management.



CS Manoj Kumar Purbey, Central Council Member, ICSI met with Shri Krishna Prasad Tenneti, Hon'ble Member of the Lok Sabha, to discuss how Company Secretaries are leveraging their tax know-how to ensure best practices in India Inc.



ICSI delegation led by CS Dhananjay Shukla, President, The ICSI met with Shri Rodmal Nagar, Hon'ble Member of the Lok Sabha to discuss the role of Company Secretaries in Tax Consultation, Management and Compliance.





ICSI delegation led by CS Dhananjay Shukla, President, The ICSI met with Shri Shankar Lalwani, Hon'ble Member of the Lok Sabha to apprise him about the contribution of Company Secretaries in ensuring Tax Compliance in India Inc.



ICSI delegation led by CS Dhananjay Shukla, President, The ICSI met with Smt. Supriya Sule, Hon'ble Member of the Lok Sabha to apprise her of Company Secretaries competence and expertise in helping businesses navigate through the complexities of tax operations.



ICSI delegation met with Shri Suresh Kashyap, Hon'ble Member of Lok Sabha to apprise him about the competence and expertise of Company Secretaries in tax laws and regulations.



ICSI delegation led by CS Dhananjay Shukla, President, The ICSI met with Shri Suresh Prabhu, Former Cabinet Minister, to apprise him of the contribution of the ICSI and Company Secretaries in strengthening tax governance and transparency in the country.





CS Nagendra D Rao, Former President, The ICSI met with Shri Vishweshwar Hegde Kageri, Hon'ble Member of Lok Sabha to apprise him about the competence and expertise of Company Secretaries in tax laws and regulations.



CS Dhananjay Shukla, President, The ICSI met with Shri Gopal Krishna Agarwal, National Spokesperson, Economic Affairs, BJP.



CS Pawan G Chandak, Vice-President, The ICSI met with Dr. Anju Rathi Rana, Secretary, Department of Legal Affairs and apprised her of the role of ICSI & Company Secretaries in facilitating good Corporate Governance in India Inc.



ICSI delegation led by CS Dhananjay Shukla, President, The ICSI met with Prof. T.G. Sitharam, Chairman and Dr. Sunil Luthra, Director, All India Council For Technical Education (AICTE).





NIRC of The ICSI hosted a talk titled "Navigating Governance, Compliance & Growth" on March 12, 2025. CS Dhananjay Shukla, President, The ICSI and CS Pawan Chandak, Vice President, The ICSI, CS Ranjeet Pandey, Former President of ICSI, CS Suresh Pandey, Central Council Member, The ICSI, and CS Asish Mohan, Secretary, The ICSI graced the occasion. CS Himanshu Harbola, Chairman, NIRC of The ICSI, CS Awanish Srivastava, Secretary, NIRC of The ICSI and CS Devender Suhag, Member, NIRC of The ICSI were also present.



SIRC of The ICSI organised a One Day Seminar on 'Critical Aspects of CSR & Related Party Transactions'. An Interactive Session was also held with The President and Vice-President, The ICSI followed by a Press Conference on March 23, 2025 at Chennai.



ICSI delegation led by CS Jatin Singal met with Padma Shri, Vikramjit Singh Sahney, Member of Rajya Sabha.



Dr. Sanjay Pandey, Joint Secretary (Senior Grade), The ICSI met with Sh. Gajender Tomar, CEN(W)/Member (WS), Delhi Jal Board.



EIRC of The ICSI organised a full day seminar on "Sarthathi - Navigating excellence in Corporate Governance" on March 30, 2025.



EIRC of The ICSI organised a full day seminar on "Aparajita - The Invincibles" on March 8, 2025.



The Noida Chapter of NIRC of ICSI organized a technical session on MSME Opportunities & Challenges on March 8, 2025. Shri. Mukesh Mohan Gupta, President, Chamber of MSME was the Chief Guest and Shri. Vivek Singh Bhakuni, CFO, M1xchange was the Guest of Honour.



The Noida Chapter of NIRC of ICSI organized a technical session on SME, IPO & Regulations on March 22, 2025.

Glimpses from ICSI CCGRTs



The ICSIC CGRT, Hyderabad organized a Two-days program on 'NCLT Practices & Procedures – Opportunities for Company Secretaries' on March 22-23, 2025 at Hyderabad. Shri Veera Brahma Rao Arekapudi, Former Member (Technical), NCLT and General Manager (Retd), SBI, Hyderabad was the Chief Guest. CS Venkata Ramana R., Central Council Member, The ICSI & Convenor, CCGRT Hyderabad addressed the participants.



ICSI CCGRT Kolkata hosted a Debating Society event on March 22, 2025. Mentor CS Ketan Madia, Former Company Secretary of ITC Limited, provided expert guidance and oversight. CS Sandip Kejriwal, Central Council Member, The ICSI and Convenor, CCGRT Kolkata and Shri Ankur Yadav, Regional Director, EIRC of The ICSI were also present.



ICSI CCGRT Kolkata started its 7th batch of Residential CLDP training and the inaugural session was held on March 21, 2025. CS Sandip Kejriwal, Central Council Member, The ICSI and Convenor, CCGRT Kolkata and CS Rupanjana De, Central Council Member, The ICSI addressed the participants on this occasion.



ICSI CCGRT Kolkata of The ICSI organized Research Conclave on "Decoding Financial Statement" on March 22-23, 2025. CS Sandip Kejriwal, Central Council Member, The ICSI and Convenor, CCGRT Kolkata and CS Rupanjana De, Central Council Member, The ICSI welcomed the delegates. Shri R K Tiwari, Regional Director (ER), MCA was the Special Guest. Shri Pankaj Srivastav, Deputy Director, MCA, Rajesh Poddar Deputy Company Secretary, ITC Ltd. were also present on this occasion.



CS B. Narasimhan, Immediate Former President, The ICSI along with the 30th RCLDP participants at ICSI CCGRT, Mumbai.



The inaugural ceremony of 30th RCLDP organised at ICSI CCGRT, Mumbai was graced by CS Manoj Gujran, Corporate Advisor and Consultant as the Chief Guest.



ICSI CCGRT, Mumbai organised Research Oriented Seminar on 'Bank Due Diligence under RBI Guideline' on March 1, 2025.



ICSI CCGRT, Mumbai organised Workshop on the PoSH Act, 2013 on March 8, 2025 to celebrate International Women's Day 2025.



आनृशंस्यमनुक्रोशः श्रुतं शीलं दमः शमः।
राघवं शोभयन्त्येते षड्गुणाः पुरुषोत्तमम्॥

(Non-violence, compassion, learning, truthful nature, self-control and tranquil – these six virtues adorn Rama, the best of men.)

- Ramayana AyodhyaKand 2.33.12



Dear Professional Colleagues,

The beauty of Indian culture lies in its traditions, its festivals, its celebrations, but most importantly in the ways and mannerisms in which we show our reverence. The days gone by have been witness to a mood of exuberance, joy and shared sweetness. The celebration of Chaitra Sukladi, Gudi Padava, Ugadi, Cheti Chand and the various other names with which the beginning of the Hindu Year is called along with that of Id-ul-Fitr– have brought about a sense of cheer in the air.

While the world might celebrate the International Women's Day, once in a year, the Indian households celebrate the power of women, each day, when they bow before the various forms of 'Devi'. Be it for knowledge, intellect, wisdom, wealth, physical strength, good health, material happiness or spiritual success – it is the divine feminine power that we all look up to and amidst all these blessings, also find grace, compassion and love.

As I pen down this message in the backdrop of high snow-clad mountains and lush green valleys of Srinagar – the mood is serene and the heart is content. The days gone by and the ones ongoing have been nothing less than filled with enthusiasm, mental stimulation and above all a desire to serve the profession and the nation by all ways and means possible.

NATIONAL WOMEN'S CONFERENCE: TRANSFORMING FUTURE SUSTAINABLY

“Every woman who awakens her true self is a GODDESS.”

The International Women's Day as has been celebrated across the world is not merely a day of celebration of women's rights and equality, but more than that, it is a day raising year-long actions and discussions, attempting to build a future which considers women's roles as an integral part of the society and, which values their opinions and views emphatically.

The Institute of Company Secretaries of India might feel and emote a sense of pride for its women participation across members, students and employees. Yet, it is a fact well understood, that the dream of Viksit Bharat can be achieved iff there is ample scope and space for women to raise their opinions, voice their concerns, share their ideas and above all participate in decision making.

As United States Supreme Court Justice, Ruth Bader Ginsburg put it years ago, “Women belong in all places where decisions are being made. It shouldn't be that women are the exception.” Women in their roles as Company Secretaries, as Governance Professionals are acquiring positions of Key Managerial Personnel in the Indian corporates.

At the same time, given their acumen with legislations and corporate culture, they are being actively pursued to fill in the legislative requirements of Women Directors and even further Independent Directors. All these developments are opportunities but at the same time pinning a lot of expectations.

The National Women's Conference with its various verticals has over the years of its inception become a platform for raising meaningful deliberations – deliberations laying emphasis on the modern-day issues and challenges and the possible solutions, deliberations exploring opportunities both in the present-day moment as well as in the impending future.

But most importantly, the Conference has become a converging point – of women Company Secretaries, of ideas, views, opinions, all in the presence of eminent experts. The 3rd edition of the National Women's Conference which was recently held during March 28-29, 2025 in the heart of the city of Indore – was no less a delight than its preceding ones. Rather, I feel blessed to be accorded the opportunity to witness the presence of such driven women personas, who with their hard work, grit and passion, have shaped the lives of individuals around them and redefined cultures of entities they have been brought upon to serve.

It was indeed gratifying to listen to Ms. Neeti Agrawal, Industrialist & Social Worker and Dr. Priyanka Mokshmar, Chairman and Managing Director, Vaayu India as they shared their appreciation for the initiative amidst their life experiences and with that their words of wisdom for those to come ahead. I am equally grateful towards Shri Shankar Lalwani, Hon'ble Member of Lok Sabha from Indore for joining us in the deliberations on CS Professionals vis-à-vis State-Level Opportunities. His words "India is among the fastest growing economies of the world and by 2047 we aim to build a Viksit Bharat and professionals like Company Secretaries have a major role to play in turning this vision into reality", resonated a higher calling for the Governance Professionals.

Even though I may not be mentioning the names of all the Experts herein, I feel truly humbled to be joined by such men and women of erudite, and with them by our Past Presidents and Secretaries, Officials of various Ministries, Council Members and Government Nominees; as we sailed through the first national event of the year.

My heartiest appreciations and commendations to all the delegates who rendered our event both successful and memorable. I feel delighted to share that it is from the stage of this Conference, that the ICSI launched a unique initiative – an online refresher course for female Governance Professionals who have been away from the field and profession for a bit long as they catered to their familial responsibilities.

As is the name, **"Professional Reboot: Women in Company Secretarial Roles"**, the Certificate Course for Women CS intends to impart such knowledge as may be fit to render these professionals, corporate-ready, and assist them in fulfilling their professional responsibilities and pursue their dreams as envisioned at the beginning of their journey.

I am hopeful that the Women Company Secretaries shall reap maximum benefit from the course and acquire right knowledge with the right mindset.

ICSI BOARD MENTORSHIP PROGRAMME: BUILDING SUSTAINABLE PERSPECTIVES

"With each sunrise, we are given the gift of another chance to make a difference."

The Board of corporates – irrespective of their territorial boundaries have been seen as harbingers of change. Their decisions taken within the bounds of four walls, have lasting impacts globally. In true sense they are the change makers of the nation.

Where on one hand, we take it upon our shoulders, as Governance Professionals – to ensure compliance with the applicable legislations we pin our hopes and expectations upon the Board of Directors of companies to imbibe the true spirit of law and honour its essence in their decision making.

Launched in the month of September 2024, with its first and second editions in Ooty and Port Blair; within a span of 6 months, the Institute of Company Secretaries of India, through its Section 8 company – Institute of Governance Professionals of India, has proudly, yet silently tried its level best, to bring about a shift in the Board thought process, and in the knowledge levels of those seeking.

The 3rd edition of the ICSI Board Mentorship Programme was flagged off in the city best known as 'Heaven on Earth' – Srinagar; with the goal and aim to - BUILD BETTER LEADERS, CREATE A BETTER FUTURE, and STRIVE FOR A MORE SUSTAINABLE TOMORROW.

Because for us at the ICSI, a better future and a sustainable tomorrow, hinges upon the thought process, ideologies, ethics, values and principles of the leaders. The way and manner in which corporate decisions have been seen to impact global shifts, it goes without saying, that the future of our nation lies in the hands of corporate decision makers.

The four-day long Programme, amidst the scenic background of Tulips in all hues, registering a participation of more than 40 present and future Directors laid emphasis upon the core dimensions of governance, ESG and CSR. And it is in these deliberations that we got the opportunity to have a peep into the mindset, approach and thought of these delegates as far as the governance matter is concerned. The sharing of real-time issues and challenges faced, and with that the innovative solutions applied upon, left all of us awe-struck; but more importantly brought us closer.

The zeal of the delegates, the hunger for learning something new, and the portrayal of valour in support of good governance, were not only commendable and appreciable but heartwarming too. At the same time, I am extremely thankful to the learned experts who joined us in sharing their thoughts, knowledge and insights, thus, rendering the event all the more successful.

It is moments like these that there is a reiteration of the shared sense of oneness with our stakeholders and the achievement of the ICSI vision *"to be a global leader in promoting good corporate governance"* seems all the more, closer...

PANCHAYAT GOVERNANCE WEEK : FOSTERING SUSTAINABILITY AT GRASSROOTS

कोस-कोस पर बदले पानी, चार कोस पर वाणी

India as a nation is one proud of its diversity. And as proudly as I can put it, a major part of this diversity is contributed at the grassroots level. It is at the village level, that a chunk of our history, our culture and our heritage is preserved.

And so, when the very essence of the nation is maintained and taken care of by these small entities, it falls upon our shoulders that the governance within these entities is maintained and taken care of by us. It is with this thought and intent that the ICSI had released the Model Governance Code for the Meetings of Gram Panchayats in the year 2017. The said Code was later on translated into multiple Indian Languages so as to make it easier for the ultimate stakeholders to imbibe its essence and regulate their meetings as per the Code.

As the country stands in unison, the preparations are in full swing for the celebrations of the National Panchayati Raj Day on the 24th of April, in commemoration of the 73rd Constitutional Amendment Act of 1992, which came into effect on that day, institutionalizing the Panchayati Raj system and decentralizing power to the grassroots.

Taking a step forward towards the Panchayat Governance, the ICSI will be celebrating the Panchayat Governance week between 19th April to 26th April, 2025 by organizing programs across India through its Chapters, Regional Offices and one National Program in Delhi. For as the Father of the nation, Mahatma Gandhi has put it,

"My idea of Village Swaraj is that it is a complete republic, independent of its neighbors for its own vital wants, and yet interdependent for many others in which dependence is a necessity."

- Mahatma Gandhi

GOOD GOVERNANCE: EMPOWERING CAPITAL MARKETS

"The Concept of Corporate Governance is complex but the principles on which it is based are clear and well-marked. Transparency, accountability, integrity and fairness are its four pillars. Your responsibility determines how these principles are put into practice."

- Shri Ram Nath Kovind,

Hon'ble Former President of India at the celebration of 51st Foundation Day of ICSI

A few years ago, when the then President of India, portrayed his firm belief in the profession of Company Secretaries as the torch-bearers of good corporate governance; our feet had found a new sprint. Ever since, the ICSI efforts towards the goal and objective of good governance have only multiplied.

It gives us immense pleasure to have Shri Ram Nath Kovind, Hon'ble Former President of India, amongst us again as the Chief Guest at our upcoming Middle East Conference, as we lead the world on the path of good corporate governance.

The ICSI Middle East Conference on the theme Good Governance: Empowering Capital Markets is being hosted by the ICSI Middle East (DIFC) NPIO scheduled to be held during April 24-26, 2025 in the heart of UAE.

The 3-day long Programme intends to explore opportunities in novel areas along with strengthening base in the existing ones – all with a dedicated focus on Capital Markets.

I am sure that with your support and presence, we will be redefining history making this the largest congregation at an ICSI International Conference.

The Middle East awaits you !!!

AND THE JOURNEY OF LEARNING CONTINUES...

विक्रलबो वीर्यहीनो यस्य देवमनुवर्तते ।

वीरास्सम्भावित्तात्मानो न देवं पर्युपासते ॥

(Those who are timid and cowardly depend alone on destiny. The valiant ones with self-respect do not care for it.)

- Valmiki's Ramayana 2.23.16

As we celebrate the Navratri, we also celebrate the beginning of the Hindu Calendar Year – a symbol of new beginnings. And with that we also seek guidance in the character and conduct of Lord Ram on the auspicious celebrations of Ram Navami.

Striving continuously to bring about a difference in the Income-Tax Bill, 2025; if the Institute is endeavouring to conduct meetings and greetings thus creating awareness of our role as professionals; it falls upon your shoulders to continuously update and upgrade yourselves to serve the interests of stakeholders better. The verse above defines the ideal conduct of professionals truly. For it is effort that reaps results.

It is with this intent that the ICSI is launching the 5th edition of its Master Knowledge Series : EEE (Enable, Evaluate, Excel). The EEE 5.0 Webinar Series is an attempt to bring the guidance of experts at your finger-tips – but at the end of the day it is upon you to reap maximum benefit off of it.

We have also revisited the 'ICSI (Library and Reading Room) Guidelines - 2020', in order to facilitate its members and students, has undertaken an initiative of refurbishing a wholesome facility of Library in every chapter, region and CCGRTs. These Guidelines alongwith the SOPs shall govern the functionality of the libraries and are coming into effect from 1st April, 2025.

With that, I am delighted to share that given the success of ICSI Debating Society in the initial select venues, the initiative has been extended to all CCGRTs, Regional Offices and Chapters of ICSI, thus bringing the joy of learning and sharing of thoughts to all members and students.

The times ahead will be redefining corporate cultures, economic pursuits, and national goals. As professionals we must strive to be more, do more, achieve more... every single day...

अनिर्वेदम् च दाक्ष्यम् च मनसः च अपराजयम् ।

कार्यं सिद्धिं कराणि आहुः तस्मात् एतत् ब्रवीमि अहम् ॥

(Insistency, ingenuity, and indomitability of heart are required for achieving results. Therefore, I say so!)

Yours Sincerely



CS Dhananjay Shukla
President, ICSI

This Month That Year



2003

Meeting of the ICSI Delegation with Chairman, SEBI - Pavan Kumar Vijay (4th from Right) making the presentation to G.N. Bajpai (Chairman, SEBI).



2006

EIRC- Bhubaneswar Chapter- [Left]- Inauguration of Bhubaneswar Chapter Building- H.M. Choraria inaugurating the new building of the Chapter Office in presence of N.K. Jain, K.N. Ravindra, Subrata Kumar Ray, S.S. Sonthalia, S.K. Ray, members & students. [RIGHT]- Newly constructed Office Building of the Chapter.



2008

Interaction with Vice Chairman, NASDAQ and Jt. Secretary, Ministry of Corporate Affairs on Good Governance is Good Business-[LEFT]- Sitting from Left: N.K. Jain, Keyoor Bakshi, Jitesh Khosla (Jt. Secretary, MCA), Michael G Oxley (Vice Chairman, NASDAQ and Co-author Sarbanes Oxley Act), Arun Maira (Chairman, CII, National Council on CG & Regulatory Framework & Chairman, The Boston Consulting Group) and Rajesh Menon (Sr. Director, CII). [Right] - A view of the dignitaries, invitees and delegates.



2008

[LEFT] - Release of ICSI Publication Secretarial Standards - A compendium- Jitesh Khosla and Michael G Oxley seen releasing the publication while N.K. Jain and Arun Maira look on. [Right] - Group Photo of ICSI delegation with Finance Secretary, Govt. of India - Standing from Left: T.R. Mehta, C.K.G. Nair (Director, Ministry of Finance), N.K. Jain, M.S. Sahoo (Director, Ministry of Finance), Dr. D. Subbarao (Finance Secretary, Govt. of India), Harish K. Vaid & Sutanu Sinha.

Activity Highlights of March, 2025

MEETINGS WITH DIGNITARIES

- *Shri Sarbananda Sonowal, Hon'ble Minister of Ports, Shipping & Waterways*
- *Smt. Raksha Khadse, Hon'ble MoS for Youth Affairs & Sports*
- *Smt. Savitri Thakur, Hon'ble MoS for Women and Child Development*
- *Shri Arvind Sawant, Hon'ble Member of Lok Sabha*
- *Dr. Bhagwat Kishanrao Karad, Hon'ble Member of Parliament, Rajya Sabha*
- *Shri Baijayant Jay Panda, National Vice President, BJP & Hon'ble Member of Lok Sabha*
- *Shri B. Y. Raghavendra, Hon'ble Member of Lok Sabha*
- *Shri Daggumalla Prasada Rao, Hon'ble Member of the Lok Sabha*
- *Shri Gopal Krishna Agarwal, National Spokesperson, Economic Affairs, BJP*
- *Shri Kaushalendra Kumar, Hon'ble Member of Lok Sabha & Select Committee Member, Income-tax Bill, 2025*
- *Shri Krishna Prasad Tenneti, Hon'ble Member of the Lok Sabha*
- *Shri Pankaj Chaudhary, Hon'ble MoS for Finance*
- *Shri Rodmal Nagar, Hon'ble Member of the Lok Sabha*
- *Shri Shankar Lalwani, Hon'ble Member of the Lok Sabha*
- *Shri Suresh Prabhu, Former Cabinet Minister*
- *Smt. Supriya Sule, Hon'ble Member of the Lok Sabha*
- *Shri Suresh Kashyap, Hon'ble Member of Lok Sabha*
- *Padma Shri, Vikramjit Singh Sahney, Member of Rajya Sabha*
- *Shri Vishweshwar Hegde Kageri, Hon'ble Member of Lok Sabha*
- *Dr. Anju Rathi Rana, Secretary, Department of Legal Affairs*

MEETINGS WITH OTHER DIGNITARIES

- *Prof. T.G. Sitharam, Chairman and Dr. Sunil Luthra, Director, All India Council For Technical Education (AICTE)*

ICSI MIDDLE EAST CONFERENCE 2025

The ICSI is organising its Middle East Conference 2025, on April 24-26, 2025 in Dubai (UAE), on the theme **Good Governance: Empowering Capital Markets**. The Conference is set to bring in opportunities for learning and resource enhancement, besides providing a platform to connect with thought leaders, industry pioneers, and

prospective investors for networking and business growth. The three-day Conference will hold engaging sessions spanning IPO, AI, AML, ESG and India -UAE Bilateral Ties to equip professionals with the know-how needed to navigate the intricacies of modern finance.

3rd NATIONAL WOMEN'S CONFERENCE AT INDORE

The 3rd National Women's Conference was organised during March 28-29, 2025 on the theme "Transforming the Future: Women's Role in Sustainable Development" at Brilliant Convention Centre, Indore, Madhya Pradesh to promote women's entrepreneurship and inclusivity and celebrate the pivotal role women play in social, economic and sustainable development. The Conference was inaugurated by Special Guests, Ms. Neeti Agarwal, Industrialist & Social worker and Dr. Priyanka Mokshmar, Chairman and Managing Director, Vaayu India. Shri Shankar Lalwani, Hon'ble Member of Lok Sabha from Indore graced the last technical session. The Conference was attended by around 300 delegates in-person and 4,500 delegates in virtual mode. The detailed proceedings of the Conference are included in the ensuing pages.

26th NATIONAL PCS CONFERENCE - BLOCK YOUR DIARY

The Institute announced the organisation of 26th National Conference of Practising Company Secretaries on June 14-15, 2025 in the Eastern Region during the 3rd National Women's Conference held at Indore. Members are requested to Block the Diary for this much awaited event of the year.

REPRESENTATIONS SUBMITTED:

Date	Particulars	Authority
03.03.2025	Request to facilitate setting up of new office of Regional Director, Ministry of Corporate Affairs at Bengaluru	Smt. Nirmala Sitharaman, Hon'ble Union Minister, Ministry of Finance & Corporate Affairs
03.03.2025	Introduction of Compliance Mechanism to Promote Governance in Small Companies	
05.03.2025	Request to facilitate setting-up of NCLT Bench at Patna	All members of Select Committee of Lok Sabha constituted to examine the Income Tax Bill, 2025
	Request for seeking inclusion of the profession of 'Company Secretary' within the meaning of the Company Secretaries Act, 1980 in the definition of "Accountant" given under Section 515(3)(b) of The Income-Tax Bill, 2025	

VIEWS AND SUGGESTIONS SUBMITTED

Date	Particulars	Authority
07.03.2025	Consultation Paper for aspects relating to Secretarial Compliance Report, appointment of auditors and related party transactions of a listed entity	SEBI

MCA: USER AWARENESS SESSION

DATE	TOPIC	SPEAKERS
March 26, 2025	Company Form SH-7 & PAS-3	Sh. Sidhil Sasi, Deputy Director General, MCA LTI Team Members: Ms. Richa Gupta, Ms. Vijaya Gumpena, Ms. Seema Malhotra, Mr. Chandra Singh, Mr. Balram Thakur, Ms. Chandreyee Dutta Moderators: CS Dwarkanath Chennur, Central Council Member, ICSI

MOU WITH AJVA FINTECH PRIVATE LIMITED (eMSME)

The ICSI has entered into an MoU with M/s Ajva Fintech Private Limited (eMSME) in March, 2025 to facilitate Practising Company Secretaries by providing Software (eMSME Saarthi) for Government scheme discovery, its availment and providing consultation to clients.

ECSIN AMNESTY SCHEME – 2025

The Institute has launched the ECSIN Amnesty Scheme, 2025 effective from April 1, 2025 to April 15, 2025. All active eCSINs generated from the effective date of the eCSIN Guidelines i.e. 1st October, 2019 upto the validity of the Amnesty Scheme i.e. April 15, 2025 shall be eligible under the Amnesty Scheme.

UDIN AMNESTY SCHEME – 2025

The Institute has launched the UDIN Amnesty Scheme, 2025 valid from 1st April, 2025 to 15th April, 2025. All UDINs generated from 19th April, 2024 upto the closure of the Scheme i.e. 15th April, 2025 are eligible to avail benefit under the Amnesty Scheme.

REGISTRATIONS OPEN FOR PMQ COURSES

Registrations for Post Membership Qualification (PMQ) Courses in subjects like *Direct Tax, Internal Audit, Arbitration and Corporate Governance* - December 2025 batch are open till June 30, 2025.

ONLINE CLASSES CONDUCTED

During the month, Online Classes were organized for the following Courses:

- Certificate Course on POSH - Batch 9
- Certificate Course on FEMA - Batch 8
- Certificate Course on IPR - Batch 6

- Certificate Course on Commercial Contract Management - Batch 8
- Certificate Course on Securities Laws - Batch 6
- Certificate Course on GST - Batch 13

ONLINE ASSESSMENT

The online assessment of Crash Course on Lending Transactions and Opportunities for CS in Banking was held during March 21-22, 2025 and subsequent assessment was held on March 27-28, 2025. Online assessment of Certificate Courses on CSR (Batch-11), ESG (Batch-1), IFSCA (Batch-1), Mediation (Batch-1), POSH (Batch-8), FORA (Batch-8) and Independent Director (Batch-8) was also held during this month.

PEER REVIEW CERTIFICATES ISSUED

During the month March 2025, Peer Review of around 90 Practice Units was completed and accordingly Peer Review Certificate issued. The updated list of Peer Reviewed Units and can be accessed at www.icsi.edu/media/webmodules/List_Peer_Reviewed_Practice_Units.pdf

E-LEARNING FACILITY

The E-learning services have been configured to facilitate ODOP, CRT, Pre-Examination Test for June 2025 enrolment to examination and 30 Days CLDP. More than 55000 students completed their respective courses on LMS in the current month. Assessments for New Certificate and Crash courses have been conducted on LMS. Knowledge on Demand (KOD), PCS Orientation Programmes are being regularly facilitated for the members.

FORMATION/RENEWAL OF ICSI STUDY CIRCLES

The ICSI has been promoting the Formation/Renewal of Study Circles for creating knowledge upgradation avenues through professional discussion and deliberation. Study Circle renewed in March 2025 for the FY 2025-26 were as under:

Region	Name of the Study Circle	Formation/Renewal
NIRC	Najafgarh Study Circle of ICSI	Renewal
SIRC	Chennai West Study Circle of ICSI	Renewal
WIRC	Aditya Birla Group (Corporate) Study Circle of ICSI	Renewal

PLACEMENT OPPORTUNITIES FOR COMPANY SECRETARIES

The ICSI stands committed to help all the associated companies and availing the services extended by the cell to conduct their recruitment drives for the position of Company Secretary/ CS Trainee in a time bound, hassle-free and mutually beneficial manner, and to help the members and students in getting the right placement offer. The Institute receives requests from various offices of the Government/ PSUs/ Banks/ Corporates regarding the positions of Company Secretary/ CS Trainee from time to time and resumes of eligible Members and Students are sent to them.

(March 2025)

No. of Corporates/ MCA and other Government Bodies/ PSUs/ PCS Firms that Posted Jobs on the ICSI Placement Portal	182
No. of Openings available on the ICSI Placement Portal	273

For more details, kindly visit ICSI Placement Portal - placement.icsi.edu

STATUS OF REGISTRATIONS AND POSTINGS AT THE PLACEMENT PORTAL

(As on March 28, 2025)

Registered Users			Total no. of Vacancies
Members	Students	Corporates	Jobs / Trainings
20,373	30,025	7,382	5,021

NEW SELECTIONS

Two Members selected as Deputy Chief Manager (Secretarial) - CTC Rs. 21.79 lakh) and Additional Chief Manager (Secretarial) CTC Rs. 24.51 Lakh] at NLC India Limited through ICSI.

ICSI SECTION 8 COMPANIES

ICSI INSTITUTE OF INSOLVENCY PROFESSIONALS

• WORKSHOPS

Date	Subject	Speaker(s)	YouTube link
07/03/2025	Mediation, Amendments, Investigation and Grievance Redressal under IBC	CA and IP Divya Somani	youtube.com/watch?v=zfh9EWdOuIQ
08/03/2025		CS and IP Sucheta Gupta	youtube.com/watch?v=0GZKkguDEqI
20/03/2025	Exploring Avoidance Transactions and Resolution Plans	CS and IP S. Dhanapal	youtube.com/watch?v=4Wfr4k3MAdw
21/03/2025		CS and IP Shubham Agarwal Goyal	youtube.com/watch?v=Ronf2luGH5s

• WEBINARS

Date	Subject	Speaker(s)	YouTube link
11/03/2025	Practical difficulties in liquidation proceedings and recent judicial developments	CS Barsha Dikshit and CS Neha Malu	youtube.com/watch?v=HlhjuZZCZpA
26/03/2025	Disciplinary Issues against IRP and RP	CS and IP Vinit Nagar	

• JOINT PROGRAMMES

Date	Jointly with	Event
March 20-22, 2025	Reinforce Intellectual Property Association	Annual Residential Refresher Course

ICSI REGISTERED VALUERS ORGANISATION

Date	Programme	Topic	Faculty	
March 03, 2025	Online Continuing Professional Education	IVS 2025 - Key Changes in Definitions	Dr. Ajay Garg	
March 21, 2025		Artificial Intelligence in Corporate Valuation	Dr. Nidhi Mathur	
March 21-27, 2025	50 Hours Online Educational Course	Valuation of Securities or Financial Assets	Dr. Ajay Garg Mr. Chaitanya jee Srivastava CS K. Chandra Sekhar CS Kanishk Arora CS Preeti Garg CS Rajesh Mittal	CA Raveesh Chaudhary CS Sandeep Kothari CA Sumit Dhabda CS Rajiv Garodia CMA Murali Raman CA Tarun Mahajan CS Harish Chander Dhamija

ICSI INTERNATIONAL ADR CENTRE

The ICSI IAC has invited applications from professionals interested in being empaneled as Arbitrators. Interested members and professionals may visit <https://www.icsiadr.in> for detailed information on eligibility criteria and the application process.

INSTITUTE OF GOVERNANCE PROFESSIONALS OF INDIA

- **3rd ICSI Board Mentorship Programme scheduled to be held during April 02-05, 2025 at Srinagar, Jammu & Kashmir**

In view of the success of the 1st and 2nd edition, the 3rd ICSI Board Mentorship Programme of the IGPI is being organized during April 02-05, 2025 at Srinagar (Jammu & Kashmir). The 4-day residential Programme is aimed at enhancing the skills and updating the knowledge of Industry Leaders, present and future directors, Senior Management, and strategic decision-makers, keeping in sight the altering dynamics of the Indian business ecosystem and the ever growing and transforming role of directors on the Boards of Indian companies.

ICSI CCGRTs

ICSI-CCGRT KOLKATA

- *7th batch of Residential CLDP commenced from March 21, 2025*

CCGRT Kolkata started its 7th batch of Residential CLDP training and the inaugural session was held on Friday, 21st March 2025. CS Sandip Kejriwal, Council Member, ICSI and Convenor, CCGRT Kolkata and CS Rupanjana De, Council Member, ICSI addressed the participants on this occasion. No. of participants : 34.

- *Research Conclave on “Decoding Financial Statement” held on March 22-23, 2025*

CCGRT Kolkata organized Research Conclave on “Decoding Financial Statement” on March 22-23, 2025. CS Sandip Kejriwal, Council Member, ICSI and Convenor, CCGRT Kolkata and CS Rupanjana De, Council Member, ICSI welcomed the delegates. Shri R K Tiwari, Regional Director (ER), MCA graced the occasion as Special Guest. Shri Pankaj Srivastav, Deputy Director, MCA was also present on this occasion. No. of participants : 230

Topic	Speaker
Recent Amendments in SEBI (LODR) Regulations	Rajesh Poddar Deputy Company Secretary, ITC Ltd.
Inquiry, Inspection and Investigation	CS Manoj Banthia PCS & Past Chairman, ICSI-EIRC
Key Aspects of Financial Statement	CS CA Anup Luharuka

Compliance related to Schedule III (Financial Statement)	CS Hansraj Jaria PCS & Past Chairman, ICSI-Hooghly Chapter
Navigating Compliance Challenges in MCA V3 Filing	CS A Manish Kumar PCS & Past Vice-Chairman, ICSI-Hooghly Chapter

- *Debating Competition (Physical) Event on March 22, 2025*

The Debating Society of CCGRT Kolkata hosted a successful physical event on March 22, 2025. The topic, “Do Legal Terms Obstruct Effective Communication in Contracts instead of Enhancing the Same?” sparked intense debate, with mentees arguing persuasively both for and against the motion. Mentor CS Ketan Madia, Former Company Secretary of ITC Limited, provided expert guidance and oversight. CS Sandip Kejriwal, Convenor, CCGRT Kolkata and Shri Ankur Yadav, Head-CCGRT Kolkata were also present on this occasion.

ICSI-CCGRT MUMBAI

- *30th RCLDP organised during March 10-25, 2025*

30th batch of Residential Company Secretary Leadership Development Program (RCLDP) took place from March 10th to 25th, 2025, at ICSI-CCGRT, Mumbai, with 28 participants from various states. CS Manoj Gujran, Corporate Advisor and Consultant from Pune, inaugurated the program as Chief Guest. The valedictory ceremony was graced by CS Suresh Viswanathan, PCS, Navi Mumbai. The batch also got the opportunity to interact with CS B. Narasimhan, Immediate Former President, the ICSI.

- *Research Oriented Seminar organised on March 01, 2025.*

ICSI-CCGRT, Mumbai organised Research Oriented Seminar on ‘Bank Due Diligence under RBI Guideline’ on March 01, 2025. The seminar was conducted by CS Shivanand Shettigar, Group CS, YES Bank Ltd. & CS Raghavendra J. Joshi, PCS from Pune. The seminar focused on RBI’s regulatory governance framework for banking companies, pillars of governance, board of directors – fit & proper criteria, RBI’s circular, risk-based supervision and points required to be covered under DD report of banks issued by RBI. Around 76 participants attended the seminar.

- *Workshop on the PoSH Act, 2013 organised on March 08, 2025.*

ICSI-CCGRT, Mumbai organised Workshop on the PoSH Act, 2013 on March 8, 2025 to celebrate the International Women’s Day 2025. The Workshop featured two engaging sessions by CS Kavita Sethi, PCS from Pune and CS Reshma Sangle, Managing Partner CatalystBizz. The event was punctuated by cake-cutting ceremony and handing over of small gifts to female participants as a token of celebration.

- 5th & 6th sessions of Debating Society on March 08 & 22, 2025

The ICSI-CCGRT, Mumbai Debating Society conducted its 5th debate session on March 08, 2025, on the topic 'Should the Indian Government Regulate NBFCs More Strictly to Ensure Financial Stability?'. The 6th debate session was held on March 22, 2025, on the topic: "Gut feeling or Intuition as the driver of Business Transformation." The debate brought together insightful perspectives and engaging arguments from participants, fostering a rich discussion on a critical issue affecting India's financial and business landscape.

ICSI-CCGRT HYDERABAD

- 2-Days Program on 'NCLT Practices & Procedures – Opportunities for Company Secretaries' on March 22-23, 2025

ICSI-CCGRT, Hyderabad organized a two-days program on 'NCLT Practices & Procedures – Opportunities for Company Secretaries' on March 22-23, 2025 in the presence of Shri Veera Brahma Rao Arekapudi, Former Member (Technical), NCLT, and General Manager (Retd), SBI, Hyderabad as the Chief Guest. CS R. Venkata Ramana, Council Member, ICSI & Convenor, MC, CCGRT Hyderabad also addressed the participants. The program witnessed a participation of 82 delegates from across the country.

The technical sessions featured esteemed speakers, including:

CS (Dr.) P. Bhaskara Mohan, Advocate, Telangana High Court, and Arbitrator	Appearances before Tribunals, Arguments with Case Law Research, Strategy for Filing a Petition before NCLT, and Drafting of Pleadings, including Affidavits
CS (Dr.) S.V. Rama Krishna, Advocate, HC Telangana, and Corporate Legal Advisor	NCLT – Oppression and Mismanagement
Moot Court Session on IBC and Companies Act	

ICSI REGIONAL OFFICES

ICSI-EIRO

- 08/03/2025: A full day seminar on "Aparajita - The Invincibles"
- 30/03/2025: Full day seminar: सारथी - Navigating excellence in Corporate Governance
- 19/03/2025: "Lakshya 5.0 - Gyan Ka Mahakumbh"
- STUDENT PROGRAMS
 - 18/03/2025: 28th Batch of 15 days EDP Class Room Mode

- 19/03/2025: 7th Batch of Online 15 days CLDP
- 20/03/2025: 23rd batch CSEET

ICSI-SIRO

- 23/03/2025: One Day Seminar On Critical Aspects of CSR & Related Party Transactions and Interaction with President and Vice-President, The ICSI

RPTs (Covering Companies Act, SEBI Regulations & Circular, Industry Standards)	CS R Prakash VP & CS HC Kothari Group, Chennai CS S Subha Shree, Rane Group of Companies, Chennai
Critical Aspects of CSR	CA Gopal Krishna Raju, PCA, Chennai

STUDENT PROGRAMS

- 18/03/2025: 4th Batch of Webinar Mode CLDP (15 Days Online)
- 24/03/2025: 20th Batch of 15 Days Executive Development Programme (EDP)
- 27/03/2025: 10 Batch of CLDP (15 Days Classroom Mode)

ICSI WIRO

- 08-09/03/2025: Knowledge Sharing Series on "Ensuring Seamless Compliance & Governance at the Financial Year-End" organised at Walchand Hirachand Hall, IMC Churchgate, Mumbai.

STUDENT PROGRAMS

- 05-23/03/2025: 7th Batch of 15 days CLDP (Webinar Mode) organized.
- 24/03/2025: 8th Batch of 15 days CLDP (Webinar Mode) commenced.
- 24/03/2025: 28th Batch of 15 days Classroom Mode CLDP commenced.
- 26/03/2025: 57th Batch of 15 Days Classroom Mode EDP commenced
- CAMPUS TRAINEE DRIVE

- 06/03/2025: Campus Trainee Drive organised by Ministry of Corporate Affairs, (West) for Management Trainees. No. of Participants : 59.

STUDY CIRCLE MEETINGS

March 3, 2025	Aditya Birla Group (Corporate) Study Circle	SEBI (LODR) (Third Amendment) Regulations, 2024 – A Secretarial Auditor's Perspective
March 7, 2025	Bhilai Study Circle	Key Highlights of Union Budget 2025-26

March 11, 2025	Sangli Study Circle	Striking Off vs. Voluntary Winding Up: A Comparative Analysis Under Companies Act, 2013 & IBC, 2016
March 12, 2025	H.T. Parekh Marg (Corporate) Study Circle	Industry Standards Note on Regulation 30 of SEBI LODR Regulations and Related Party Transaction

ICSI-NIRO

- 08/03/2025: International Women's Day on the theme Empower, Inspire, Achieve: Celebrating Women in Leadership. Chief Guest: Ms. Shazia Ilmi.
- 12/03/2025: Navigating Governance, Compliance, Growth & Phagotsava Cultural Evening including Interactive Session with CS Dhananjay Shukla, President, and CS Pawan Chandak, Vice President, The ICSI. Guest Speaker: CS Ranjeet Pandey, Former President of ICSI. The cultural celebration, Phagotsava, was marked by an exceptional performance by the celebrated Hindustani classical vocalist, Pandit Sudhanshu Bahuguna Ji, Founder Director of Swar Trishna Mahavidhyalaya.
- 19/03/2025: First Placement Drive of the Year 2025 organized.
- 22/03/2025: Workshop on "Emerging Trends in Compliance: Staying Ahead of the Curve" Guest Speaker: CS Nitu Poddar.
- 26/03/2025: Workshop on the Foreign Exchange Management Act (FEMA). Guest speaker: CS Devender Suhag, Former Chairman of ICSI-NIRC.

STUDENT PROGRAMS

- 01/03/2025: Comprehensive CS Trainee Drive organized.
- 12/03/2025: 52nd Batch of 15 Days Classroom EDP concluded.
- 17/03/2025: 53rd Batch of 15 Days Classroom EDP commenced.
- 05-21/03/2025: 31st Batch of 15 Days Classroom Mode CLDP organized.
- 24/03/2025: 32nd Batch of 15 Days Classroom Mode CLDP commenced.
- 03-22/03/2025: 13th CLDP in webinar mode conducted.
- 22/03/2025: 14th CLDP in webinar mode commenced.

ICSI DEBATING SOCIETY

ICSI-NIRC conducted 3 sessions in the month of March 2025 as under:

Date	Session	Topics
06-03-2025	Session-5	Parliamentary Debates Objective: Train students on Parliamentary Debates. Content:
13-03-2025	Session-6	<ul style="list-style-type: none"> Format and Rules of Parliamentary Debates Roles of government and opposition teams.
27-03-2025	Session-7	<ul style="list-style-type: none"> Structure of speeches. Strategies for effective rebuttal and argumentation. Protocols and decorum in Parliamentary Debates. <p>Activities:</p> <ul style="list-style-type: none"> Lecture and discussion. Mock Parliamentary Debate. <p>Group activity: Prepare speeches for both government and opposition roles.</p> <p>Homework: Write a speech for a Parliamentary Debate, Discuss on updated parliamentary topics.</p>

STUDY CIRCLE MEETINGS

March 07, 2025	Governance challenges in family-owned businesses	Guest Speaker: CS Parvinder Arora
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COUNSELLING ON 'CS COURSE' TO STUDENTS AT CBSE EXAMINATION CENTRES

The ICSI has taken a progressive initiative to provide counselling on the 'CS Course' to students at various CBSE examination Centers to create awareness about the profession, inspire young minds to pursue this prestigious career path, and offer guidance on the opportunities and benefits associated with the course. NIRC actively participated in this campaign by organizing 5 counselling sessions and distributing informative pamphlets at multiple CBSE exam Centres during the month of March 2025.

ICSI EMPLOYEES

- Webinar on "Nutrition for Working Women" by Dr. Reddy's Foundation

On the occasion of International Women's Day, a webinar was organized on March 06, 2025 on the topic "Nutrition for Working Women" by Dr Reddy's Foundation for the benefit of ICSI employees and pensioners. All employees/veterans participated in the webinar presented by Dr. Gehena Jain, Sr. Nutritionist.

- *International Women's Day Celebrated*

Dte. of HR celebrated the International Women's Day on March 07, 2024. Gifts were distributed to all the female employees of ICSI.

- *General Healthcare Checkup Camp at HQ, Lodi Road*

A general healthcare checkup camp was organized at HQ in collaboration with Venkateshwar Hospital on March 25, 2025 for the welfare of the employees, as a part of continuous employee engagement programme. A team of 10 medical staff including a General Physician and Gynaecologist consultation visited the Institute. All employees participated in the camp.

ICSI STUDENTS

FACILITATION AND RELAXATION

- *CS Mitr Scheme:*

ICSI has introduced CS Mitr incentive Scheme wherein any person who is above 18 years of age is eligible to become CS Mitr under the scheme. Incentive @ ₹500 will be paid per student to the CS Mitr for each student registered in Executive Programme (subject to applicable tax deduction). Further, the above incentive will only be valid for the registration categories wherein concession in fees is not applicable. Persons willing to become CS Mitr will be required to apply through online process. After their credentials are verified and they are registered with ICSI as CS Mitr, they will be allotted a code number. Students will be required to mention the code as a referral code, while registering themselves for the Executive Programme. All payments will be transferred by the Dte. of Finance and Accounts to the bank account. of beneficiary through NEFT

To register visit: smash.icsi.edu/Scripts/Registration/Mitr_Registration.aspx?rmode=1#

- *ICSI Students Education Fund Trust (SEFT):*

With a view to encourage and motivate economically backward and academically bright students to pursue the Company Secretaryship Course, a Trust, viz., "ICSI Students Education Fund Trust" has been established by the Institute. Under the guidelines of the Trust, eligible students are fully exempted from paying the Registration / Admission Fee including CSEET Registration Fees, Tuition Fees, Examination Fees, Pre-Exam Test Fees, and other fees payable at the time of admission to the Executive and Professional Programme.

- *Welcome Back Scheme via Re-Registration Policy*

The Institute has introduced a special scheme for students who:

- Have successfully passed the Executive Programme

- Did not register for the Professional Programme
- Have an expired registration term and not eligible for de-novo

The students can continue their study from the Professional Programme with this initiative, eliminating the need to repeat the Executive level.

Key Benefits:

- Saves time by skipping the Executive level
- Helps the students continue their academic and professional journey seamlessly

As a result, 654 students registered in Professional Programme since May 2014. The detailed information is available at: icsi.edu/docs/Webmodules/REREGISTRATION.pdf

- *June 2025 Examinations: Successful configuration of Enrolment Setup*

The system has been successfully configured to enrol students for June 2025 session of examination. Subsequently Enrolment Setup has been activated for **Executive & Professional New Syllabus (2022)**, **Professional Old Syllabus 2017** students. As a result, 17,168 students have enrolled as of date. Last date to submit enrollment form is March 25, 2025 (without late fee) & April 09, 2025 (with late fee).

- *June 2025 Examinations: Centralized Free Online Classes*

ICSI is conducting free online Centralized classes for the students of Executive Programme (New Syllabus) and Professional Programme (New Syllabus) from 16th December 2024 onwards. These Classes are being conducted free of cost for the students. The classes are being conducted for the students eligible to appear in June 2025 examination and the duration of the classes will be 4-5 months. Students registered for these classes will be eligible to get exemption from pre-exam test subject to clearing of tests of respective group/s. Further, students registered for these classes will also be given free access to online doubt clearing classes conducted by the Institute.

- *June 2025 Examinations: Additional attempt under Old Syllabus (2017)*

The Institute has decided that the students of **Professional Programme (2017) (Old syllabus)** shall be allowed one more attempt as per the following schedule :

Last Session of Examination under Old Syllabus (2017)	Additional Attempt under Old Syllabus (2017)	Examination to be held under New Syllabus 2022
December 2024	June 2025	December 2025

- ***Dedicated Helpline Number for Student Queries***

The ICSI has introduced a dedicated helpline number to handle queries related to Student Registration, Post Registration, Class Room Teaching and Enrolment. Students can contact at 0120-4082170 (From Monday to Friday 9.30 A.M. to 5.30 P.M.).

- ***Encouraging Students to Complete CS Course After Passing Executive Programme***

Many students started their CS Course with enthusiasm and ambition, but due to some personal reasons, the students discontinued their studies after passing the Executive. However, completing CS Course can be one of the best decisions they will ever make for their future. Considering this we are regularly communicating with the students via bulk mail/bulk SMS who have passed Executive but not registered for Professional to complete their CS Course. As a result, 11397 students registered in Professional Programme since August 2023.

- ***ICSI Waiver Scheme for Indian Armed Forces, Paramilitary Forces, Agniveers And Families Of Martyrs***

The Institute in alignment with the various initiatives of Govt. of India has launched ICSI Waiver/ Concession scheme for Indian armed forces, paramilitary forces, Agniveers and families of Martyrs. Under the scheme, 100% concession will be given to the following categories in full Fee payable at the time of Registration in CS Executive programme. While all other fees, including those for trainings be applicable in full as per their respective category:

- *Wards and widows of martyrs (who have died during service; either during battle casualty or due to any other reason) of Indian Army, Indian Air Force, Indian Navy and all para-military forces.*
- *In Service/ Retired personnel of Indian Army, Indian Air Force, Indian Navy and all para military forces (including defence personnel who have taken retirement under short service commission).*
- *Wards of all personnel of Indian Army, Indian Air Force, Indian Navy and all para military forces (including wards of defence personnel who have taken retirement under short service commission).*
- *Candidates who are inducted as “Agniveer” under AGNEEPATH Scheme of the Government of India after completing four years under the Scheme (upon submission of documentary evidence for the same).*

- ***ICSI Samadhan Diwas***

ICSI successfully conducted the 53rd Samadhan Diwas, on Wednesday, March 12, 2025. Samadhan Diwas is a unique initiative of the ICSI wherein “on-

the-spot” resolution is provided on issues/grievances of trainees and trainers. The purpose of the Samadhan Diwas is to facilitate the stakeholders to resolve their queries on the spot. In the Samadhan Diwas students get opportunity to present their cases and directly interact with the ICSI officials.

- ***Activation of Switchover Option along with Pre-Examination Fee for Professional Programme Old Syllabus (2017) Students***

The Institute has notified that candidate who have registered under the CS Professional old syllabus (2017) can switch over to CS Professional new syllabus (2022) comprising 7 papers. Accordingly, the portal for switchover from old syllabus (2017) to New Syllabus (2022) along with Pre-Examination Fee has been activated for Professional Programme Students w.e.f., November 20, 2023.

- ***Compulsory Switchover from Old Syllabus-2017 to New Syllabus – 2022***

The last examination under Executive Programme (Old Syllabus) has been conducted during December, 2024 Session. From June, 2025 Session onwards, all students under Executive Programme (Old Syllabus) shall be compulsorily required to switchover to Executive Programme (New Syllabus). No further extensions will be granted for the Executive Programme under the 2017 (Old) Syllabus. Starting from December 2025 for Professional Programme students, a compulsory switch to the New Syllabus will be applicable. Announcement hosted at:

www.icsi.edu/media/webmodules/CumpolsorySwitchOver454241472154414584.pdf

- ***Transcripts & Education Verification***

It has been observed that on completion of Course the professionals are also applying for Foreign Courses /degrees /or immigration based on CS Qualification. During the month, 21 Transcripts were issued.

Likewise, on request of the employer/PSU/government authorities and other Education verifier agencies, 04 Education Verification requests of CS students were processed.

- ***Registration for Classes by Regional/Chapter Offices at the time of Executive Programme Registration***

Institute has facilitated Executive Programme students to register directly for the Executive Programme classes at the time of Executive registration. Executive Programme students can now register directly for the Executive Programme classes conducted by the Regional/Chapter Offices at the time of Executive Programme registration. This will help the students to join classes at their nearest Regional/chapter Office.

- **Paper Wise Exemption on the Basis of Higher Qualifications**

The Institute has decided that the students enrolling into the Company Secretary Course under New Syllabus, 2022 shall be eligible for paper-wise exemption (s) based on the higher qualifications acquired by them. Accordingly, necessary announcement including process of claiming paper-wise exemption has been shared for information to all concerned: www.icsi.edu/media/webmodules/ATTENTION_STUDENTS_RECIPROCAL_EXEMPTION_NEW_SYLLABUS_2022_Updated.pdf

- **Professional Programme Pass Certificate of ICSI in Digilocker**

The Institute decided to issue Professional Programme Pass Certificate online via DIGILOCKER. The same initiative was Launched at 50th National Convention of ICSI at Kolkata with the support of the National e-Governance Division (NeGD), Ministry of Electronics and Information Technology (MeitY), Govt of India. The students who passed on or after June 2021 Session of Examination can download Professional Pass Certificate from DIGI Locker.

- **Real Time Guidance for Students**

The Institute has prepared Frequently Asked Questions (FAQs) on the queries received from Stakeholders / Students to give more clarity on the issues and real time guidance. The FAQs are hosted on website at:

- **Executive Switchover :**
www.icsi.edu/media/webmodules/ExecutiveFAQ_SW_24082023.pdf
- **Professional Switchover to New Syllabus:**
www.icsi.edu/media/webmodules/Executive_FAQ_SW_23022023.pdf

TRAINING OPPORTUNITIES

During the month, following training opportunities were posted on the Placement Portal:

No. of Corporates/ MCA and other Government Bodies/ PSUs/ PCS Firms that Posted Training and Semi qualified Job Opportunities on the ICSI Placement Portal	308
No. of Training/Semi qualified Opportunities available on the ICSI Placement Portal	652

For more details, kindly visit ICSI Placement Portal - placement.icsi.edu/PlacementApp/

COMPANY SECRETARY EXECUTIVE ENTRANCE TEST (CSEET)

During the month, following initiatives were taken for the CSEET students:

- **CSEET Registrations Open for May 2025 Session**

Registrations for CSEET have been opened for May 2025 Session scheduled to be held on May 03, 2025. Last Date of Registration: April 15, 2025

- **Centralized online Classes of CSEET – May 2025 Session**

ICSI will be conducting online Centralized classes for the students registered for May 2025 Session of CSEET. Faculties with vast experience will be taking these classes.

- **Registration for CSEET Classes at the time of CSEET Registration**

CSEET students can register directly for CSEET classes conducted by Regional/Chapter Offices at the time of CSEET registration. This will help the students to join classes hassle free at their nearest location.

Link to register smash.icsi.edu/Scripts/CSEET/Instructions_CSEET.aspx

- **Exemption to Graduates and Post Graduates from appearing in CSEET and enabling them to take direct admission in CS Executive Programme**

The Institute has decided to grant exemption to Graduates or Post Graduates (without any criteria of minimum % of marks) in any discipline of any recognized University or any other Institution in India or abroad recognized as equivalent thereto by the Council from appearing in CSEET enabling them to take direct admission in CS Executive Programme. To get exemption from CSEET on the basis of above qualification, such students shall be required to pay applicable exemption fees along with the requisite registration fees for the Executive Programme. For more details, please click

www.icsi.edu/media/webmodules/granting_exemption_230621.pdf

- **CSEET Guide – I and CSEET Guide – II to be provided mandatorily to all students**

The Institute has decided that the **CSEET Guide – I** and **CSEET Guide – II** will be sent to all the students registering for CSEET by post, for which ₹500 will be taken at the time of registration from the students registering for CSEET in addition to ₹1500 (CSEET Registration fee).

- **CSEET Reference Reading Material (I and II) for all students at the time of CSEET registration on optional basis**

CSEET Reference Reading Material (I and II) will be provided optionally to all the students at the time of CSEET registration. Students are required to remit ₹1000 in addition to ₹2000. The same is available at: www.icsi.edu/reference-reading-material/

KNOWLEDGE UPGRADATION

- *Student Company Secretary and CSEET Communique*

The Student Company Secretary e-journal for Executive/ Professional Programme students of ICSI and CSEET Communique covering latest updates on CSEET subjects have been released for the month of **March, 2025**. The journals are available on the Academic corner of the Institute's website at the link: www.icsi.edu/e-journals/

- *Research Tab under Academic Portal for students*

A new research tab has been added under the Academic Portal to sensitize the students on emerging issues through research based academic outputs. The Research Tab can be accessed at www.icsi.edu/student-n/academic-portal/research-corner/.

- *Recorded Video Lectures*

ICSI has been recording video lectures of eminent faculties for the students of ICSI which help them to prepare for the examination. Students of the Institute can access recorded videos available on the E-learning platform by logging in to elearning.icsi.in

Login credentials are sent to all registered students at email. After successful login, go to "My courses" or "My Communities" section, where you can find the recorded videos and other contents.

- *Info Capsule*

A Daily update for members and students, covering latest amendment on various laws for benefits of members & students available at www.icsi.edu/infocapsule/

CAREER AWARENESS

- *Career Awareness Programmes conducted across the country by ICSI-HQ, Regional and Chapter offices*

	Region	Name of Institution	Date	Venue
1.	WIRC	Kanya Vidya Mandir Junior College of Commerce	03-03-2025	Mumbai
2.	EIRC	Shyambazar Law College	06-03-2025	Kolkata
3.	EIRC	Surendranath Law College	11-03-2025	Kolkata
4.	WIRC	Vendanta College of Management	18-03-2025	Ulhasnagar
5.	NIRC	Air Force Golden Jubilee Institute	18-03-2025	New Delhi
6.	SIRC	Meenakshi Academy of Higher Education & Research	19-03-2025	Chennai
7.	SIRC	Sriram College of Arts and Science	26-03-2025	Tiruvallur
8.	SIRC	Government Arts and Science College	27-03-2025	Chennai
9.	NIRC	CRPF Public School	28-03-2025	New Delhi

- **Career Guidance Sessions conducted**

Career guidance programme involves providing comprehensive information about the admission criteria, application procedures, and the wide array of professional opportunities awaiting those who successfully complete the CS Course. The same helps the students, their families, teachers, and peer groups make informed decisions regarding their career paths. Invites were received from the following for conducting Career Guidance Sessions:

- Navodaya Vidyalaya Samiti for conducting Career guidance sessions across their schools.
- NESTS, Ministry of Tribal Affairs for conducting Career guidance sessions across EMRS schools in the country.

Based on the circular, ICSI is conducting Career Guidance sessions across their schools.

DIGITAL ICSI

- Implementation of system for accessing single item with QR Code facility in the e-Cart system for ICSI Publications.
- Implementation of Real Time MIS System for.
 - Hourly financial transactions of SMASH portal.
 - RO/Chapter's Annual Income Expenditure details.
 - Location wise statistics of permanent Employees.
 - Location wise statistics of Contractual Employees and Consultants.
 - Region wise chapter's grading.
 - Region Wise statistics of CSBF members.
 - Location-Wise display of statistics of Current Students on an Indian Map.
- Development and Implementation of Online facilities/ services for
 - 3-Day Orientation Programme (TDOP) Registration Integrated with Executive Registration w.e.f. 1st Feb 2025.
 - 3 Day Orientation Programme (TDOP) Dashboard for Admin users of ROs and Chapters.
 - Monthly Activities Reporting System (MARS) for ROs and Chapters.
 - Invoice Tracking Management System (ITMS) under ERP for the directorates.
- Migration of network from Multiprotocol Label Switching (MPLS) to Internet Lease Line (ILL) for VC systems at NIRO of ICSI.

3rd National Women's Conference held on March 28-29, 2025 at Indore (Madhya Pradesh)

Theme: Transforming the Future: Women's Role in Sustainable Development

Special Guests : Ms. Neeti Agrawal, Industrialist & Social Worker
Dr. Priyanka Mokshmar, CMD, Vaayu India

INAUGURAL SESSION



FIRST TECHNICAL SESSION

Women-led Development: Amplifying Legacy of *Devi Ahilyabai Holkar* - A Pre-requisite to *Viksit Bharat*

Session Co-ordinators: CS Rajesh C. Tarpara and CS Praveen Soni, Central Council Members, The ICSI.

Panelists: Ms. Shilpa Gourisaria, IAS, Secretary, Finance Department, Government of West Bengal; CS Ashish Garg, Former President, The ICSI and Ms. Chinmayee Mulye, Director, Vector Academy.



SECOND TECHNICAL SESSION

Legislative Developments: Promoting Diversity, Equity & Inclusion

Session Co-ordinator: CS B. Narasimhan, Immediate Former President, The ICSI.

Session Chair: Mr. Balamurugan D., IAS, Joint Secretary, MCA & Central Council Member (Govt. Nominee), The ICSI.

Panelists: Dr. Ashok Kumar Mishra, Council Member (Govt. Nominee), The ICSI and Ex-Technical Member, NCLAT and Ms. Shyamala Gopinath, Former Deputy Governor, RBI.



THIRD TECHNICAL SESSION

Women Entrepreneurs: Igniting Startup Ecosystem

Session Co-ordinator: CS Rupanjana De, Central Council Member, The ICSI.

Panelists: CS (Dr.) Mamta Binani, Former President, The ICSI; CS Rajeshree Sabnavis, Founder, Rajeshree Sabnavis & Associates and Ms. Surbhi Manocha Choudhary, Founder, Ekobae & Bharat Ki Beti Foundation.



OPEN HOUSE SESSION

President, Vice-President and Central Council Members, The ICSI



FOURTH TECHNICAL SESSION

Congenial Work Environment for Women: Key to Organizational Success

Session Co-ordinators: CS Dwarakanath Chennur and CS Sandip Kumar Kejriwal, Central Council Members, The ICSI.

Panelists: Ms. Tanvi Hooda, IAS, Additional Commissioner Commercial Tax Indore; CS Savithri Parekh, Company Secretary & Compliance Officer, Reliance Industries Ltd. and CS Vallari Gupte, Company Secretary, Skoda Auto Volkswagen India Pvt. Ltd.



FIFTH TECHNICAL SESSION

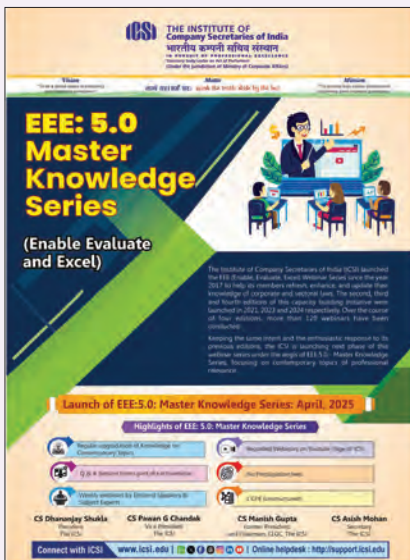
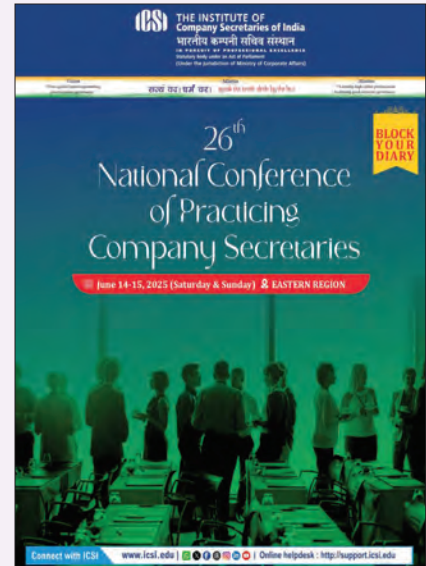
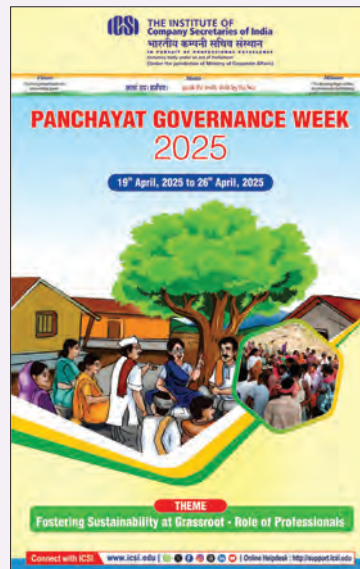
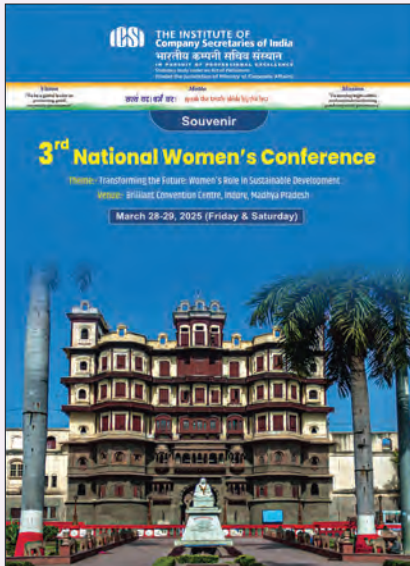
CS Professionals vis-à-vis State-level Opportunities

Session Co-ordinators: CS Venkata Ramana R. and CS Manoj Kumar Purbey, Central Council Members, The ICSI.

Panelists: Shri Shankar Lalwani, Hon'ble Member of Lok Sabha from Indore; Ms. Padma Jaiswal, IAS, Secretary, Government of Puducherry and Ms. Shruti Rajan, Partner, Trilegal.



Releases at the 3rd National Women's Conference



Proceedings of the 3rd National Women's Conference held on March 28-29, 2025 at Indore (Madhya Pradesh)

Theme - Transforming the Future: Women's Role in Sustainable Development

The Institute organized its 3rd National Women's Conference at the Brilliant Convention Centre, Indore, Madhya Pradesh on March 28-29, 2025 on the theme "*Transforming the Future: Women's Role in Sustainable Development*". The Conference witnessed presence of around 4,800 delegates present in-person and in virtual mode from different parts of the country. A galaxy of distinguished guests, invitees, speakers, professionals and students made the Conference a grand success.

INAUGURAL SESSION

The Conference was inaugurated by the Special Guests, Ms. Neeti Agrawal, Industrialist & Social Worker and Dr. Priyanka Mokshmar, Chairman and Managing Director, Vaayu India.

The inaugural session commenced with ICSI motto song & lighting of lamp and concluded with the National Anthem.

CS Hrishikesh Wagh, Chairman, WIRC, welcomed all to the conference and introduced the Special Guests and other dignitaries present on the dais. He expressed his happiness and gratitude towards President, ICSI and the Council for providing opportunity to the WIRC for organizing the 3rd National Women's Conference at Indore.

CS Ashish Karodia, Programme Director and Council Member, ICSI, conveyed gratitude to the Special Guests for their inspiring presence and expressed his delight on the Conference being organized at Indore. He introduced the theme "*Transforming the Future: Women's Role in Sustainable Development*" and highlighted the remarkable contributions of Devi Ahilyabai Holkar. He briefed about the sub-themes of the technical sessions and concluded that women-led development is the effective way to empower a woman and now is the opportunity to work and make a 'New Tomorrow' for a 'New India'.

CS Pawan G. Chandak, Vice President, ICSI, commenced his address by acknowledging that women have made a significant impact in every sphere of life, leaving no aspect untouched by their contributions. He emphasised that the theme of the conference, "*Transforming the Future: Women's Role in Sustainable Development*," has great significance as women are playing a central role in achieving Sustainable Development Goals (SDGs) through their leadership, vision, and commitment

and also acknowledged that their active participation ensures that future generations inherit a world that is balanced, equitable, and prosperous. He also highlighted some of the Government initiatives towards women empowerment such as the Bhartiya Nyaya Sanhita (BNS), 2023; Nari Adalat; PM Jan Dhan Yojana; Stand-Up India; Start-up India. He also cited various examples from time immemorial where women have played a transformative role in the empowerment of women throughout their journey.

CS Dhananjay Shukla, President, ICSI, commenced his address by welcoming the dignitaries on and off the dais. He informed that Indore is chosen as venue for the 3rd National Women's Conference since nation is celebrating 300th Birth Anniversary of Devi Ahilyabai Holkar and Indore is an important place to showcase women's achievements. He spoke about the ICSI's commitment to building stakeholders' capacity and highlighted how the ICSI is building the trust and alignment of stakeholders by adopting Inclusiveness, Cohesiveness and Transparency. He spoke about the recent amendment in listing regulations regarding the appointment of a Secretarial Auditor in the General Meeting. He also highlighted the fact that leadership at ICSI has represented before various authorities to secure recognition for the Company Secretaries under the Income-tax Bill, 2025. He also said that Company Secretaries are adept, capable and skillful to efficiently undertake the tax audit through the coverage in the CS curriculum and training. He also informed the audience about the new initiative of Panchayat Governance Week that the ICSI will be hosting in the month of April, 2025. He concluded by urging the members to give their best services to the Industry and the Regulators.

Presidential address was followed by the releases, facilitated by CS Amit Kumar Barange, Chairman, Indore Chapter of WIRC of ICSI at the august hands of the Special Guests, Ms. Neeti Agarwal and Dr. Priyanka Mokshmar along with the other dignitaries present at the dais:

- Souvenir – 3rd National Women's Conference
- Flyer of 26th National Conference of Practicing Company Secretaries – Block Your Diary
- Flyer for EEE 5.0: Master Knowledge Series
- Flyer & video of Online Certificate Course for Women Company Secretaries

- Flyer of ICSI (Library & Reading Room) Guidelines, 2020
- Flyer of Panchayat Governance Week-2025

Ms. Neeti Agarwal, Special Guest, while delivering her address expressed her delight that the Conference is hosted at Indore, the city of Devi Ahilyabai Holkar and the cleanest city in India. She emphasised on how women have always been at the forefront of sustainable development. She spoke about the contributions made by women that have gone a long way in promoting conservation and preservation of natural resources.

Dr. Priyanka Mokshmar, Special Guest, while delivering her address emphasized upon the role of Devi Ahilyabai Holkar in promoting sustainable practices, good governance and her approach towards development. She stressed on the fact that sustainability is not a modern concept but a timeless tradition. While highlighting the contributions of women throughout history, she added that they have always been central to the society excelling in diverse roles. She also highlighted that technological advancement plays a crucial role in sustainable development by driving innovation, improving efficiency and providing solutions to environmental, social and economic challenges. She concluded by advising Company Secretaries to continuously update their knowledge and acquire new skills to effectively guide corporations on compliances and their responsibilities.

CS Asish Mohan, Secretary, ICSI proposed the Vote of Thanks and expressed his sincere gratitude and greetings to the Special Guests; President, ICSI, Vice President, ICSI, Council Members, other dignitaries, guest speakers, delegates and Team ICSI. He mentioned that women have played a crucial role in sustainable development and we have gathered here not only to celebrate their contributions but also to amplify their voices and enhancing their role in sustainable future. He further mentioned that ICSI is always at the forefront to promote gender equality and Institute has a very strong base of female members and students which is a very positive sign for the profession.

FIRST TECHNICAL SESSION - WOMEN-LED DEVELOPMENT: AMPLIFYING LEGACY OF DEVI AHILYABAI HOLKAR - A PRE-REQUISITE TO VIKSIT BHARAT

Session Co-ordinators: CS Rajesh C. Tarpara and CS Praveen Soni, Council Members, ICSI.

Panelists: Ms. Shilpa Gourisaria, IAS, Secretary, Finance Department, Government of West Bengal; CS Ashish Garg, Former President, ICSI and Ms. Chinmayee Mulye, Director, Vector Academy.

CS Rajesh C. Tarpara in his introductory remarks briefed about the session theme, welcomed all the learned

panelists and invited them for sharing their views and experiences with the delegates.

Ms. Chinmayee Mulye in her address emphasized that our focus in life should not be solely on personal success, but rather to live a purposeful life. She highlighted that true leadership, is not defined by power, but by accountability and responsibility and further stressed that the core mission of everyone's life should be to uplift and protect others, drawing inspiration from Devi Ahilyabai, whose unwavering faith in Lord Shiva and commitment to ethical governance serve as a model of purposeful leadership. She highlighted the importance of using resources for the betterment of society, as exemplified by Devi Ahilyabai and urged the professionals to avoid corrupt practices in their own lives. She further discussed about Devi Ahilyabai's contribution to nation-building and her efforts to ensure equality by eradicating casteism and promoting unity. She concluded by noting that Devi Ahilyabai's courage, vision and sense of accountability continue to serve as valuable lessons for all of us today.

Ms. Shilpa Gourisaria in her address discussed about the various Government schemes and elaborated that these schemes are aimed at the education and upliftment of women. She mentioned that the Government had made significant strides in transitioning from women's development to women-led development, empowering women to take leadership roles. She further mentioned some of the key initiatives such as Mudra loans, which had played a crucial role in providing financial support to women, enabling them to attain economic independence. She stressed that the social and economic development of women is critical and the Government is actively promoting entrepreneurship and financial inclusion to help women break free from traditional confines and step into the workforce. Her deliberation underscored the efforts of both Central and State Governments in creating a conducive environment for women's economic empowerment, equipping them with the necessary tools and resources to thrive in today's world.

CS Ashish Garg in his address emphasised that the responsibility for advancing female empowerment lay not only with women but also with men, who need to understand the issues hindering the development of women and actively work towards resolving them. He reflected on how women could make a significant impact when provided with the right tools and opportunities. He also shared numerous examples of strong women who had shattered barriers and embodied the spirit of *Nari Shakti*, when compelled by circumstances, like Devi Ahilyabai, make pivotal decisions that change their lives and the lives of others. He motivated the females to recognize their power and actively engage in independent decision-making. Further, he highlighted the need to address gaps in knowledge and skills for professionals to help women upgrade their skills and knowledge. He concluded by stating that the choice is ultimately in the hands of women, and they must seize the opportunities available to them. The sky is the limit, but societal changes

are necessary to shift the *status quo* and women must continue to upgrade their skills to remain competitive in an ever-evolving world.

The panelists deliberated on the various issues pertaining to the theme of the session and also answered suitably to various queries which made the deliberations fruitful and interactive. Thereafter, CS Praveen Soni summed up the discussions and proposed the Vote of Thanks.

SECOND TECHNICAL SESSION - LEGISLATIVE DEVELOPMENTS: PROMOTING DIVERSITY, EQUITY & INCLUSION

Session Co-ordinator: CS B. Narasimhan, Council Member, ICSI.

Session Chair: Mr. Balamurugan D., IAS, Joint Secretary, MCA & Council Member (Govt. Nominee), ICSI.

Panelists: Dr. Ashok Kumar Mishra, Council Member (Govt. Nominee), ICSI and Ex-Technical Member, NCLAT and Ms. Shyamala Gopinath, Former Deputy Governor, RBI.

CS B. Narasimhan, in his introductory remarks briefed about the session theme, welcomed all the learned speakers and invited them for sharing their views and experiences with the delegates.

Ms. Shyamala Gopinath emphasized that successful organizations thrive on employee trust and commitment which is fostered by DEI principles. She acknowledged the Government's role in promoting gender equality and its positive influence on the private sector. She discussed initiatives by banks to support women entrepreneurs, SEBI's mandate for companies to disclose gender composition and the legal requirement for at least one-woman director on boards. She acknowledged the need for advancements at the grassroot level to address issues affecting women, such as pay gaps and workplace safety. She concluded by stressing the necessity of providing equal opportunities to all employees, particularly women in rural and informal sectors to ensure comprehensive progress in DEI efforts.

Mr. Balamurugan D. started his address by appreciating the active role played by the Government in promoting initiatives aimed at women empowerment, diversity, equity and inclusion. He highlighted some legislations that promote gender inclusivity like Maternity Benefit Act, 1961, POSH Act, 2013, Rights of Persons with Disabilities Act, 2016, the Equal Remuneration Act, 1976 and also mentioned about the new Labour Codes and the Nari Shakti Vandan Adhiniyam, 2023. He also shared insights from the Jeevika program in Bihar which successfully facilitated the formation of self-help groups that empower women through financial inclusion and entrepreneurship. He underscored the leadership capabilities of women noting that many women are

successfully running producer companies demonstrating their governance and decision-making skills. He concluded by stressing the need for societal change in attitudes towards women and the importance of professional support to further enhance women participation in various sectors.

Dr. Ashok Kumar Mishra highlighted the demographic composition of ICSI, noting that women members constitute nearly 50% of the total 75,000 members, presenting a promising opportunity for increased women leadership in CS profession. He discussed various laws enacted since independence including Articles 14 to 18 of the Constitution of India and emphasized that law alone cannot effect meaningful change, active engagement and participation are essential. He encouraged women to seek guidance and support from mentors who serve as role models. He concluded by urging women to develop their capabilities, enhance their engagement and take inspiration from leaders like Devi Ahilyabai, emphasizing that their active involvement and leadership is vital for fostering a culture of inclusivity and driving meaningful progress.

The speakers deliberated on the various issues pertaining to the theme of the session and also answered suitably to various queries which made the deliberations fruitful and interactive. Thereafter, CS B. Narasimhan summed up the discussions and proposed the Vote of Thanks.

THIRD TECHNICAL SESSION - WOMEN ENTREPRENEURS: IGNITING STARTUP ECOSYSTEM

Session Co-ordinator: CS Rupanjana De, Council Member, ICSI.

Panelists: CS (Dr.) Mamta Binani, Former President, ICSI; CS Rajeshree Sabnavis, Founder, Rajeshree Sabnavis & Associates and Ms. Surbhi Manocha Choudhary, Founder, Ekobae & Bharat Ki Beti Foundation.

CS Rupanjana De in her introductory remarks briefed about the session theme, welcomed all the learned panelists and invited them for sharing their views and experiences with the delegates.

CS (Dr.) Mamta Binani commenced her address by discussing the Startups and shared that technology component is not a prerequisite for registration. She explained the statutory registration requirements of startups with DPIIT and outlined various benefits and funding opportunities available through Government schemes like three-year tax holiday, exemptions on investments above the Fair Market Value Assessment and the CGT MSME scheme for women entrepreneurs. She also highlighted India's improving EoDB index attributing this progress to Insolvency and Bankruptcy Code, 2016 and Contract Management.

She concluded by urging the Company Secretaries to inform their clients about the minimal compliance requirements involved in registering a startup and advise them to understand the concepts of valuation and scalability which are crucial for a startup investment pitch.

CS Rajeshree Sabnavis emphasized the importance of reigniting the professional spirit, especially for those who have taken career breaks. She outlined six key cornerstones for success i.e. hunger for knowledge, the importance of teamwork, self-awareness, choosing battles wisely, the value of mentorship and the need of re-skilling. She addressed the specific concerns of Company Secretaries in the corporate sector and advised them to specialize in areas like related party transactions and creeping acquisitions to enhance their advisory roles and add value to their organizations. She concluded by advising the Company Secretaries to leverage technology while remaining vigilant about data access, breaches and privacy laws and also encouraged them to join MSME and entrepreneurship communities like The Indus Entrepreneurs (TiE) to provide governance support.

Ms. Surbhi Manocha Choudhary emphasized the importance of self-empowerment for women, urging them to recognize their own worth and capabilities without waiting for external approval. She appreciated the entrepreneurial spirit and emphasized the importance of increasing women's representation in leadership roles. She articulated the societal conditioning that women face from a young age which often hinders their confidence and ambition. Drawing inspiration from the success of Ms. Indra Nooyi, Former CEO of PepsiCo, she pointed out that achieving gender equality is a long-term journey that requires persistent effort and self-affirmation. She acknowledged that men also face challenges and called for a collaborative approach to gender equality. She concluded by urging women to take their rightful place at the table, assert their presence in the corporate world.

The panelists deliberated on the various issues pertaining to the theme of the session and also answered suitably to various queries which made the deliberations fruitful and interactive. Thereafter, CS Rupanjana De summed up the discussions and proposed the Vote of Thanks.

OPEN HOUSE SESSION

Second day of the 3rd National Women's Conference commenced with an interactive Session of the Council with the members. CS Dhananjay Shukla, President, ICSI, CS Pawan G. Chandak, Vice-President, ICSI, CS B. Narasimhan, CS Manish Gupta, CS Rupanjana De, CS Manoj Kumar Purbey, CS Dwarakanath Chennur, CS Ashish Karodia, CS Venkata Ramana R., CS Rajesh C. Tarpara, CS Praveen Soni, CS Sandeep Kumar Kejriwal, Council Members, ICSI and CS

Asish Mohan, Secretary, ICSI were present on the dais at the session.

CS Dhananjay Shukla, President, ICSI apprised all participants about the initiatives and representations submitted by the Institute to various Regulators and replied suitably to the queries/suggestions raised/given by the members during the open house.

FOURTH TECHNICAL SESSION - CONGENIAL WORK ENVIRONMENT FOR WOMEN: KEY TO ORGANISATIONAL SUCCESS

Session Co-ordinators: CS Dwarakanath Chennur and CS Sandip Kumar Kejriwal, Council Members, ICSI.

Panelists: Ms. Tanvi Hooda, IAS, Additional Commissioner Commercial Tax Indore; CS Savithri Parekh, Company Secretary & Compliance Officer, Reliance Industries Ltd. and CS Vallari Gupte, Company Secretary, Skoda Auto Volkswagen India Pvt. Ltd.

CS Dwarakanath Chennur in his introductory remarks briefed about the session theme, welcomed the learned panelists and invited them for sharing their views and experiences with the delegates.

CS Vallari Gupte started her address by stating the necessity of having a good working environment where they can grow and make an identity. She discussed about the strong role the family plays, which is important to motivate the females to maintain a work-life balance. She emphasised that different business houses have different policies to develop their workforce which in turn helps the businesses to nurture and grow. She also highlighted instances where the females feel discriminated sometimes due to gender biases. She concluded by motivating the audience specially the females to come forward, lead and overcome the societal challenges and continue to upgrade their skills and talent.

Ms. Tanvi Hooda discussed about the welcoming changes in the Government sector leading to an increase of female participation in the workforce over a period. She discussed about the prevailing societal bias about girl child and how Government policies have helped to reduce them, with change in the mindset. She motivated the females to come forward into the economy and become financially independent. Sharing insights from her work experiences, she highlighted that education is an important tool for bringing the females ahead. She also discussed about the internal complaints committee and its functioning in the Government organisations and stressed that Government is zero-tolerant towards such matters. She concluded by stating that there is a need to have a sense of responsibility and inclusivity for the development of the nation.

CS Savithri Parekh shared her experiences, perspectives and underlined the importance of confidence by stating

that acceptance from others is not important in life. She urged the females not to get drained by the thoughts of others and identify the things which are important. She emphasised on the mantra 'Just be You' and most importantly to set boundaries so that there is a balance between personal and professional life and not to fall into the trap of pleasing everybody. She was delighted by the increase in the number of female directors and highlighted that as a good governance practice, the companies which do not compulsorily require to appoint Company Secretaries are also hiring them. She concluded by urging the audience to spend their life with people who makes them happy.

The panelists deliberated on the various issues pertaining to the theme of the session and also answered suitably to various queries which made the deliberations fruitful and interactive. Thereafter, CS Sandip Kumar Kejriwal summed up the discussions and proposed the Vote of Thanks.

FIFTH TECHNICAL SESSION - CS PROFESSIONALS VIS-À-VIS STATE-LEVEL OPPORTUNITIES

Session Co-ordinators: CS Venkata Ramana R. and CS Manoj Kumar Purbey, Council Members, ICSI.

Panelists: Shri Shankar Lalwani, Hon'ble Member of Lok Sabha from Indore; Ms. Padma Jaiswal, IAS, Secretary, Government of Puducherry and Ms. Shruti Rajan, Partner, Trilegal.

CS Venkata Ramana R. in his introductory remarks briefed about the session theme, welcomed the learned panelists and invited them for sharing their views and experiences with the delegates.

Ms. Padma Jaiswal in her address highlighted that the attainment of the goal of Viksit Bharat requires active participation and contribution of women. She emphasized that the role of Company Secretaries is all pervasive and they have transitioned themselves from mere record-keepers to governance professionals. She also highlighted that Company Secretaries are well versed with the corporate governance frameworks, compliances of the rules & regulations applicable to the organization and they act as a guide to the Board of Directors. She mentioned that the role of Company Secretaries is expanding continuously and encompasses a diverse range of responsibilities. With the advancement of technology and emergence of non-state actors, continuous updates on laws and developments are essential for professionals like Company Secretaries so that they can actively contribute to the larger goal of nation building.

Ms. Shruti Rajan began her address by stating that in the present business and regulatory landscape, transforming knowledge into opportunity is very crucial for professionals like Company Secretaries who occupy

the position of both governed and the governing. In Companies, over the time, role of Company Secretaries has evolved significantly and they act as a vital link between various segments of a corporation. From overseeing the administrative functions and gaining a deep understanding of operations to ultimately assisting Regulators in constructing the baseline of the cases effectively, Company Secretaries play an essential role. She also highlighted that in addition to Corporate Governance, Company Secretaries can bring immense contribution in areas such as corporate investigation, alternative dispute resolution, online dispute resolution (ODR), etc. wherein they can be empaneled as conciliators/mediators.

Shri Shankar Lalwani started his address by mentioning about the 300th birth anniversary of Devi Ahilyabai Holkar and her significant contributions to Indian history. While highlighting the growth and achievements of Indore city, he stated that with States advancing rapidly, Company Secretaries have a crucial role to play in this phase of development. He stated that Company Secretaries being focused on compliance of the rules & regulations framed by the Government, act as a bridge between Government and the corporates. He further stated that today India is among the fastest growing economies of the world and by 2047 we aim to build a Viksit Bharat and professionals like Company Secretaries have a major role to play in turning this vision into reality. Their roles & responsibilities extend beyond major corporations, as they also play an indispensable role in functioning and governance of PSUs, Authorities, Municipal Corporations, etc.

The panelists deliberated on various issues pertaining to the theme of the session and also answered suitably to various queries which made the deliberations fruitful and interactive. Thereafter, CS Manoj Kumar Purbey summed up the discussions and proposed the Vote of Thanks.

VOTE OF THANKS

CS Asish Mohan, Secretary, ICSI proposed the vote of thanks by paying gratitude to the esteemed Special Guests and guest speakers for their kind presence and words of wisdom. He thanked the session co-ordinators for the fruitful deliberations in all the technical sessions. He thanked the President, ICSI, Vice-President, ICSI and all Council Members, Programme Director for their support and guidance in organizing the event. He thanked Past Presidents; Chairman, WIRC; Chairman, Indore Chapter; Past and sitting Regional Council Members; Past and sitting members of the Chapter Managing Committees; esteemed members and team ICSI from Headquarters, WIRC and Indore Chapter for the success of the event. He also conveyed his sincere thanks to the sponsors, advertisers, volunteers, media and Brilliant Convention Centre for their support. At the end he thanked one and all for the success of the 3rd National Women's Conference.

International Women's Day Celebrations at ICSI Regional Offices and Chapters



3rd ICSI Board Mentorship Programme held from April 2-5, 2025 at Srinagar



CULTURAL EVENING - PHAGOTSAVA 2025



ICSI WEBINAR

WEBINAR ON

MCA-21 V3: User Awareness Session and Company
Forms Sh-7 & PAS-3 conducted held on March 26, 2025



Speaker:
Sidhil Sasi
Deputy Director General, MCA



Speaker:
Vijaya Gumpena
LTI Team Member



Moderator:
CS Dwarkanath Chennur
Central Council Member, The ICSI

Speaker:
Richa Gupta
LTI Team Member

Speaker:
Seema Malhotra
LTI Team Member

Speaker:
Chandra Singh
LTI Team Member

Speaker:
Balram Thakur
LTI Team Member

Speaker:
Chandreyee Dutta
LTI Team Member

Health Check-up Camp held on March 25, 2025 at ICSI HQ, Delhi





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

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Mission

"To develop high calibre professionals facilitating good corporate governance"

EEE: 5.0 Master Knowledge Series

(Enable Evaluate
and Excel)



The Institute of Company Secretaries of India (ICSI) launched the EEE (Enable, Evaluate, Excel) Webinar Series since the year 2017 to help its members refresh, enhance, and update their knowledge of corporate and sectoral laws. The second, third and fourth editions of this capacity building initiative were launched in 2021, 2023 and 2024 respectively. Over the course of four editions, more than 120 webinars have been conducted.

Keeping the same intent and the enthusiastic response to its previous editions, the ICSI is launching next phase of this webinar series under the aegis of EEE 5.0 - Master Knowledge Series, focusing on contemporary topics of professional relevance.

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Highlights of EEE: 5.0: Master Knowledge Series



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ARTICLES INVITED FOR GLOBAL CONNECT IN CHARTERED SECRETARY JOURNAL

Dear Member,

The ICSI invites articles for its prestigious Chartered Secretary Journal - a monthly publication on the critical aspects of the Company Secretary Profession from across the globe.

As the new age Governance Professional, it is imperative for Company Secretaries to enhance their knowledge and skills to effectively manage investor expectations and thrive in environment of disruption, uncertainty and change.

We therefore request you to kindly share your valuable insights and expertise, and enrich the coveted Chartered Secretary Journal with diverse perspectives on contemporary issues relevant to Company Secretaries globally.

The article should be submitted in Word Document Format at overseas@icsi.edu and may cover any of the following:

- **Corporate Governance Trends:** Share your insights on emerging trends and developments in Corporate Governance arena globally.
- **Best Practices:** Discuss successful strategies and best practices adopted by the industry in different jurisdictions.
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It may please be noted that members are entitled to 4 CPE Credits under **clause 7.2 of Continuing Professional Education (CPE) Guidelines 2019**, if any of their article is published in the Chartered Secretary Journal or any UGC approved journal. Guidelines for Authors is placed at **Appendix-A**.

Should you require any further information, please feel free to connect with us.

We look forward to your significant contribution in building a global perspective for the Company Secretary Profession.

Sincerely,

Team ICSI

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2. The article must be original contribution of the author.
3. The article must be an exclusive contribution for the Journal.
4. The article must not have been published elsewhere, and must not have been or must not be sent elsewhere for publication, in the same or substantially the same form.
5. The article should ordinarily have 2500 to 4000 words. A longer article may be considered if the subject so warrants.
6. The article must carry the name(s) of the author (s), designation, professional affiliation, location, e-mail id & PP size photograph on the title page only and nowhere else.
7. The articles go through blind review and are assessed on the parameters such as (a) relevance and usefulness of the article (from the point of view of Company Secretaries), (b) organization of the article (structuring, sequencing, construction, flow, etc.), (c) depth of the discussion, (d) persuasive strength of the article (idea/argument/articulation), (e) does the article say something new and is it thought provoking, and (f) adequacy of reference, source acknowledgement and bibliography, etc.
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Embracing Ethical Responsibility and Sustainable Leadership

In this article, the author explores the main aspects of ethical responsibility while examining the traits of sustainable leaders. Drawing from theoretical concepts like the Triple Bottom Line, Stakeholder theory and Servant Leadership, the author includes practical examples that emphasize the pursuit of Sustainable Development Goals (SDGs) while enhancing brand value.



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INTRODUCTION

In today's dynamic and interconnected world, ethical responsibility and sustainable leadership have become paramount for organizations aiming to thrive while addressing societal and environmental challenges. These principles are not just aspirational values but essential components of modern business strategies, directly aligning with the United Nations' Sustainable Development Goals (SDGs) 2030. The SDGs emphasize a comprehensive approach to fostering social, environmental, and economic well-being, urging businesses to rethink traditional profit-centric models in favor of more equitable and sustainable approaches.

As businesses face growing scrutiny from stakeholders—customers, investors, regulators and employees alike—the integration of ethical practices and sustainability into leadership frameworks is no longer optional; it is an absolute necessity. Consumers increasingly demand transparency, accountability and action, while investors seek to support organizations with Environmental, Social, and Governance (ESG) metrics at their core. Companies that fail to adapt to risk not only face reputational damage but also lose competitive advantage in a rapidly evolving marketplace.

By prioritizing responsible consumption, equitable practices and long-term sustainability, leaders can create a resilient foundation that benefits not only their organizations but also the global community. This involves adopting innovative approaches to minimize

environmental impact, championing diversity and inclusion in the workplace and fostering collaborations that address systemic challenges such as climate change, poverty and inequality. Furthermore, sustainable leadership requires a forward-thinking mindset, balancing short-term goals with long-term strategies that ensure a lasting positive impact.

Ultimately, embracing ethical responsibility and sustainable leadership is more than a moral obligation—it is a strategic imperative that empowers organizations to remain relevant, adaptable, and purpose-driven in an increasingly complex and uncertain world. Through these efforts, businesses can play a pivotal role in shaping a more equitable and sustainable future for all.

UNDERSTANDING ETHICAL RESPONSIBILITY

Ethical responsibility refers to the commitment of individuals and organizations to act in accordance with a set of moral principles, societal expectations, and legal standards. It goes beyond compliance with rules and regulations, embodying a proactive effort to align actions with values that promote the greater good. This commitment requires decision-makers to prioritize integrity, fairness, and accountability, ensuring that their choices create meaningful contributions to stakeholders and society at large. Ethical responsibility is the cornerstone of trust, reputation and long-term success in any organization, as it shapes both internal operations and external relationships.

Being ethically responsible entails more than simply avoiding harm; it calls for taking deliberate actions to foster positive outcomes, whether through environmental stewardship, social equity, or ethical governance. For organizations, this responsibility extends to interactions with employees, customers, communities, and the environment, balancing financial objectives with societal and ecological well-being.

KEY PILLARS OF ETHICAL RESPONSIBILITY

The foundation of ethical responsibility rests on several key principles that guide decision-making and behavior:

- **Integrity:** Upholding honesty and consistency in decisions and actions is central to building credibility. Integrity requires aligning words and actions, adhering to ethical standards even when faced with

challenges or competing priorities. Organizations and leaders that embody integrity demonstrate an unwavering commitment to doing what is right, even when it is not the easiest path.

- **Transparency:** Maintaining open and honest communication fosters trust among stakeholders and ensures clarity in organizational operations. Transparency involves sharing relevant information about policies, practices, and decision-making processes, allowing stakeholders to understand the rationale behind actions. This openness cultivates accountability and strengthens relationships.
- **Accountability:** Taking ownership of decisions and their consequences—both positive and negative—is a hallmark of ethical responsibility. Accountability requires acknowledging mistakes, learning from them and implementing corrective actions. Organizations that hold themselves accountable foster a culture of responsibility, where individuals are empowered to act with integrity and reliability.
- **Fairness:** Ensuring equity and justice in processes, resource allocation and decision-making is a vital aspect of ethical behavior. Fairness promotes equality by treating all stakeholders impartially and avoiding favoritism or discrimination. Whether in hiring practices, pricing strategies, or conflict resolution, fairness ensures that all parties are respected and valued.
- **Inclusivity:** Recognizing and respecting diverse perspectives is essential to creating equitable opportunities for all. Inclusivity goes beyond representation, actively fostering an environment where people of different backgrounds, identities, and viewpoints can contribute meaningfully. By embracing inclusivity, organizations not only uphold ethical standards but also benefit from a broader range of ideas and innovations.

THE BROADER IMPLICATIONS OF ETHICAL RESPONSIBILITY

Ethical responsibility is not limited to individual actions but encompasses an organization's broader role in society. In an interconnected world, decisions made within organizations often have far-reaching consequences, affecting global supply chains, environmental ecosystems, and vulnerable communities. By embedding ethical responsibility into their core values, organizations can drive systemic change, encourage sustainable practices, and contribute to global progress on pressing issues such as poverty, inequality, and climate change.

Through integrity, transparency, accountability, fairness, and inclusivity, ethical responsibility serves as a compass for navigating complex challenges and fostering a culture of trust, respect, and shared prosperity. Organizations that prioritize these pillars stand to build stronger relationships with stakeholders and sustain their success in an ever-changing world.

ETHICAL RESPONSIBILITY IN PRACTICE

A globally known ethical skincare retailer and a renowned outdoor apparel retailer exemplify ethical responsibility by championing fair trade, environmental conservation, and transparency. These companies demonstrate that embedding ethical values into business practices not only foster loyalty but also creates a competitive edge.

BROADER DIMENSIONS OF ETHICAL RESPONSIBILITY

Ethical responsibility also extends to areas such as technology and innovation. Companies in the tech sector, for instance, face moral dilemmas around data privacy, artificial intelligence, and cybersecurity. Ethical AI, which focuses on eliminating bias in algorithms, ensuring data security, and maintaining user trust, is a growing area of importance. Additionally, the financial industry's embrace of ethical investing—prioritizing environmental, social, and governance (ESG) factors in portfolio decisions—demonstrates the reach of ethical responsibility.

ADDRESSING GLOBAL CHALLENGES

Ethical responsibility plays a critical role in tackling global challenges like climate change, poverty, and inequality. Leaders who embrace ethical frameworks can guide their organizations to take actions such as adopting renewable energy, ensuring fair wages, and supporting underprivileged communities. For example, a leading global player in functional foods and beverages from France focuses on carbon neutrality and its commitment to providing access to healthy food globally underscores the transformative power of ethical leadership.

THE EMERGENCE OF SUSTAINABLE LEADERSHIP

Sustainable leadership goes beyond profit-driven motives to prioritize long-term impacts on the environment, society, and governance. This leadership style ensures that organizations contribute to a sustainable future while balancing the needs of all stakeholders.

CHARACTERISTICS OF SUSTAINABLE LEADERS

- **Visionary Thinking:** Emphasizing long-term goals over short-term gains.
- **Empathy and Collaboration:** Fostering partnerships and inclusivity to address complex challenges.
- **Resilience:** Adapting to evolving circumstances with innovative solutions.
- **Commitment to ESG:** Integrating Environmental, Social, and Governance (ESG) factors into strategic planning.

EXPANDING THE ROLE OF SUSTAINABLE LEADERSHIP

Sustainable leaders are not confined to corporate environments. They are also found in government, education and non-profit sectors. For example, policymakers implementing green infrastructure projects or educators fostering environmental stewardship in schools play key roles in sustainable leadership.

FRAMEWORKS AND THEORIES

Understanding and implementing ethical responsibility and sustainable practices require the adoption of well-established frameworks and theories. These provide structured approaches to aligning organizational goals with broader societal and environmental well-being. Below are three significant frameworks and theories that have shaped the discourse on sustainability, stakeholder engagement, and ethical leadership:

1. Triple Bottom Line (TBL)

Coined by sustainability pioneer John Elkington in 1994, the Triple Bottom Line (TBL) framework emphasizes that true success goes beyond financial profitability to encompass social and environmental well-being. The TBL framework advocates for balancing the “three Ps”—Profit, People, and Planet—ensuring that organizations consider their impact on all three dimensions equally.

- **Profit:** While financial performance remains essential for organizational viability, TBL challenges businesses to redefine profit by integrating ethical and sustainable practices that contribute to long-term growth.
- **People:** This dimension underscores the importance of valuing employees, customers, and communities. Fair labor practices, diversity and inclusion, and community engagement are crucial components of the “people” aspect.
- **Planet:** Environmental stewardship is a core principle of TBL. Organizations are encouraged to minimize their ecological footprint by adopting sustainable practices such as resource conservation, waste reduction and climate action.

The Triple Bottom Line has become a cornerstone for sustainability reporting and strategic planning, urging organizations to think beyond short-term gains and focus on long-term value creation.

Sustainable Leadership goes beyond profit-driven motives to prioritise long-term impacts on the environment society and governance. This leadership style ensures that organisations contribute to a sustainable future while balancing the needs of all stakeholders.

2. Stakeholder Theory

Developed by R. Edward Freeman in the 1980s, Stakeholder Theory provides a broader perspective on organizational responsibility by emphasizing the importance of addressing the needs and expectations of all stakeholders, not just shareholders.

Stakeholders include anyone who is affected by or has an impact on the organization, such as employees, customers, suppliers, local communities, governments and investors. Stakeholder Theory argues that organizations have a moral obligation to consider the interests of these groups when making decisions.

- **Employee Well-Being:** Ensuring fair treatment, professional development opportunities, and a safe working environment fosters loyalty and productivity.
- **Community Engagement:** Contributing positively to local communities by addressing societal needs, such as education, healthcare and infrastructure, strengthens the organization’s social license to operate.
- **Sustainability in Operations:** By involving stakeholders in decision-making processes, organizations can create collaborative solutions that address environmental and social challenges effectively.

This theory has gained traction as businesses increasingly recognize that long-term success depends on creating value for all stakeholders, not just maximizing shareholder returns.

3. Servant Leadership

Popularized by Robert K. Greenleaf in his 1970 essay “The Servant as Leader”, servant leadership is a leadership philosophy that prioritizes serving others as the primary goal of leadership. This approach emphasizes the well-being, growth, and empowerment of individuals and communities, rather than focusing solely on organizational achievements.

Servant leaders embody ethical responsibility by prioritizing service and fostering a culture of collaboration and shared goals. Key aspects of servant leadership include:

- **Empathy:** Understanding and addressing the needs of team members to create a supportive environment.
- **Empowerment:** Encouraging individuals to develop their skills, take initiative, and contribute to collective success.

- **Listening and Communication:** Actively listening to feedback and fostering open dialogue to build trust and collaboration.
- **Community Building:** Servant leaders aim to create a sense of purpose and belonging, not just within the organization but also in the broader community they serve.

Servant leadership aligns closely with ethical responsibility, as it promotes values such as fairness, inclusivity, and accountability. It is particularly relevant in modern workplaces, where employees seek leaders who prioritize their well-being and advocate for shared success.

These frameworks and theories offer invaluable guidance for organizations and leaders navigating the complexities of ethical responsibility and sustainable success. By adopting approaches such as the Triple Bottom Line, Stakeholder Theory, and Servant Leadership, businesses can create a strong ethical foundation while fostering resilience, adaptability, and meaningful impact.

REAL-WORLD EXAMPLES

A global consumer goods company's "Sustainable Living Plan" demonstrates how businesses can integrate sustainability into their operations. By setting ambitious goals to reduce environmental footprints and enhance social outcomes, this giant proves that sustainability and profitability can coexist.

Similarly, the electrical vehicle and energy innovator based out of North America focus on clean energy through its electric vehicles and solar products highlights the potential for innovation-driven sustainable leadership. The company's commitment to reducing global dependency on fossil fuels serves as a benchmark for forward-thinking leadership.

Ethical responsibility and sustainable leadership are intrinsically linked. Ethical principles provide the moral foundation for sustainable practices, while sustainable leadership ensures that ethical commitments are actioned and institutionalized.

BENEFITS OF INTEGRATION

1. **Enhanced Reputation:** Ethical and sustainable practices build trust and attract stakeholders.
2. **Risk Mitigation:** Proactively addressing ethical and sustainability challenges reduces the likelihood of scandals and penalties.
3. **Innovation and Growth:** Sustainability drives innovation, opening new markets and opportunities.
4. **Employee Engagement:** Workers align better with organizations that share their values, enhancing productivity and retention.

PRACTICAL APPLICATIONS

A global furniture giant has seamlessly integrated ethical responsibility with sustainable leadership. Its circular economy approach focuses on designing products that can be reused, refurbished, or recycled. This initiative, alongside its commitment to sourcing materials responsibly, illustrates the synergy between ethical responsibility and sustainability.

THE ROLE OF SUSTAINABILITY IN CREATING BRAND VALUE

Sustainability is a powerful driver of brand value, offering differentiation and loyalty in a competitive marketplace.

EXPANDING ON BRAND VALUE

Sustainability aligns with modern consumer values. Surveys indicate that millennials and Gen Z are more likely to support brands with strong sustainability credentials. Additionally, businesses that prioritize sustainability often experience increased investor interest. For instance, BlackRock's decision to make sustainability a core investment criterion underscores the financial implications of sustainable practices.

SDGs AS A GUIDING FRAMEWORK

The Sustainable Development Goals (SDGs) provide a universal blueprint for addressing global challenges such as poverty, inequality, and climate change. Businesses aligning with these goals demonstrate their commitment to creating a better future.

TRIPLE BOTTOM LINE IN MODERN TIMES

The Triple Bottom Line framework—focusing on people, planet and profit—encourages organizations to pursue holistic success. Measuring social and environmental impacts alongside financial performance ensures a balanced approach to value creation.

GOVERNMENT'S ROLE IN PROMOTING SUSTAINABILITY

Governments play a critical role in creating an enabling environment for ethical and sustainable leadership. Through regulations, incentives, and public-private partnerships, governments can:

1. **Enhance Accountability:** Mandate transparency in sustainability reporting.
2. **Encourage Innovation:** Provide grants and tax breaks for green initiatives.
3. **Facilitate Collaboration:** Foster partnerships across industries to achieve collective goals.



THE ROLE OF GLOBAL ORGANIZATIONS

International bodies such as the United Nations and the World Economic Forum also play crucial roles in promoting sustainability. Initiatives like the Paris Agreement provide a roadmap for nations and industries to combat climate change collectively.

SUSTAINABILITY REPORTING AND GOVERNANCE

Frameworks like the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB) provide guidelines for transparent reporting on ESG metrics. Adopting these standards enhances accountability and investor confidence.

EMPLOYEE WELL-BEING: THE CORE OF ETHICAL LEADERSHIP

Ethical leadership emphasizes employee well-being as a cornerstone of organizational success. Providing safe work environments, fostering diversity, and promoting work-life balance are essential to ensuring a motivated and productive workforce.

BROADER PERSPECTIVES

Employee well-being extends to mental health support, career development opportunities, and flexible working conditions. Companies which emphasize inclusive workplace cultures and provide comprehensive wellness programs, illustrate the positive outcomes of ethical leadership.

CASE IN POINT: WORLD-RENOWNED OUTDOOR APPAREL RETAILER

The organization is widely recognized for its commitment to sustainability and ethical leadership. The company actively encourages customers to repair and reuse their products through initiatives like the “Worn

Wear” program. By promoting a culture of responsible consumption, the company aligns its operations with environmental stewardship while building a loyal customer base.

SUSTAINABLE BUSINESS PRACTICES AND OPERATIONAL EFFICIENCY

1. Green Building Design:

Globally respected Search and AI tech giant and a formidable high-end device innovator have invested in LEED-certified buildings and renewable energy to power their offices, significantly reducing carbon emissions and operational costs.

2. Water Conservation:

A globally known soft drink and snack conglomerate has implemented advanced water management techniques to reduce water consumption across its manufacturing facilities, achieving significant cost savings and improving sustainability.

3. Circular Economy Models:

A global furniture giant has introduced a furniture buy-back and recycling program, ensuring that used products are repurposed or recycled, reducing waste and fostering customer loyalty.

EMERGING PRACTICES

1. Renewable Energy Adoption: A world-renowned online marketplace and cloud services provider has committed to powering its operations with 100% renewable energy by 2030. Through its “Climate Pledge,” the company is using solar farms, wind projects, and innovative battery storage solutions to reduce its carbon footprint.

2. IoT in Agriculture: A leading North America-based agricultural machinery manufacturer has embraced IoT and precision farming technology to optimize water usage, reduce fertilizer waste, and increase crop yields, promoting sustainable agricultural practices.

3. AI for Energy Management: A global engineering and automation leader and energy management and automation leader from Germany use AI-driven energy management systems to optimize energy consumption in smart buildings and industrial plants, leading to lower costs and reduced emissions.

COLLABORATION AND STAKEHOLDER ENGAGEMENT

1. The Global Forest Watch Platform: This initiative, led by the World Resources Institute, uses satellite

data and AI to monitor deforestation. It brings together governments, corporations such as this Global consumer goods company, and NGOs to tackle illegal logging and promote forest conservation.

2. **Fair Trade Partnerships:** A leading global coffee chain works closely with smallholder coffee farmers under its Coffee and Farmer Equity (C.A.F.E.) program, ensuring fair wages, sustainable farming methods and equitable trade practices.
3. **Corporate-NGO Collaborations:** A well-known global consumer goods company has partnered with the World Wildlife Fund (WWF) to promote sustainable palm oil sourcing, addressing deforestation and ensuring transparency in its supply chain.

EXAMPLES OF COLLABORATION

1. **The RE100 Initiative:** This coalition of global companies, including a global software giant, a beverage MNC and a consumer electronics and entertainment conglomerate, is committed to achieving 100% renewable energy in their operations. By sharing resources and expertise, members accelerate their sustainability goals.
2. **Plastic Pact Network:** Initiated by the Ellen MacArthur Foundation, the Plastic Pact brings businesses, governments and communities together to eliminate plastic waste and shift toward a circular economy.
3. **Sustainable Apparel Coalition (SAC):** Major global fashion brands, including a leading sportswear brand, a world-renowned athletic apparel company, and a fast-fashion conglomerate, collaborate in the SAC to develop tools like the Higg Index, measuring and reducing the environmental impact of their supply chains.

These examples highlight how organizations across industries are integrating sustainability and ethical responsibility into their operations, leveraging innovation, collaboration, and stakeholder engagement to drive meaningful change.

AN EXEMPLARY INDIA-CENTRIC CASE STUDY: TEXTILE GIANT AND THEIR UNIQUE CSR APPROACH

A prominent South India-based Apparel & Textile company is one of India's largest vertically integrated textile companies. This is a remarkable example of how businesses can blend corporate success with meaningful social responsibility. Headquartered in Coimbatore, Tamil Nadu, this company has built a robust business model while taking active steps to uplift the communities in which it operates.

KEY CSR INITIATIVES

1. **Education and Skill Development:** Free education for girls and skill development centers for women have empowered communities.
2. **Healthcare Programs:** Regular health camps and sanitation initiatives address critical public health challenges.
3. **Environmental Sustainability:** Renewable energy projects, water recycling systems, and support for organic farming reduce ecological footprints.

BROADER IMPACT

This company's CSR initiatives contribute to broader development goals such as gender equity and sustainable industrial growth, aligning with SDGs 5 and 8.

FUTURE DIRECTIONS

The future of ethical responsibility and sustainable leadership will be shaped by:

1. **Circular Economy Models:** Transitioning to systems that minimize waste and maximize resource efficiency.
2. **Technology for Good:** Leveraging AI, blockchain, and IoT to address sustainability challenges.
3. **Equity and Inclusion:** Promoting diversity and reducing systemic inequalities.
4. **Global Collaboration:** Strengthening partnerships to address shared global challenges.

CONCLUSION

Embracing ethical responsibility and sustainable leadership is essential for navigating the complexities of the modern world. By prioritizing integrity, inclusivity, and sustainability, leaders can create organizations that thrive while contributing to the greater good. As we move forward, the collective efforts of governments, businesses, and individuals will determine the success of these principles in building a just and sustainable future.

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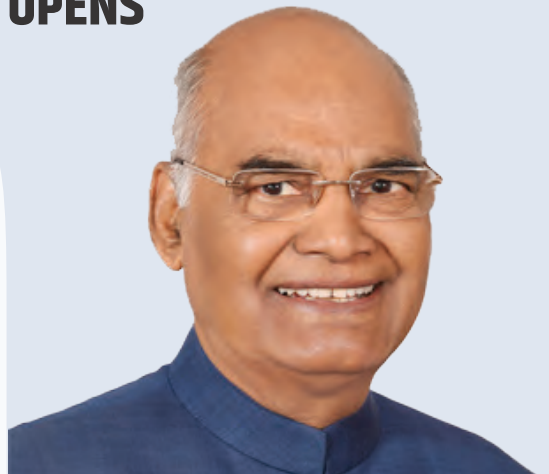
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Articles Part - I

India's Tax Reforms: Past, Present and the Income Tax Bill, 2025 for a Viksit Bharat (60)

Dr. Laxmana Rao

Beginning with the ancient history of Tax system in India, this article enumerates with the help of data, the trends in direct tax collections since 1995, its calculations relating it to GDP ratio. It provides and comparative insights on the gross and net direct tax growth from 2013 to 2023. The historical milestones of Indian Income Tax Reforms by scanning the key provisions of the new Income Tax Bill, 2025 are discussed.

Virtual Digital Assets under Direct Taxation (66)

CS (Dr.) Saibal Chandra Pal

The article describes various types of Virtual Digital Assets, their definitions & features as per the Income Tax Act, 1961, with the method of computation of tax on VDAs, and also the transferability of VDAs.

Economic Impacts of Direct Taxes on MSMEs (70)

CS Arunodaya Ojha, CS Tanay Ojha

The article explicate, ways in which tax policies affect profitability, working capital, and reinvestment decisions in MSMEs. MSMEs face various challenges and analysing the effectiveness of government schemes and tax reliefs is beneficial in fostering growth and formalization. It concludes with discussion on the future outlook for MSMEs and the role of direct taxes in their sustainable growth.

Reformation in Income Tax with Income Tax Bill, 2025: An Empirical Study Using Multiple Regression Model (76)

CS (Dr.) D. Mukhopadhyay

This study investigates tax compliance, administrative efficiency, and audit strategies under the Income Tax Bill, 2025 using a multiple regression model. It examines regulatory clarity, professional diversification, and technology adoption, focusing on taxpayers, professionals, and policymakers.

Artificial Intelligence and Tax Compliance (82)

CS Charu Vinayak

As India continues its digital transformation journey, a balanced approach to AI implementation, one that enhances both enforcement capabilities and taxpayer service while maintaining robust safeguards for privacy and fairness will be essential. The future of AI in Indian tax administration will likely involve increasingly sophisticated applications that leverage emerging technologies like blockchain and federated learning while addressing the unique challenges of India's diverse and complex economic landscape.

Direct Taxation and MSMEs Corporatisation: Gauging Impact (87)

CS Subrata Kumar Swain

The core intent of MSMEs Corporatisation is to create a robust institutional framework for the MSMEs in India. In order to address the issue of working capital scarcity of MSMEs, the Union of India, enacted landmark provisions in alignment with the applicable provisions of the Income Tax Act, 1961, MSMED Act, 2006, and Companies Act, 2013, exclusively for MSMEs. A peer review of the relevant provisions will entail the gauging impact of direct taxation in MSME Corporatisation with a special focus on Section 43B (h) of the Income Tax Act, 1961.

Artificial Intelligence and Tax Compliance: A Paradigm Shift (93)

CS Suparn Sekhri

This article explores the impact of AI on tax compliance, its benefits, challenges, the role of the Income Tax Bill, 2025, and its implications for the MSME sector, rural India, and women entrepreneurship.

Artificial Intelligence and Tax Compliance (98)

CS Hasti Vora

This article focuses on some real-life instances of how Artificial Intelligence is transforming the scenario of tax compliance in India, making the system more efficient, transparent, and fraud resistant. Further, the author emphasizes that though AI offers unprecedented efficiency, automation, and predictive accuracy, it is the strategic insight, ethical governance, and regulatory expertise of a Company Secretary that ensures this transformation remains compliant, risk-free, and aligned with legal frameworks.

Articles Part - II

Demat- A word of Caution for Issue/ Allotment in Securities

102

CS Deepti Jambigi Joshi, Rutuja Umadikar

Rule 9B in the Companies (Prospectus and Allotment of Securities) Rules 2014 ("Allotment Rules") mandated private companies to provide demat connectivity for its shareholders and debenture holders. By the virtue of this Rule, all the private companies other than small companies as on 31st March 2023 and every year thereafter are required to facilitate dematerialization of its securities and to ensure this, a timeline was given of 18 months from the closure of such financial year, as on which they are not small companies and need to comply with this Rule. These provisions relating to mandatory requirement of demat of securities of shareholders other than promoters, directors and KMP, have given rise to certain practical questions that may be faced by the companies while undertaking fund raising activities. In this article, the authors in a systematic manner have made an attempt to find answers to these questions.

An Empirical Study on Code on Wages, 2019

107

CS (Dr.) Vandana Bansal, CS (Dr.) Sonia Patel

This article elaborates on the labour law reforms with specific reference to Code on Wages, 2019. Further, an online survey was conducted to study the impact of amendments in the labour laws from the employer's perspective. The article covers emerging opportunities for Company Secretaries in labour laws.

Women Directors & Board Diversity: Legal Framework & Role of Company Secretary

114

Swati R. Jain

In this article the author highlights the importance of Board Diversity and women representation in the Board. The role of Company Secretary in implementing the legal frameworks are discussed. Company Secretary has an active role to play on matters of Board Governance to ensure compliance with laws, and advise companies in the appointment and governance of Women Directors.

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Appointment of Directors of a Private Company: Some Critical Issues

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CS (Dr.) K R Chandratre

Section 149 of the Companies Act, 2013 mandates every company to have a Board of Directors consisting of individuals as directors and shall have

a minimum of two directors and a maximum of fifteen directors, and more than fifteen with the approval of shareholders by a special resolution. The author analyses, the basic provision concerning appointment of directors of public and private companies, in section (s.) 152 of the Companies Act, 2013, which was in s. 255 of the Companies Act, 1956.

Legal World

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- **LMJ 04:04:2025** we hold that the Special Court is not subordinate to the High Court and that the High Court would have no power under Section 407 of the Criminal Procedure Code to transfer a case from one Judge of the Special Court to another.[SC]
- **LW 25:04:2025** Prior approval of the IRDAI is not required under the Insurance Act for sanctioning the merger scheme involving insurance company. [NCLAT]
- **LW 26:04:2025** The Appellants who hold merely 0.08% shareholding are depriving the majority shareholders of the benefits of the Scheme by filing frivolous objections and derailing its implementation. [NCLAT]
- **LW 27:04:2025** Simply selection or non-selection of an agency as PMC or issuance or non-issuance of RFP or issuance of defective RFP by an entity cannot be said to be abusive in terms of Section 4 of the Act unless and until there are availability of ingredients of the same as required under the Act.[CCI]
- **LW 28:04:2025** Microsoft may pursue its legitimate interest by prescribing certain reasonable compatibility requirements and thereby not appear to be in violation of Section 4(2)(c) of the Act.[CCI]
- **LW 29:04:2025** The objective of the IBC is to provide a mechanism for resolving financial distress, not to nullify obligations arising under regulatory statutes.[SC]
- **LW 30:04:2025** This aspect of the matter was completely ignored by the High Court, which seems to have blindly acted upon the claim of the respondents that they were 55 years old in 2018 and were entitled to continue in service till 2023. [SC]

- **LW 31:04:2025** The mere fact that Appellant(s) attended board meetings does not suffice to impose financial liability on the Appellant(s), as such attendance does not automatically translate into control over financial operations.[SC]
- **LW 32:04:2025** Once the conciliation had failed, it was the duty and obligation on part of the Council to terminate its proceedings and refer the matter to arbitration or take up the matter for arbitration, which would require the Arbitration and Conciliation Act, 1996 to apply to the Arbitral proceedings.[KANT]

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- Disclosure of holding of specified securities in dematerialized form
- Online Filing System for reports filed under Regulation 10(7) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
- Harnessing DigiLocker as a Digital Public Infrastructure for reducing Unclaimed Assets in the Indian Securities Market
- Framework on Social Stock Exchange (“SSE”)
- Faster Rights Issue with a flexibility of allotment to specific investor(s)
- Relaxation in timeline for reporting of differential rights issued by AIFs
- Special Clearing Operations on March 31, 2025
- General Notification for Sale and Issue of Government of India Securities (including Treasury Bills and Cash Management Bills)
- Gold Monetization Scheme (GMS), 2015 - Amendment
- Master Direction – Reserve Bank of India (Prudential Norms on Capital Adequacy for Regional Rural Banks) Directions, 2025
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- Priority Sector Lending Certificates
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- Currency Chest operations on March 31, 2025
- Treatment of Right-of-Use (ROU) Asset for Regulatory Capital Purposes
- Amortisation of additional pension liability - Implementation of Pension Scheme in Regional Rural Banks with effect from November 1, 1993 - Prudential Regulatory Treatment
- Reserve Bank of India (Financial Statements - Presentation and Disclosures) Directions, 2021: Clarifications
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Call For ARTICLES

Call For Articles in CS Journal – May 2025 Issue



GRASSROOT TRANSPARENCY AND ACCOUNTABILITY: EXPANDING GOVERNANCE EXPLORING OPPORTUNITIES

The Indian mainland is marked by immense diversity. And it is this diversity which has found its way into the organisational structures as well. Where on one hand, the smaller business entities are expanding their footprint in the overall growth; true development will find its footing by way of long-term measures, wherein the smallest of groups of the nation are best governed.

“True democracy is not just about casting a vote, but about active participation in local Governance”

- Mahatma Gandhi

With the aim of understanding the diverse forms of entities as well as local governance authorities as well as their need for good governance, the upcoming edition of the Chartered Secretary Journal, we are pleased to inform you that the May 2025 issue of Chartered Secretary Journal will be devoted to the theme **Grassroot Transparency and Accountability: Expanding Governance Exploring Opportunities** covering *inter alia* the following aspects:

- ❖ Transparency and Accountability in Panchayat Governance
- ❖ History and Evolution of Panchayat Governance in India
- ❖ Fostering Sustainability & Strengthening Governance in Grassroots
- ❖ CSR & Rural Governance: a collaborative approach
- ❖ Social Audit: A potent tool in Promoting transparency & Accountability at Grassroots
- ❖ ICSI Model Code : Alerting dynamics of Panchayat Governance
- ❖ Panchayat Governance : Role of Governance Professionals
- ❖ Ensuring Legal Compliance: Bridging gaps in Cooperative Societies and Trusts
- ❖ Societies & Trusts : Bringing Urbane Development to Rural India
- ❖ Societies & Trusts : Role of CS in promoting Good Governance

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ARTICLES



Articles Part - I

- INDIA'S TAX REFORMS: PAST, PRESENT AND THE INCOME TAX BILL, 2025 FOR A VIKSIT BHARAT
- VIRTUAL DIGITAL ASSETS UNDER DIRECT TAXATION
- ECONOMIC IMPACT OF DIRECT TAXES ON MSMEs
- REFORMATION IN INCOME TAX WITH INCOME TAX BILL, 2025: AN EMPIRICAL STUDY USING MULTIPLE REGRESSION MODEL
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Articles Part - II

- DEMAT – A WORD OF CAUTION FOR ISSUE/ALLOTMENT IN SECURITIES
- AN EMPIRICAL STUDY ON CODE ON WAGES, 2019
- WOMEN DIRECTORS & BOARD DIVERSITY: LEGAL FRAMEWORK & ROLE OF COMPANY SECRETARY

India's Tax Reforms: Past, Present and the Income Tax Bill, 2025 for a Viksit Bharat

This empirical study explores the historical evolution of India's Income Tax System, highlighting key reforms that have shaped the nation's fiscal landscape. It provides a comprehensive analysis of past policy changes, their impact on economic growth and how they have contributed to the vision of a 'Viksit Bharat - 2047' (Developed India). The study also examines the Income Tax Bill, 2025, outlining its intended objectives and potential implications for taxpayers, businesses, and overall economic development.



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INTRODUCTION

Many believe that income tax is a recent development, but historical evidence shows it existed in ancient societies. The word "tax" comes from "taxation," meaning an estimate. Early taxes were collected irregularly on goods, livestock, or trade. Around 2000 years ago, Caesar Augustus ordered a worldwide tax. In Greece, Germany and the Roman Empire, taxes were based on turnover or occupations. For centuries, tax revenue went to monarchs. In Northern England, taxes were imposed on land and property, later expanding to poll taxes and indirect duties on goods like wool and leather. These taxes funded military, civil expenses and public services such as roads and justice.

India's direct taxation system has existed in some form since ancient times. *Manusmriti* and *Arthashastra* mention various tax measures. Manu, the ancient lawgiver, stated that kings could levy taxes based on scriptures, ensuring they were fair and proportional to income and expenses. He warned against both excessive and nonexistent taxation, advising that taxes should not burden the people. Traders and artisans paid 1/5th of their profits in silver and gold, while farmers contributed 1/6th, 1/8th, or 1/10th of their produce, depending on their situation. Taxes were also imposed on entertainers like actors, dancers and singers. Payments were made in gold coins, cattle, grain, raw materials, or through personal service, showing a well-organized taxation system even in ancient India.

The present study aims to understand the historical background, structure and significance of the tax system in economic, international and social contexts while analyzing the evolution of India's tax reforms. It evaluates the current direct tax reforms, their administration, and their impact, comparing them with tax systems in developed nations.

RESEARCH METHODOLOGY

This study is descriptive in nature. It relies on secondary data from the internet, books, newspapers, and other sources. It examines tax policy, its structure, historical background, current status and international comparisons.

DISCUSSION

Kautilya (also known as Chanakya), the ancient Indian economist and political strategist, outlined his taxation principles in the *Arthashastra* (4th century BCE), emphasizing justice, efficiency and state prosperity. He believed taxation was both a moral and economic duty, ensuring the state's welfare without excessively burdening the people. His philosophy advocated moderation in taxation, comparing it to a honeybee collecting nectar—taking just enough without harming the flower—warning that excessive taxation could lead to public resentment and tax evasion. Kautilya supported a progressive taxation system where the rich paid higher taxes while the poor bore a lesser burden, promoting social equity. He also stressed the importance of diverse revenue sources, collecting taxes from agriculture, trade, imports and labor to prevent over-reliance on any single sector. Strict enforcement and penalties for tax evasion were recommended to maintain compliance and a corruption-free administration. Additionally, he advocated for flexibility in taxation, adjusting rates based on economic conditions, particularly during crises like famine or war. The revenue collected, he asserted, should be utilized for public welfare, infrastructure, defense and economic growth rather than the personal luxuries of the ruler. Kautilya's taxation philosophy remains relevant today, aligning with modern principles of progressive taxation, fair policies and efficient tax administration, while emphasizing the importance of expanding the tax base and ensuring revenue is used for development. His ideas laid the foundation for a balanced taxation system that ensures both state prosperity and citizen welfare.

Dey, S. K. (2014) conducted a comprehensive study to evaluate the performance of the Income Tax Department of India. The study analyzed various aspects of tax collection and revenue generation over a period of time. The findings indicated a consistent upward trend in overall tax collection, reflecting the department's improved efficiency and effectiveness. Specifically, the study highlighted a significant increase in income tax collection, suggesting better compliance, enforcement measures, and possibly economic growth contributing to higher revenues. The following table presents a detailed overview of the volume of income tax collections in India over the period from 1995–96 to 2023–24. It provides a breakdown of the total tax revenue, highlighting the contributions from different categories of direct taxes. These include corporate tax, which represents taxes paid by companies on their profits; personal income tax, which accounts for taxes collected from individual taxpayers based on their earnings; and other direct taxes, which encompass various levies such as wealth tax, securities transaction tax, and other minor direct tax components. This data offers insights into the trends and growth patterns in tax revenue collection over the years.

Table 1 Income Tax collection since 1995-96

Financial Year	Corporate Tax	Personal Income Tax*	Other Direct Taxes	Total
1995-96	16,487	15,592	1485	33,564
1996-97	18,567	18,234	2094	38,895
1997-98	20,016	17,101	11163	48,280
1998-99	24,529	20,240	1831	46,600
1999-00	30,692	25,655	1612	57,959
2000-01	35,696	31,764	845	68,305
2001-02	36,609	32,004	585	69,198
2002-03	46,172	36,866	50	83,088
2003-04	63,562	41,386	140	1,05,088
2004-05	82,680	49,268	823	1,32,771
2005-06	1,01,277	63,689	250	1,65,216
2006-07	1,44,318	85,623	240	2,30,181
2007-08	1,93,561	1,20,429	340	3,14,330
2008-09	2,13,395	1,20,034	389	3,33,818
2009-10	2,44,725	1,32,833	505	3,78,063
2010-11	2,98,688	1,46,258	1,049	4,45,995
2011-12	3,22,816	1,70,181	990	4,93,987
2012-13	3,56,326	2,01,840	823	5,58,989
2013-14	3,94,678	2,42,888	1,030	6,38,596
2014-15	4,28,925	2,65,772	1,095	6,95,792
2015-16	4,53,228	2,87,637	1,079	7,41,945
2016-17	4,84,924	3,49,503	15,286	8,49,713
2017-18*	5,71,202	4,20,084	11,452	10,02,738
2018-19*	6,63,572	4,73,179	967	11,37,718
2019-20*	5,56,876	4,92,717	1,088	10,50,681
2020-21*	4,57,719	4,87,560	1,897	9,47,176
2021-22*	7,12,037	6,96,604	3,781	14,12,422
2022-23	8,25,834	8,33,307	4,545	16,63,686
2023-24*	9,11,055	10,45,139	3,972	19,60,166

Source: Ministry of Finance, Government of India

Graph – I



Source: Ministry of Finance Government of India

Here are some key insights and calculations based on the provided data:

1. Growth in Total Direct Taxes Over Time

- In **1995-96**, the total direct taxes collected were **₹33,564 crores**.
- By **2023-24**, the total reached **₹19,60,166 crores**.
- This represents an **increase of approximately 57 times** over 28 years.

2. Yearly Growth Rates

Let's compute the **CAGR (Compound Annual Growth Rate)** for total direct taxes:

- Final Value** = 19,60,166 (2023-24)
- Initial Value** = 33,564 (1995-96)
- n** = 28 years

$$\text{CAGR} = \left(\frac{\text{Final Value}}{\text{Initial Value}} \right)^{\frac{1}{n}} = \left(\frac{19,60,166}{33,564} \right)^{\frac{1}{28}} = 15.63\%$$

The **Compound Annual Growth Rate (CAGR)** for total direct taxes from 1995-96 to 2023-24 is approximately **15.63% per year**.

3. Corporate Tax vs. Personal Income Tax

- In **1995-96**, corporate tax (₹16,487 Cr) was slightly higher than personal income tax (₹15,592 Cr).
- By **2023-24**, corporate tax (₹9,11,055 Cr) and personal income tax (₹10,45,139 Cr) showed a reversal, with **personal income tax surpassing corporate tax**.
- This indicates **faster growth in personal income tax collections**, possibly due to increased formalization of the economy and higher individual earnings.

Table 2 Direct Tax collection to GDP Ratio

Financial Year	Gross Collections of Direct Taxes (₹Cr)	Net Collections of Direct Taxes (₹ Cr)	GDP at Current Market Prices (₹ Cr)	GDP Growth Rate (%)	Direct Tax to GDP Ratio (%)	Direct Tax Growth Rate (%)
2012-13	5,58,987	3,91,006	99,44,013	13.80%	3.93%	17.72%
2013-14	6,38,542	4,60,300	1,12,33,522	12.97%	4.10%	7.05%
2014-15	6,95,743	4,92,755	1,24,67,959	10.99%	3.95%	-4.37%
2015-16	7,41,944	4,71,226	1,37,71,874	10.46%	3.42%	9.92%
2016-17	8,49,712	5,17,995	1,53,91,669	11.76%	3.37%	20.00%
2017-18	10,02,036	6,21,601	1,70,90,042	11.03%	3.64%	8.63%
2018-19	11,36,614	6,75,253	1,88,99,668	10.59%	3.57%	-3.18%
2019-20	10,49,294	6,53,754	2,00,74,856	6.22%	3.26%	-11.15%
2020-21	9,44,873	5,80,886	1,98,00,914	-1.36%	2.93%	39.24%
2021-22 RE	12,50,000	8,08,800	2,32,14,703	17.24%	3.48%	13.59%
2022-23 BE	14,20,000	9,18,754	2,58,00,000	11.14%	3.56%	-

Source: Ministry of Finance Government of India

The analysis of direct tax collection in relation to GDP is conducted to assess the overall efficiency and contribution of direct taxes to the national economy. To present a clear and comprehensive understanding, four key graphical representations have been used:

Graph 2



Source: Ministry of Finance Government of India

- Gross vs. Net Tax Collections** – This graph illustrates the difference between total tax revenue collected before refunds (gross tax collection) and the actual revenue retained by the government after refunds (net tax collection). It helps in understanding tax administration efficiency and refund trends over the years.
- Direct Tax to GDP Trend** – This graph showcases the proportion of direct tax revenue as a percentage of GDP over time. It reflects the effectiveness of the tax system in mobilizing resources relative to economic growth and highlights trends in direct tax contribution to national income.

- Direct Tax Growth Rate** – This graph depicts the annual percentage change in direct tax collection, providing insights into the consistency and fluctuations in tax revenue growth. It helps identify patterns, economic cycles, and the impact of policy changes on tax collection.
- GDP Trend (Current Market Prices)** – This graph presents the growth trajectory of the Gross Domestic Product (GDP) at current market prices, indicating overall economic expansion. It serves as a reference to assess whether direct tax collection growth aligns with or diverges from the broader economic growth trend. These visualizations collectively provide a detailed perspective on direct tax collection dynamics, offering valuable insights into the relationship between taxation policies and economic performance.

The Analysis of the Graphs presented above is as given below:

- Gross vs. Net Direct Tax Collections:** Both gross and net collections show an increasing trend, with a dip in 2019-20 and 2020-21, likely due to economic slowdown and COVID-19 impact. 2021-22 and 2022-23 show a sharp recovery, with collections reaching new highs.
- Direct Tax to GDP Ratio:** The ratio peaked at 4.10% in 2013-14, but declined to 2.93% in 2020-21 due to reduced collections and GDP contraction. The ratio recovered in 2021-22 and 2022-23, showing improved tax revenue efficiency.
- Yearly Direct Tax Growth Rate:** The highest growth was 39.24% in 2020-21, after a sharp decline in the previous years. 2018-19 and 2019-20 show negative growth, indicating challenges in tax collection. Post-pandemic recovery in 2021-22 helped bring double-digit growth again.

4. **GDP Trend (Current Market Prices):** GDP has shown consistent growth, except in 2020-21, where it contracted due to the pandemic. Strong recovery in 2021-22 and 2022-23, supporting improved tax collections. These trends highlight how economic conditions, policy changes, and external factors (like COVID-19) impact direct tax revenues.

Further Analysis and Comparisons of Direct Tax Trends (2012-13 to 2022-23)

1. **Yearly Growth in Direct Tax Collections (Gross vs Net):** Gross Direct Tax Collections grew from ₹5,58,987 Cr in 2012-13 to ₹14,20,000 Cr in 2022-23, marking a 154% increase over 11 years. Net Direct Tax Collections increased from ₹3,91,006 Cr to ₹9,18,754 Cr in the same period, showing a 135% growth. The net collection is lower than gross collection due to tax refunds and adjustments. The impact of COVID-19 (2019-20 & 2020-21) is visible in the net collections, with a sharp decline followed by a strong rebound in 2021-22.
2. **Direct Tax to GDP Ratio Analysis:** The highest Direct Tax to GDP ratio was 4.10% in 2013-14, indicating strong tax compliance and revenue generation. The ratio declined to 2.93% in 2020-21, the lowest in the dataset, due to the economic downturn. The post-pandemic recovery in 2021-22 saw a rise to 3.48%, and it further improved to 3.56% in 2022-23.

Comparison of GDP Growth vs. Direct Tax Growth was inconsistent, showing negative growth in 2014-15, 2018-19, and 2019-20, which coincides with GDP slowdowns. In 2020-21, GDP contracted (-1.36%), but direct tax revenue grew by 39.24%, indicating increased tax enforcement or economic resilience in high-income sectors. 2021-22 saw the highest GDP growth (17.24%), boosting tax revenues significantly.

KEY OBSERVATIONS FROM THE GRAPHS

- **Economic Slowdowns Reduce Tax Revenues:** The 2019-20 and 2020-21 dip in direct tax collection corresponds with lower GDP growth. In contrast, when GDP rebounded in 2021-22, tax collections also surged.
- **Corporate vs. Personal Income Tax Trends:** Historically, corporate tax dominated direct tax revenues, but in recent years, personal income tax has grown at a faster rate. This indicates a widening taxpayer base and more compliance in personal taxation.
- **Strong Recovery Post-COVID-19:** The 2021-22 and 2022-23 figures show a significant jump, proving that tax revenues recover quickly after economic shocks.

Table 3: Comparative Insights

Metric	Best Year	Worst Year	Trend
Gross Tax Growth	2021-22 (₹12,50,000 Cr)	2020-21 (₹9,44,873 Cr)	Strong Post-Pandemic Recovery
Net Tax Growth	2021-22 (₹8,08,800 Cr)	2019-20 (₹6,53,754 Cr)	Decline Before COVID-19
GDP Growth Rate	2021-22 (17.24%)	2020-21 (-1.36%)	Sharp Recovery Post-COVID
Direct Tax to GDP Ratio	2013-14 (4.10%)	2020-21 (2.93%)	Declined & Recovered

Source: Ministry of Finance Government of India

REFORM OF DIRECT TAXES

Until the mid-1970s, personal income tax was used for economic redistribution. In 1973-74, there were 11 tax brackets, with rates ranging from 10% to 85%. With a 15% surcharge, the highest tax rate reached 97.5% for incomes above ₹2,00,000. Reforming direct taxation is crucial for economic growth, equity, and revenue efficiency. Direct taxes, such as income tax and corporate tax, significantly impact investment, consumption, and economic stability. Key reasons for direct tax reforms include:

- **Enhancing Economic Growth** – Efficient direct tax reforms create a favorable investment climate by reducing tax burdens and improving compliance (OECD, 2021). Lower corporate tax rates encourage business expansion, leading to job creation and higher productivity (Gupta & Jha, 2020).
- **Improving Tax Compliance and Administration** – Simplified tax structures reduce evasion and increase voluntary compliance. Countries with lower and rationalized tax rates tend to have higher tax compliance levels (Bird & Zolt, 2014). Digitization and tax automation further strengthen transparency and revenue collection (World Bank, 2022).
- **Ensuring Equity and Fairness** – Progressive taxation ensures wealth redistribution, reducing income inequality (Atkinson & Stiglitz, 2015). Well-structured tax reforms prevent excessive burdens on lower-income groups while ensuring high-income earners contribute fairly (Piketty, 2014).
- **Broadening the Tax Base** – Expanding the tax base reduces dependency on indirect taxes and prevents over-reliance on a narrow taxpayer segment. Studies indicate that tax base broadening enhances revenue without increasing tax rates (Jain, 2018).
- **Boosting Foreign Investment and Competitiveness** – Competitive corporate tax rates attract foreign direct investment (FDI), fostering industrial growth and economic integration (UNCTAD, 2021). Countries with streamlined tax systems experience higher capital inflows (Desai, Foley & Hines, 2009).
- **Strengthening Fiscal Stability** – Direct tax reforms contribute to stable government revenues, reducing fiscal deficits and dependency on borrowing (IMF, 2020). Sustainable tax policies ensure long-term economic resilience against financial shocks.

Direct tax reforms are essential for promoting economic efficiency, equity, and growth. By ensuring a fair and

transparent taxation system, governments can enhance compliance, attract investment, and achieve sustainable development. Continuous modernization and policy improvements remain crucial in adapting to evolving economic landscapes.

After 1991, tax rates were simplified. By 1992–93, there were three slabs (20%, 30%, and 40%), and by 1997–98, they were further reduced to 10%, 20%, and 30%. The wealth tax's highest rate was also cut to 1%.

In corporate taxation, the distinction between closely and broadly held companies was removed. In 1993–94, the company tax rate was unified at 40%, later reduced to 35% in 1997–98. The dividend tax policy also changed multiple times—first levied on corporations, then shifted to shareholders in 2000–01, and later reinstated for corporations in 2003–04.

Some companies, known as “zero-tax businesses,” avoided taxes using investment allowances and other deductions. To address this, the Minimum Alternate Tax (MAT) was introduced in 1997–98, taxing companies based on their “Book Profits.” However, businesses paying MAT were allowed to deduct it from future tax liabilities.

India's long-awaited tax reforms aim to ease taxpayer difficulties and expand the tax base through faceless assessments, appeals, and a taxpayer charter. Ideally, a tax system should be simple, efficient, and transparent. However, conflicts between taxpayers and tax officials have persisted, with unexpected tax demands and retrospective amendments creating fears of “tax terrorism.”

To address this, the government introduced a digital system eliminating physical interactions in tax assessments and appeals. Clearly defining responsibilities for both taxpayers and officials can help reduce disputes if initial concerns and challenges are properly addressed.

The reform follows three core principles of using clearer language for better readability, continuity by avoiding major tax policy changes and preserving predictability by keeping tax rates unchanged.

HISTORICAL MILESTONES OF INDIAN INCOME TAX REFORMS

The history of income tax in India dates back to 1860 when Sir James Wilson introduced it to address the financial crisis caused by the 1857 Revolt. The first Income Tax Act was enacted in 1886, establishing the framework for taxation. In 1918, a new Income Tax Act was introduced but was soon replaced by the 1922 Act, which governed taxation in British India until 1961. The Income Tax Investigation Commission in 1956 recommended reforms to curb tax evasion and enhance revenue collection. The Income Tax Act, 1961, which came into effect on April 1, 1962, replaced the 1922 Act, incorporating new principles and administrative reforms. During 1973–74, personal income tax rates were extremely high, with 11 slabs ranging from 10% to 85%, along with a 15% surcharge, leading to a maximum marginal tax rate of 97.5%.

In 1985, the introduction of Tax Deducted at Source (TDS) strengthened tax compliance. The economic liberalization of 1991, streamlined tax rates, reducing the highest income tax rate from 56% to 40% by rationalizing corporate tax rates. In 1997–98, tax structure simplifications reduced income tax slabs to three (10%, 20%, and 30%), wealth tax to 1%, and corporate tax to 35%. The introduction of Fringe Benefit Tax (FBT) and Securities Transaction Tax (STT) in 2004 aimed at taxing non-monetary benefits and stock market transactions. The 2016 Income Declaration Scheme provided a window for declaring undisclosed income, while demonetization curbed black money and improved compliance. In 2019, corporate tax was reduced to 22% for domestic firms and 15% for new manufacturing firms, and the Faceless Assessment Scheme (FAS) was introduced to eliminate taxpayer-officer interaction. The Vivad Se Vishwas (VSV) Scheme of 2020 aimed at resolving tax disputes through an amnesty program. In 2023, a new income tax regime was introduced, offering lower tax rates without exemptions as an alternative to the existing system. Looking ahead, the Direct Tax Code (DTC) is expected to simplify and modernize tax laws, with advancements in digitalization and AI-driven tax compliance. These reforms have significantly shaped India's tax system, making it more transparent, efficient, and growth-oriented.

‘Viksit Bharat-2047’ is India's vision to become a developed nation by 2047, marking 100 years of independence. It focuses on economic growth, social progress, environmental sustainability, and good governance. At its core is the PM's Panch Pran, with Viksit Bharat as a key commitment. The vision rests on four pillars: Yuva (Youth), Garib (Poor), Mahila (Women), and Kisan (Farmers).

Beyond material progress, true development must bring happiness, as growth alone is meaningless if people are not truly content. Achieving this goal requires robust economic growth, infrastructure development, social welfare programs, and technological advancements—all of which depend on strong fiscal policies and effective income tax administration. Here's how income tax is linked to Viksit Bharat initiatives:

- Revenue Generation for Development
- Tax Reforms for Economic Growth
- Reducing Inequality & Promoting Social Welfare
- Digitalization & Ease of Doing Business
- Encouraging Compliance & Expanding the Tax Base

A well-structured and efficient income tax system is a key driver of economic growth, social development, and financial stability, aligning with the goals of Viksit Bharat. By increasing tax revenue, improving compliance, and funding large-scale projects, income tax plays a crucial role in transforming India into a developed nation by 2047.

INCOME TAX BILL, 2025

The study of Rao M and Sengupta R (2021) reveals that, Ambiguity in tax laws is a major cause of litigation in India, as unclear provisions lead to multiple interpretations and disputes between taxpayers and tax authorities. The Income Tax Bill, 2025, introduced in Parliament on February 13, 2025, aims to simplify the language and structure of the Income Tax Act, 1961 while maintaining policy stability. The reform follows three core principles: a) using clearer language for better readability, b) ensuring continuity by avoiding major tax policy changes and, c) preserving predictability by keeping tax rates unchanged. The simplification process involved eliminating complex and redundant provisions, enhancing readability, and logically restructuring sections for easier navigation. To ensure a well-rounded approach, the government engaged in extensive consultations with taxpayers, businesses, industry associations, and tax professionals, reviewing 20,976 online suggestions and incorporating relevant inputs. Additionally, best practices from Australia and the UK were studied to enhance the effectiveness of the revisions. As a result, the new Income Tax Bill, 2025 is now more concise, streamlined, and user-friendly, improving accessibility for taxpayers and professionals alike. The number of words has been reduced from 512,535 to 259,676, eliminating 252,859 unnecessary words. Similarly, chapters have been reduced from 47 to 23 and sections from 819 to 536, ensuring a more structured and navigable framework. Tables have increased from 18 to 57, and formulae from 6 to 46, improving clarity and readability.

Key improvements include simplified language, consolidation of amendments, and the removal of outdated provisions, making the law more accessible. The use of tables and formulae enhances structural clarity, while existing taxation principles remain intact to ensure policy continuity. Overall, the Income Tax Bill, 2025 demonstrates the government's commitment to improving the ease of doing business by creating a simpler, clearer, and more efficient tax framework.

CONCLUSION

Simplifying the tax structure, expanding the tax base, improving compliance, and aligning with global best practices can boost investment, increase revenue, and promote fair economic growth.

High tax rates on capital gains discourage savings and investment. Lowering these rates is seen as a positive step, though broader tax reforms are needed. While the benefits of reducing capital gains tax should not be overstated, they could significantly impact long-term growth.

Following demonetization, India introduced several tax changes. Direct tax reforms have played a key role in sustainable development by supporting social justice, environmental sustainability, and economic progress. To achieve inclusive and sustainable growth, tax policies must align with long-term development goals.

India's direct tax reforms aim to ease taxpayer difficulties and expand the tax base through faceless assessments, appeals, and a taxpayer charter.

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Virtual Digital Assets under Direct Taxation

Until recently, when referring to an asset, we focused primarily on fixed assets, current assets and investments. With technological advancement, a new category of assets known as digital assets has emerged. These assets, which have the ability to generate revenue, are referred to as Digital Virtual Assets. They can be stored in digital format, are uniquely identifiable and can hold value, such as documents, audio files, videos, logos, spreadsheets, slide presentations, websites, cryptocurrencies, tokens, NFTs, stablecoins, central bank digital currencies and digital bonds. Like fixed and current assets, they also have the potential to yield economic benefits.



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INTRODUCTION

The term 'Asset' is a resource having economic value and the same may be owned by an individual, entity, or country. Assets are classified based on (i) convertibility, (ii) physical existence, and (iii) usage. These are discussed as under:

- (i) **Convertibility:** Based on easy convertibility into cash, assets are classified into fixed or current assets. Fixed assets or non-current assets cannot be readily converted into cash or cash equivalents. Assets are also termed as long-term assets i.e. land, building, machinery, patent, trade mark. On the other hand, Current Assets are easily converted into cash and cash equivalent. Current Assets are also termed liquid assets. i.e. cash, cash equivalent, short-term deposits, inventory, and office supplies.
- (ii) **Physical Existence:** Classifying assets, based on physical existence, divide assets into tangible and intangible. Tangible assets are those having physical existence i.e. land, building, machinery, cash, inventory, equipments, office supplies. Intangible assets do not have physical existence i.e. goodwill, patents, brands, copyright, trademarks, licenses, and permits.
- (iii) **Usage:** Based on usage in business, assets are classified into operating and non-operating. Operating assets are required in the daily operation of business. Usage of assets generate revenue i.e. cash, inventory, account receivables, building, patents, and copyright. Non-operating assets are not required for daily business operations, but they generate revenue i.e. short-term investment marketable securities, vacant land, and interest income from a fixed deposit.

EMERGENCE OF DIGITAL ASSETS WITH THE APPLICATION OF TECHNOLOGY

Until recently, by an asset, we meant fixed assets, current assets, and investments. With the advancement of technology, a class of assets have emerged under the term, digital assets. Such assets, capable of generating revenue, came to be termed as Digital Virtual Assets. The assets can be stored digitally and are uniquely identifiable and can realize value i.e. documents, audios, videos, logos, spread sheets, slide presentations, websites, cryptocurrencies, tokens, NFT, stable coins, central bank digital currencies, digital bonds and like fixed and current assets possess the potential to produce economic benefits. A 'digital asset' should:

- (i) be a digital file owned by an individual or company,
- (ii) be of value (economic benefit) to the individual or company, and
- (iii) be searchable, discoverable, and available for use.

The definition of a digital asset is subject to change with technology. As digital file formats are being invented, they are being added to the list.

DIGITAL ASSETS DISTINGUISHED FROM OTHER FILES

Digital asset is represented in digital form having intrinsic or acquired value. Virtual Digital Assets (VDA) are subsets of all digital assets transacted on a blockchain, such as non-fungible tokens (NFTs), cryptocurrencies and other virtual assets. Ordinarily it means cryptocurrencies, decentralised finance and non-fungible tokens (NFTs). The list is symbolic and is not exhaustive. Cryptocurrencies gained momentum world-wide, and India was no exception. The Central Government cleared grounds for taxation of VDAs. The Union Budget for 2022-23 presented on 1st February 2022 included provision for taxation of VDAs. It included cryptocurrencies and non-fungible tokens ('NFTs'). The definition of Virtual Digital Assets was inserted vide Clause (47A) in Section 2 of the Income Tax Act, 1961 ('the Act'). As per the Act, features of VDA include:

- (a) Information code, number or token generated through cryptographic means. Cryptography is the study of secure communication techniques that allow only sender and intended recipient of a message to view its contents;
- (b) a non-fungible token or any other token of similar nature, by whatever name called, NFT is said to mean such digital asset as the Central Government may by notification in the Official Gazette specify. Notification No. 75/2022 dated 30/6/2022 specifies a token that is a VDA as a non-fungible token within the meaning of Section 2(47A) of the Act but excludes non-fungible token whose transfer results in transfer of ownership of such underlying tangible asset that is legally enforceable; and
- (c) any other digital asset as the Central Government may by notification in the Official Gazette specify.

ASSETS NOT INCLUDED UNDER VDA

- (i) Indian Currency
- (ii) Foreign Currency
- (iii) Central Government may by notification in the Official Gazette exclude any digital asset from the definition of VDA subject to such conditions as may be stated.
- (iv) Pursuant to Notification No. 75/2022 dated 30/6/2022 it does not include an NFT the transfer of which results in the transfer of ownership of underlying tangible asset, legally enforceable.
- (v) Pursuant to Notification No. 74/2022 dated 30/6/2022 the Central Government notified that the following VDAs will not be included in the definition of VDA:
 - (a) gift card or vouchers, being a record that may be used to obtain goods or services or a discount on goods or services, and
 - (b) mileage points, reward points, or loyalty card, being a record given without direct monetary consideration under an award, reward, benefit, loyalty, incentive rebate, or promotional program that may be used or redeemed only to obtain goods or services or a discount on goods or services,
 - (c) subscription to websites or platforms or applications.

VDAs AND DIGITAL CURRENCY

Currency is issued only by the Central Bank of countries i.e. *inter alia* includes Rupee, Dollar, Pound and Yen. VDAs are not issued by the Central Bank of countries

outside the ambit of currency. VDAs include NFTs being cryptographic assets on a blockchain with unique identification codes and metadata that distinguished from others. NFTs represent property rights and other rights of individuals.

CRYPTOCURRENCY

Cryptocurrencies exist digitally and they have no regulating authority. A decentralized system is used to record transactions to manage new units which depends on cryptography to prevent counterfeiting and fraudulent transactions. Cryptocurrencies are not controlled by the Government or any authority. Cryptocurrency is not a part of the banking system with different brands or types and prominent among them is Bitcoin.

TAXATION OF VDAs TILL 31ST MARCH 2022

Till 31st March 2022, VDAs held, traded, and exchanged were taxed as income defined in Section 2 (24) of the Act which includes all sorts of income. The Act taxes all incomes including illegal income. Income from VDA attracted benefits under Sections 54 and 54EC.

TAXABILITY OF VDAs FROM 1ST APRIL 2022

The Finance Act, 2022 effective 1/4/2023 (Financial Year 2022 to 2023) came to deal with VDAs and its taxation. Section 2(47A) was inserted in the Act to define VDA. Further, the inserted new Section 115BBH provides for taxation on income for transfer of VDAs at a flat rate of 30 percent. Section 2(47A) of the Act defines VDAs to mean any information or code or number or token (not being Indian currency or foreign currency), generated through cryptographic means or otherwise, by whatever name called, providing a digital representation of value exchanged.

VDA has been inserted in the definition of 'property' for taxation of deemed income under Section 56(2)(x) which provides for taxation of Gift of VDA in the hands of the recipient. Under Section 194S, TDS is deductible on transfer of VDA at the rate of 1 percent above a monetary threshold.

METHOD OF COMPUTATION AND TAX APPLICABLE ON VDA

Section 115BBH provides for computation of tax on VDA at the flat rate of 30 percent. No other provision of the Act is made applicable while determining 30 percent on the value of transfer. Taxation will be applicable on the fulfillment of the following conditions:

Digital Asset is represented in a digital form having intrinsic or acquired value. Virtual Digital Assets (VDAs) are subsets of all digital assets transacted on a Blockchain, such as Non-Fungible Tokens (NFTs), Cryptocurrencies and other virtual assets.

- i) There shall be a transfer of a VDA held as capital asset or not.
- ii) Cost of acquisition will be allowed as deduction. None other deduction to be allowed towards expenditure or allowance.
- iii) No set-off of any loss under any provision of the Act will be allowed in computation of such income.
- iv) Tax on income from transfer of such VDA shall be calculated at the rate of 30 percent.
- v) Any loss on transfer of VDA shall not be allowed to be set-off against income computed under any provision of the Act and such loss shall not be allowed to be carried forward to succeeding assessment years.

TRANSFER OF VDA: APPLICATION OF SECTION 2 (47) OF THE ACT

Section 115BBH(3) of the Act states that 'transfer' of VDA attracts Section 2 (47) of the Act whether it is a capital asset or not. The term defines transfer from one person to another. The following transactions fall within the ambit of transfer:

- (a) Sale, (b) Exchange, (c) Relinquishment, (d) Extinguishment of any right therein, (e) Compulsory acquisition, and (f) Conversion of investment/capital asset into stock-in-trade.

Transactions not falling within Section 47 of the Act will not be taxed under Section 115BBH of the Act:

- (a) Distribution on the total or partial partition of a HUF.
- (b) Transfer under a gift or will or any irrevocable trust.
- (c) Transfer by a company to its subsidiary company or vice versa (subject to conditions).
- (d) Transfers under restructuring schemes (subject to conditions),
- (e) Transfers on conversion of firm/sole proprietor to a company or company to a LLP (subject to conditions).

Further, Section 46 of the Act provides that distribution of assets of companies in liquidation to its shareholders, does not fall under transfer, by a company.

Section 47 (iii) of the Act provides that gift of any capital asset is not regarded as transfer. Therefore, gift of VDA is not considered a transfer and would be exempt from tax in the hands of the donor.

TAXATION ON VDA ACQUIRED AS CAPITAL ASSET AND CONVERTED AS STOCK IN TRADE

VDA acquired as investment/capital assets and subsequently, converted into stock in trade shall be



deemed that the VDA is transferred during the previous year when the conversion took place. Further, the fair market value (FMV) of the VDA, on the date of conversion or treatment is deemed to be the receipt of the full value or accrual as a result of transfer of the VDA. However, the liability to pay tax arises in the previous year in which such stock-in-trade is sold or otherwise transferred [Section 45(2)].

Similarly, VDAs held as inventory and converted into capital assets, the FMV, as on the date of conversion shall be taxable as business income under Section 28 (iva) of the Act. The FMV of the inventory converted shall be the price, it would ordinarily fetch, on sale in the open market, on the date of conversion.

TAXABILITY OF VDAs TRANSFERRED NOT AT ITS FMV

Section 115BBH does not provide the method of computation of FMV. CBDT is also not empowered to state the method of such conversion. Under Section 50C of the Act, the special provision for full value of consideration in certain cases can be applied. Section 50CA especially provides for full value of consideration for transfer of shares other than quoted shares.

TRANSFER OF VDA BY WAY OF EXCHANGE WITH ANOTHER CAPITAL ASSET OR IN KIND

Section 50D provides that FMV is deemed to be the full value of consideration received or accrued on the transfer of a capital asset by an assessee where the consideration cannot be determined. For the purpose of computing income chargeable to tax as capital gains, the FMV of the said asset on the date of transfer shall be deemed to be the full value of the consideration received or accruing on such transfer. Accordingly, transfer of VDA by way of exchange with capital asset, the FMV of the asset shall be deemed to be the full value of consideration. There may be practical difficulties in determining the FMV of VDA's due to high fluctuation

in its value and moreover, exchange platforms may have different prices for the same virtual currency, at a point of time.

COST OF ACQUISITION OF VDA

For the computation of capital gains or business income from transfer of VDA no expenses is deducted to determine cost of acquisition. The following shall be ignored for computing income for transfer of VDA:

- (a) Expenditure incurred in connection with the transfer of VDA.
- (b) Cost of improvement relating to VDA.
- (c) Exemption under Section 54F of the Act.
- (d) Depreciation.
- (e) Other expenses.

COST OF ACQUISITION OF MULTIPLE BUY AND SALE TRANSACTIONS

Section 115BBH does not lay down guidance on how buy and sale transactions shall be correlated in case a person regularly buys and sells VDAs. There are two possible views:

- (i) **Follow FIFO Method:** As per Circular No. 768 dated June 24, 1998 issued by CBDT, FIFO method should be used to determine the period of holding of securities held in demat form (akin to the digital form VDAs are held).
- (ii) **Fellow Weighted Average Method:** In the absence of specific provisions, in Section 115BBH or clarification from CBDTs for VDAs.

Apparently, the net income or loss from transfer of VDAs will be the same in either case, while the selection of the method makes a difference as losses from transfer of one VDA cannot be set-off against income from transfer of another VDA.

NO INDEXATION BENEFITS IRRESPECTIVE OF HOLDING PERIOD

Indexation of cost of acquisition of VDA shall not be allowed, irrespective of the holding period.

CLASSIFICATION OF INCOME FROM TRANSFER OF VDA: HEAD OF INCOME

Generally, income of traders of cryptocurrencies would be taxable under the head Profit and Gains of Business or Profession. The income of investors would be taxable under the head Capital Gains.

Rate of tax on VDA under either head of income is the same. Classification is essential for computation of interest under Section 234C of the Act. If there is shortfall

in payment of advance tax on understating or failure to estimate the accrual of capital gains, such shortfall, is ignored in computing interest under Section 234C of the Act.

REBATE UNDER SECTION 87A OF THE ACT

Rebate under Section 87A of the Act is allowed to any resident individual unless prohibited. Section 115BBH does not prohibit such rebate. It is neither a deduction nor allowance, accordingly, will be allowed to a resident individual.

INCOME OF A NON-RESIDENT FROM TRANSFER OF VDAs TO A RESIDENT IN INDIA

As per Section 5(2), a non-resident is chargeable to tax in India, in respect of income as follows:

- (a) Received or deemed to be received in India; and Income which accrues or arises or is deemed to accrue or arise in India.

Section 9 (1) (1) of the Act provides that any income inter-alia arising due to transfer of capital asset in India shall be deemed to accrue or arise in India and hence taxable. To determine whether the income has arisen to a non-resident on transfer of VDA, the Act does not provide any guidance. Capital assets fall in the category of intangible assets, therefore, reference is to be made to judicial precedents.

CONCLUSION

In the Income Tax Bill, 2025, it is observed that there is no change in the definition of VDAs. The definition given in the Finance Bill, 2025, remains the same. The Finance Bill, 2025 has expanded the definition of VDAs to include any code, number, or token generated cryptographically and provide a digital representation of value exchanged. VDAs are expected to make further inroads into the Indian economy.

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Economic Impact of Direct Taxes on MSMEs

Tax incentives and deductions promote formalization and investment for MSMEs. The article elaborates on the interplay between direct taxation and the growth of MSMEs in achieving sustainable economic advancement. This study intends to examine the economic impact of direct taxes on MSMEs.



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INTRODUCTION

OVERVIEW OF MICRO, SMALL, AND MEDIUM ENTERPRISES (MSMEs) IN THE ECONOMY

Micro, Small and Medium Enterprises (MSMEs) form the backbone of most economies, playing a pivotal role in fostering growth, innovation and employment generation. In India, MSMEs contribute significantly to the Gross Domestic Product (GDP), exports and industrial output. Characterized by their flexibility and adaptability, these enterprises cater to various sectors, including manufacturing, services and trade. MSMEs are often recognized for their ability to address localized needs while also contributing to global supply chains. With millions of businesses classified under this sector, they provide livelihoods to a vast section of the population,

making them an essential driver of inclusive growth. Understanding the economic implications of Direct taxes on MSMEs is crucial for policymakers, as it directly influences their contribution to economic development.

IMPORTANCE OF DIRECT TAXES IN FISCAL POLICY

Direct taxes, including corporate and income taxes, are fundamental to a country's fiscal framework. These taxes are imposed directly on individuals and businesses, forming a major source of government revenue. For MSMEs, direct taxes influence operational decisions, cash flow management, and long-term financial planning. Governments use direct taxation not only to collect revenue but also to promote equitable distribution of wealth and stimulate economic growth through targeted tax incentives.

In the context of MSMEs, direct taxes serve as both an opportunity and a challenge. On the one hand, tax concessions and rebates can encourage formalization and investment. On the other hand, high tax rates and complex compliance requirements can act as barriers to their growth. Therefore, the interplay between direct taxation and MSME development is an area of strategic importance for ensuring sustainable economic progress.

OBJECTIVES OF THE STUDY

The study aims to analyze the economic impact of direct taxes on MSMEs, focusing on both opportunities and challenges. Specific objectives include:

1. **Evaluating the Role of Direct Taxes in MSME Operations:** Understanding how tax policies affect profitability, working capital and reinvestment decisions.
2. **Identifying the Challenges Posed by Direct Taxes:** Exploring issues related to compliance, high tax burdens, and administrative inefficiencies.
3. **Assessing the Benefits of Tax Incentives for MSMEs:** Analyzing the effectiveness of government schemes and tax reliefs in fostering growth and formalization.

UNDERSTANDING MSMEs AND DIRECT TAXES

MSMEs are pivotal to the economic growth and development of any nation. They significantly contribute to employment generation, innovation, and the overall GDP. However, these enterprises also face unique challenges, particularly in navigating the complexities of direct taxation. To understand their interaction with the tax system, it is essential to explore the definition and classification of MSMEs, the types of direct taxes applicable to them, and the tax incentives and concessions available.

CLASSIFICATION OF MSMEs

MSMEs are classified based on investment in plant and machinery or equipment and their annual turnover, as per the government guidelines. The Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 initially set these parameters, but recent amendments by the Budget of 2025-26 have redefined the criteria:

- **Micro Enterprises:** Investment up to ₹2.50 crore and turnover up to ₹10.00 crore.
- **Small Enterprises:** Investment up to ₹25.00 crore and turnover up to ₹100.00 crore.
- **Medium Enterprises:** Investment up to ₹125.00 crore and turnover up to ₹500.00 crore.

This would ensure that the benefits under MSME schemes would now be available for a larger number of companies with the support of the Government.

TYPES OF DIRECT TAXES APPLICABLE TO MSMEs

Direct taxes refer to taxes levied directly on an entity's income or profits. MSMEs, depending on their structure, are subject to various types of direct taxes, including:

1. **Income Tax:** Sole proprietorships and partnerships file personal income tax on profits, while private limited companies are subject to corporate income tax.
2. **Corporate Tax:** MSMEs registered as companies are liable to pay corporate tax at rates determined by the government, which may vary based on turnover and compliance with tax regulations.
3. **Minimum Alternate Tax (MAT):** Applicable to companies that report profits below taxable levels due to exemptions, ensuring they contribute a minimum tax.
4. **Capital Gains Tax:** Applies to profits earned from selling assets such as property or equipment.

The taxation landscape emphasizes compliance and financial transparency while generating revenue for the government.

TAX INCENTIVES AND CONCESSIONS FOR MSMEs

Recognizing the vital role of MSMEs in the economy, governments, often extend tax incentives to ease their financial burden and encourage growth. These incentives include:

1. **Reduced Corporate Tax Rates:** Companies with an annual turnover below a specified threshold benefit from lower corporate tax rates, encouraging reinvestment and expansion.
2. **Startup Tax Exemptions:** MSMEs classified as startups under certain criteria enjoy tax holidays for a fixed period, promoting innovation and entrepreneurship.
3. **Deductions for Research and Development (R&D):** Enterprises investing in R&D activities can claim additional deductions to foster innovation.
4. **Depreciation Benefits:** MSMEs can avail higher depreciation rates on certain assets, reducing taxable income and supporting capital investment.
5. **Section 80JJA of Income Tax Act, 1961 Deductions:** Tax benefits for hiring new employees, aimed at increasing employment opportunities.
6. **Interest Subsidies and Loan Write-Offs:** To enhance financial liquidity, MSMEs receive interest subsidies on loans and occasional debt relief.

ECONOMIC CONTRIBUTIONS OF MSMEs

Micro, Small and Medium Enterprises (MSMEs) play a pivotal role in shaping the economic landscape of any nation. Their contributions extend beyond business operations, significantly impacting employment, GDP, and exports. Below is an exploration of their critical economic contributions.

• Role in Employment Generation

MSMEs are the backbone of employment generation, especially in developing economies. Their labor-intensive nature provides opportunities for a wide range of workers, including semi-skilled and unskilled individuals. Unlike large corporations, MSMEs often require less capital investment per job, making them an efficient mechanism for tackling unemployment.

These enterprises have a unique ability to penetrate rural and semi-urban areas, creating jobs where large-scale industries may find it unfeasible to operate. By fostering entrepreneurship and self-employment, MSMEs not only provide livelihoods but also empower individuals, especially women and marginalized groups, to contribute to the economy. In doing so, they alleviate poverty and promote equitable economic development.

• Contribution to GDP

MSMEs are substantial contributors to a nation's GDP. In many economies, they account for a significant portion of industrial production and services. By driving local and regional economic activities, these enterprises bridge the gap between urban and rural development.

One of the reasons MSMEs excel in GDP contribution is their adaptability and responsiveness to market demands. They are often quick to adopt innovative practices and customize their offerings, thereby enhancing productivity. Moreover, MSMEs act as ancillary units for large corporations, producing intermediate goods and services that are vital to larger industrial outputs. Their interconnectedness with various economic sectors amplifies their overall impact on GDP growth.

• Participation in Exports

MSMEs contribute significantly to a nation's export earnings. Their ability to produce cost-effective and high-quality products makes them competitive in global markets. Sectors such as textiles, handicrafts, leather, and agro-based industries are heavily reliant on MSMEs for production and exports.

Export-oriented MSMEs not only enhance foreign exchange earnings but also help in diversifying export baskets, reducing dependence on a few large industries or commodities. Additionally, these enterprises play a crucial role in building a country's reputation in niche markets. Their agility enables them to cater to specific international demands, such as eco-friendly products or customized designs, which larger corporations may overlook.

By participating in global value chains, MSMEs facilitate the integration of the domestic economy with the international market. This connectivity fosters knowledge transfer, innovation, and competitiveness, further enhancing their role in exports.

The impact of Direct Taxes on MSMEs is complex, affecting different facets of their functioning, opportunities for expansion, and overall viability.

IMPACT OF DIRECT TAXES ON MSMEs

The effect of direct taxes on MSMEs is multifaceted, influencing various aspects of their operations, growth potential, and overall sustainability. Below is an exploration of how these taxes shape key dimensions of MSMEs, including operational costs, capital formation, compliance costs, and their ability to innovate and expand.

OPERATIONAL COSTS: HOW TAXES AFFECT PROFITABILITY AND CASH FLOW?

Direct taxes significantly influence the operational expenses of MSMEs. Taxes such as corporate income tax or proprietorship income tax reduce the disposable income available for day-to-day business activities. For smaller enterprises operating with limited margins, even a

modest tax liability can strain their cash reserves, making it challenging to cover essential expenses like employee wages, raw materials, and utility bills. Moreover, the timing of tax payments can disrupt cash flow, particularly for seasonal businesses or those with irregular revenue cycles. This can lead to reliance on external borrowing, further escalating costs through interest payments.

CAPITAL FORMATION: INFLUENCE ON REINVESTMENT AND GROWTH

The capacity of MSMEs to reinvest profits for future growth is directly impacted by their tax liabilities. When a significant portion of earnings is allocated to taxes, enterprises often struggle to build the capital required for expanding operations, upgrading technology, or entering new markets. Tax policies that do not incentivize capital reinvestment discourage businesses from scaling up, especially when high tax rates are coupled with minimal deductions or exemptions for developmental expenses. Conversely, well-designed tax incentives, such as accelerated depreciation or investment-linked deductions, can encourage MSMEs to channel profits into productive assets, driving long-term growth.

COMPLIANCE COSTS: ADMINISTRATIVE BURDEN OF TAX FILING AND AUDITS

The administrative obligations associated with direct taxes pose an additional challenge for MSMEs. Tax filing, maintaining detailed financial records, and navigating complex tax regulations demand time and resources that smaller businesses often lack. Many MSMEs rely on external tax

consultants or legal experts, which adds to their expenses. In some cases, errors in tax filing can lead to penalties or prolonged audits, further increasing the financial burden. Simplified tax regimes or digital tools for tax compliance can alleviate this burden, enabling MSMEs to focus more on core business activities rather than administrative tasks.

INNOVATION AND EXPANSION: TAX POLICIES AS BARRIERS OR ENABLERS

The impact of tax policies on innovation and business expansion is pivotal for MSMEs aiming to remain competitive. High tax rates or limited deductions for research and development (R&D) expenses can discourage enterprises from pursuing innovative projects or adopting advanced technologies. Additionally, tax policies that impose significant liabilities on profits from new markets can deter businesses from geographic or product-line expansion. On the other hand, targeted tax benefits for R&D or reduced tax rates for newly established units can foster an environment conducive to innovation. Such incentives empower MSMEs to explore creative solutions, expand their footprint, and compete effectively in global markets.

POSITIVE EFFECTS OF DIRECT TAXATION ON MSMEs

Direct taxation, when structured effectively, can serve as a vital tool for empowering MSMEs. Beyond merely generating revenue for the government, taxation policies can stimulate growth and stability within the sector. Below are three significant positive effects of direct taxation on MSMEs:

Tax Holidays and Exemptions

Tax holidays and exemptions play a critical role in providing financial relief to MSMEs. These policies temporarily waive or reduce tax liabilities for new or struggling businesses, allowing them to allocate resources toward expansion, innovation, and workforce development. For example, startup enterprises often benefit from exemptions on income tax for a specified number of years, enabling them to establish a strong market presence before facing full tax obligations.

Such incentives also promote regional economic development. Governments' may offer targeted exemptions to MSMEs operating in underdeveloped or rural areas, encouraging entrepreneurs to set up operations in these regions. This not only enhances local employment opportunities but also contributes to balanced economic growth across the country. Reducing the immediate financial burden, tax holidays and exemptions empower MSMEs to thrive in competitive markets and contribute meaningfully to the economy.

ENCOURAGEMENT FOR FORMALIZATION

Direct tax policies incentivize formalization, encouraging MSMEs to transition from the informal to the formal economy. When businesses register and comply with taxation laws, they gain access to a range of benefits, including government subsidies, legal protections, and participation in public procurement programs. Formalization also opens doors to improved infrastructure support and technical assistance provided by government schemes.

Moreover, formal MSMEs can establish a transparent record of financial transactions, which enhances their credibility among stakeholders. This credibility is crucial for attracting investments, forming strategic partnerships, and scaling operations. Promoting formalization of direct taxes not only increase compliance but also help MSMEs integrate more seamlessly into the global supply chain.

ACCESS TO CREDIT THROUGH IMPROVED FINANCIAL TRANSPARENCY

One of the most significant advantages of direct taxation is that it encourages enhanced financial transparency. Tax compliance necessitates maintaining accurate records of income, expenses, and profits. These records serve as reliable documentation for financial institutions when evaluating creditworthiness.

Transparent financial reporting allows MSMEs to secure loans and other financial products at favorable terms. Many banks and non-banking financial institutions require documented proof of income and tax compliance before granting credit. MSMEs with a strong compliance track record often benefit from lower interest rates, higher loan limits, and quicker approval processes.

Additionally, tax records can serve as a foundation for MSMEs to participate in credit-linked government initiatives. Programs aimed at supporting small enterprises, such as credit guarantee schemes and interest subvention plans, often prioritize tax-compliant businesses. This improved access to credit enables MSMEs to fund their operational and growth requirements effectively.

CHALLENGES FACED BY MSMEs DUE TO DIRECT TAXES

MSMEs form the backbone of many economies, contributing significantly to employment, GDP and innovation. However, they often face several challenges related to direct taxation. These challenges, stemming from high tax rates, complex tax laws and limited awareness, can hinder their growth and sustainability.

• High Tax Rates and Limited Reliefs

One of the primary challenges for MSMEs is the burden of high tax rates. Unlike large corporations that can leverage economies of scale and access a range of tax-saving mechanisms, MSMEs often operate on narrow profit margins. High tax rates can erode these margins, leaving little room for reinvestment or expansion.

• Complex Tax Laws and Procedures

Another significant obstacle is the complexity of tax laws and procedures. MSMEs often lack the resources and expertise to navigate intricate tax regulations effectively. The direct tax regime involves numerous provisions, frequent amendments and detailed compliance requirements, such as filing accurate returns, maintaining proper records, and adhering to deadlines.

For many MSMEs, these processes are not only time-consuming but also financially draining, as they often require external support from tax consultants or accountants. Additionally, non-compliance or errors in tax filings can result in penalties, further adding to the financial strain on these businesses. The complexity of the system discourages smaller businesses from entering the formal economy, thereby limiting their growth potential.

• Limited Awareness and Expertise in Tax Management

A lack of awareness and expertise in tax management is another hurdle for MSMEs. Many small business owners have limited knowledge about the direct tax system and the available benefits or exemptions they can claim. This lack of awareness often leads to underutilization of tax benefits and increased financial burdens.

Furthermore, many MSMEs are unaware of changes in tax policies or new compliance requirements, which can result in inadvertent errors and penalties. The absence of in-house tax expertise exacerbates this issue, as most small enterprises cannot afford to employ dedicated tax professionals. As a result, they are often dependent on external advisors, which may not always be reliable or cost-effective.

POLICY ANALYSIS AND RECOMMENDATIONS

RECENT GOI INITIATIVES AND THEIR EFFECTIVENESS

In recent years, the GOI has implemented several initiatives to address the tax-related challenges faced by MSMEs. One notable measure is the reduction of the corporate tax rate for small enterprises. Businesses with a turnover below a specified threshold benefit from lower tax rates, enabling them to allocate more resources toward growth and expansion. Additionally, the introduction of presumptive taxation schemes, such as Section 44AD under the Income Tax Act, 1961 has simplified compliance for small businesses by offering the option to declare income at a fixed percentage of turnover.

Another significant step has been the adoption of digital tax filing platforms. The Goods and Services Tax (GST) regime, although primarily an indirect tax, has indirectly influenced direct tax compliance by encouraging formalization. Integration with digital platforms like GSTN (Goods and Services Tax Network) has streamlined processes and made compliance more transparent.

FUTURE OUTLOOK FOR MSMEs: IMPACT OF EMERGING TECHNOLOGIES, ROLE OF DIRECT TAXES AND ANTICIPATED REFORMS

The future of MSMEs in the ever-evolving economic landscape is heavily influenced by technological advancements, fiscal policies, and anticipated regulatory reforms. This section delves into three critical aspects that shape the outlook for MSMEs:

ADOPTION OF EMERGING TECHNOLOGIES ON TAX COMPLIANCE

The adoption of emerging technologies like Artificial Intelligence (AI), Blockchain and data analytics is revolutionizing the tax ecosystem. For MSMEs, these innovations bring both opportunities and challenges in the realm of tax compliance.

1. **Streamlining Tax Filing and Compliance:** AI-powered tools enable MSMEs to automate repetitive tasks like book keeping, invoicing, and tax calculations, reducing the scope for human error. Tax software integrated with machine learning algorithms can analyze transaction data in real time,

ensuring accurate tax reporting. This minimizes penalties for non-compliance and enhances financial transparency.

2. **Enhanced Record-Keeping through Blockchain:** Blockchain technology offers an immutable ledger system, which ensures secure and tamper-proof record-keeping. This is particularly beneficial for MSMEs, as it facilitates seamless audits and simplifies the verification of transactions. Tax authorities can also leverage blockchain to ensure greater accountability and traceability in financial dealings.
3. **Data-Driven Decision Making:** Big data and predictive analytics empower MSMEs to forecast their tax liabilities and cash flow needs. These technologies provide actionable insights into optimal tax-saving strategies and compliance requirements, aiding better financial planning.
4. **Challenges in Technology Adoption:** Despite the advantages, MSMEs often face barriers such as high implementation costs, lack of digital literacy, and resistance to change. Bridging this gap requires government and industry support through subsidies, training programs, and access to affordable technological solutions.

The integration of emerging technologies into tax compliance not only eases administrative burdens but also positions MSMEs to operate more efficiently in an increasingly digital economy.

ROLE OF DIRECT TAXES IN THE SUSTAINABLE GROWTH OF MSMEs

Direct taxes play a pivotal role in shaping the economic trajectory of MSMEs. The way tax policies are designed and implemented significantly impacts the growth and sustainability of these enterprises.

1. **Revenue Generation and Reinvestment:** Direct taxes such as income tax and corporate tax influence the net profitability of MSMEs. A balanced tax regime allows businesses to retain a larger portion of their earnings, which can be reinvested in capacity building, innovation, and market expansion.
2. **Formalization of the Economy:** Progressive tax policies encourage MSMEs to transition from the informal to the formal sector. Formalization not only enhances their credibility but also opens up access to institutional credit, government schemes, and global markets.
3. **Encouraging Innovation and Sustainability:** Tax incentives for research and development (R&D) spur innovation within the MSME sector. Additionally, deductions and credits for adopting sustainable practices, such as energy-efficient technologies and waste management systems, align business growth with environmental conservation.

4. **Reducing Regional Disparities:** Special tax concessions for MSMEs operating in rural or economically backward regions incentivize decentralized industrial growth. This creates employment opportunities and fosters inclusive development.

ANTICIPATED REFORMS AND THEIR POTENTIAL IMPACT

The dynamic nature of global and domestic economies necessitates constant reforms in tax policies and regulatory frameworks. Anticipated reforms have the potential to significantly impact the MSME sector.

1. **Simplification of Tax Regimes:** Simplifying tax procedures is a key area of focus in upcoming reforms. Initiatives like unified tax filing portals, reduced documentation requirements, and streamlined refund processes aim to reduce the compliance burden for MSMEs.
2. **Introduction of Digital Taxation Systems:** Governments' worldwide are shifting towards digital tax administration, incorporating AI and Blockchain to enhance efficiency and transparency. For MSMEs, these systems promise faster processing of returns, instant verifications, and reduced instances of tax evasion.
3. **Tax Incentives for Startups and Green Practices:** Future reforms are expected to introduce targeted incentives for startups and businesses adopting environmentally sustainable practices. These measures will support MSMEs in their early stages and motivate them to integrate sustainability into their operations.
4. **Regional and Sectoral Tax Benefits:** Tax reforms may also focus on addressing the needs of specific regions or sectors. For instance, providing lower tax rates for MSMEs in agricultural or export-oriented industries can stimulate growth in key areas of the economy.
5. **Focus on International Taxation Policies:** With globalization, MSMEs are increasingly engaging in cross-border trade. Anticipated reforms are likely to address issues like double taxation and digital service taxes to make international transactions more seamless for smaller businesses.
6. **Challenges in Implementing Reforms:** Implementing reforms poses challenges, including resistance from existing stakeholders, transitional complexities and the risk of unintended consequences. Effective communication and collaboration between governments, industry bodies, and MSMEs are essential for ensuring the successful rollout of reforms.
7. **Impact on Competitiveness and Growth:** A reformed tax framework can significantly enhance the global competitiveness of MSMEs. By fostering a level playing field, these reforms empower small businesses to compete with larger corporations and international players, driving economic growth.

CONCLUSION

Direct taxes significantly influence the economic landscape of MSMEs by shaping their financial viability and growth potential. A well-structured direct tax framework can reduce compliance burdens, foster financial discipline and enhance the ease of doing business, enabling MSMEs to allocate resources more efficiently. Conversely, high tax rates or complex regulations can stifle profitability and hinder expansion. By striking a balance between revenue generation and fostering entrepreneurship, direct tax policies play a pivotal role in driving economic development, promoting job creation, and supporting innovation within the MSME sector.

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Reformation in Income Tax with Income Tax Bill, 2025: An Empirical Study Using Multiple Regression Model

This study analyses the impact of the New Income Tax Bill, 2025 using a multiple regression model. It investigates how factors such as regulatory clarity, administrative complexity, technology adoption and professional diversification affect tax compliance efficiency. Findings indicate that the elevated compliance costs and frequent audits reduce efficiency, while digital tax systems, compliance incentives, and diversified audits improve effectiveness. The study recommends simplifying tax codes, involving Company Secretaries and other professionals in audits and AI-driven monitoring. The Statistical analysis validates the model, emphasizing a transparent, technology-driven and cost-effective tax system to enhance compliance, lower costs and boost taxpayer confidence.



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INTRODUCTION

This study examines the impact of the Income Tax Bill, 2025 on tax administration efficiency using a multiple regression model. It assesses compliance costs, regulatory clarity and professional diversification to provide empirical insights for optimizing tax policies to enhance fairness, efficiency and cost-effectiveness.

Taxation is essential for economic growth, revenue generation and social equity. India's Income Tax system, governed by the Income Tax Act, 1961 has undergone multiple amendments, often leading to increased complexity and higher compliance costs. Bird & Zolt (2005) argue that intricate tax structures raise administrative expenses and encourage evasion, while Slemrod (2019) found that simplified tax regimes enhance compliance and revenue collection. Mirrlees (2011) emphasized that an efficient tax system must balance revenue generation with economic efficiency, highlighting the need for well-structured tax reforms. The expertise of Company Secretaries, and other professionals plays a crucial role in tax audits by enhancing compliance, reducing costs and fostering fairness.

India's tax system originated during the colonial era, with the first Income Tax Act introduced in 1860. Tanzi & Zee (2000) stress that tax frameworks must evolve while ensuring simplicity and fairness, while Piketty & Qian (2009) highlight the role of progressive tax reforms in improving income distribution and economic stability.

Tax reforms are necessary to address rising compliance costs, outdated provisions and limited professional participation. Alm & Martinez-Vazquez (2003) note that excessive compliance burdens discourage tax participation, while Gupta & Rao (2018) suggest that involving multiple professional bodies enhances efficiency and reduces monopolistic practices. The Income Tax Bill, 2025 seeks to simplify tax procedures, expand compliance responsibilities and align with international best practices.

Efficient tax administration minimizes revenue leakage and promotes economic growth. Keen & Slemrod (2017) found that cost-effective tax systems improve compliance and taxpayer satisfaction. OECD (2020) highlights that competitive compliance costs encourage business formalization, increasing economic transparency. India's tax audit monopoly has led to higher costs and restricted taxpayer options. The proposed reforms focus on digital transformation and professional inclusivity to establish a transparent, efficient and competitive tax framework.

PROBLEM STATEMENT

This study investigates tax administration challenges, including high compliance costs, inefficiencies and regulatory complexity. It examines how the Income Tax Bill, 2025 can improve efficiency through regulatory clarity technology and professional diversification. Djankov et al. (2010) found complex tax structures harm businesses, while Gupta (2018) links tax ambiguity to litigation. Excessive compliance costs deter SMEs (Evans, 2003), and monopolistic audit restrictions under Section 44AB increase costs (Stigler, 1971). Agarwal & Singh (2020) advocate including CMAs and CSs to enhance efficiency. OECD (2020) supports multi-professional tax compliance for cost-effective administration, emphasizing global best practices.

RESEARCH GAP

Although tax administration has been widely studied, few analyses employ multiple regression models to evaluate efficiency. Hanlon et al. (2014) stress the need for statistical modeling in tax policy assessment, while Alm & Martinez-Vazquez (2003) highlight its role in compliance analysis. Research on monopolized tax audits and compliance costs remains limited. Stiglitz (2010) critiques monopolistic structures, and Agarwal & Singh (2020) advocate competition-driven tax services but lack empirical data. Keen & Slemrod (2017) and OECD (2020) support data-driven policymaking. This study empirically examines audit restrictions and compliance costs, providing statistical insights for tax reforms.

OBJECTIVES

The following objectives of the study are spelt out to ensure precise analysis and policy formulation in order to identify the key variables, applying appropriate statistical models, and drawing reliable conclusions to enhance the study's relevance, practical applicability, and contribution to tax policy and administration reforms.

1. To assess the efficiency of tax administration under the proposed Income Tax Bill, 2025.
2. To evaluate the impact of multiple professional engagements on compliance cost.
3. To develop an optimal taxation model using a multiple regression approach.
4. To identify factors influencing tax administration efficiency.

RESEARCH QUESTIONS

The research questions are framed to identify the key determinants of tax administration efficiency, evaluating the impact of compliance costs and assessing the role of professional diversification in tax audit and compliance management.

1. What are the key determinants of efficiency in tax administration?
2. How does professional diversity in tax audits affect compliance cost?
3. What empirical evidence supports the need for tax law reformation?

HYPOTHESES

The following hypotheses are formulated to validate relationships among tax administration efficiency, compliance costs and professional diversification and to statistically assess the impact of administrative complexity, technology adoption, and regulatory clarity on compliance efficiency.

- H1: The efficiency of tax administration improves with professional diversity in tax audits.
- H2: Compliance costs reduce with an inclusive approach to tax audit appointments.

H3: The new Income Tax Bill, 2025 enhances efficiency compared to the 1961 Act.

H4: Higher competition in tax auditing services leads to better taxpayer satisfaction.

SIGNIFICANCE OF THE STUDY

This study empirically examines tax administration efficiency under the Income Tax Bill, 2025, focusing on compliance costs, regulatory clarity and professional diversification. It aids policymakers in optimizing tax efficiency, reducing administrative burdens and refining audit strategies. Tanzi & Zee (2000) stress empirical research's role in tax reforms, while Keen & Slemrod (2017) emphasize data-driven policymaking. Using multiple regression models, the study evaluates compliance costs and efficiency (Alm & Martinez-Vazquez, 2003; Hanlon et al., 2014). Expanding audits beyond Chartered Accountants enhances competition and reduces costs (Stiglitz, 2010; Agarwal & Singh, 2020), advocating for a more inclusive tax compliance framework.

SCOPE OF THE STUDY

This study evaluates tax compliance, administrative efficiency and audit strategies under the Income Tax Bill, 2025 using a multiple regression model. It examines regulatory clarity, professional diversification and technology adoption, focusing on taxpayers, professionals and policymakers. While centred on India, its findings have global relevance (Tanzi & Zee 2000; OECD, 2020). Comparing the Income Tax Act, 1961 and 2025, it assesses compliance costs, efficiency, and inclusivity (Keen & Slemrod, 2017). Using econometric models, the study statistically analyses taxpayer awareness, digital integration and audit structures (Alm & Martinez-Vazquez, 2003; Hanlon et al., 2014) for data-driven tax policy improvements.

LITERATURE REVIEW

Keeping in view the crucial role of literature review, the following prior studies are examined in order to identify knowledge gaps and refine research questions as it prevents redundancy, supports theoretical frameworks and guides methodology selection. In the context of the present study, it evaluates global tax policies, regulatory challenges and the effects of competitive compliance costs on efficiency and fairness.

• Review of Existing Tax Laws and Their Evolution

Taxation has played a crucial role in governance since ancient times, evolving in response to economic, social and political shifts. Studies have explored how tax systems adapt to ensure efficiency, equity, and sustainability. Musgrave and Musgrave (1976) established a framework emphasizing equity, efficiency and ease of administration, highlighting the challenge of balancing revenue generation with economic growth.

Since 1960, taxation policies have undergone major transformations. Stiglitz (1986) examined the effects

of taxation on income distribution and productivity, while Bird and Zolt (2005) analysed the shift from direct to indirect taxation, the adoption of value-added tax (VAT), and progressive tax reforms. These studies suggest that tax policies often react to economic fluctuations, inflation, and globalization.

The role of fiscal federalism in tax law evolution is also significant. Oates (1972) found that decentralized tax systems improve public service efficiency. More recently, OECD (2019) has addressed the growing challenge of digital taxation.

• Studies on Tax Compliance Costs and Administration Efficiency

Tax system complexity raises concerns about compliance costs and efficiency. Allingham and Sandmo (1972) proposed that audit probabilities and penalties influence compliance, later expanded by Slemrod (2007) with behavioural insights. High compliance costs deter voluntary tax payment, especially for SMEs. Evans (2003) found these costs regressive, impacting small businesses more than corporations. Studies (e.g., Tran-Nam et al., 2000) confirm that simplifying tax codes and digitalization reduce burdens. On administration efficiency, Tanzi and Shome (1993) linked integrated tax systems to higher compliance. Digital tools like e-filing improve efficiency (OECD, 2018), though developing nations face infrastructure challenges (Fjeldstad & Moore, 2008).

• Empirical Research on Multiple Regression Models in Taxation

Econometric models play a crucial role in understanding tax compliance, revenue forecasting and policy impacts. Multiple regression models are widely used to analyse factors influencing tax compliance and revenue performance. Clotfelter (1983) examined income levels, audit probabilities and tax evasion, finding that higher-income individuals engage more in tax avoidance, while lower-income groups show higher compliance due to fewer tax planning opportunities.

Regression models also assess tax buoyancy and elasticity. Bahl (1971) found that developing economies have lower tax elasticity due to structural inefficiencies, while Gupta (2007) refined these models by incorporating sectoral contributions and policy shifts. Machine learning and AI have further enhanced tax regression models. Alm et al. (2010) applied predictive analytics to tax collection, improving revenue forecasting. These findings highlight the potential of integrating advanced statistical techniques with traditional models to enhance tax policy and administration.

RESEARCH DESIGN AND METHODOLOGY

- **Data:** For the study author has relied on both primary and secondary data. Primary data is collected by

conducting a Survey with structured questionnaires using a 5-point Likert Scale and for secondary data author has referred to Government reports, Tax Audit data and Academic literature.

- **Type of Sampling & Technique:** Purposive sampling technique is used for the study. Since Income Tax Law is a Central Law, the population of the country as a whole is significant for administering an empirical study and the study intends to be conducted at 95% confidence level with a margin or error of 5% i.e. 0.05 and Z Score with 95% confidence, $Z = 1.96$. Since the researcher has used the population proportion, 0.05, Margin of Error(e): 0.05 and $n = \text{sample size} = \left\{ \frac{Z^2 * p * (1-p)}{e^2} \right\} = \left\{ \frac{1.96^2 * 0.05 * (1-0.05)}{0.05^2} \right\} = 384.16$, rounded up to 385. The sample size is 385 respondents which is a mix of sample units comprising legal experts, common business society, members of voluntary associations, general taxpayers, startups and MSMEs, corporate sector, organization sector employees, intellectual civil society members, persons dealing with tax return filing, submission of returns, and compliance, litigations, assessment and overall tax administration members from diverse backgrounds.

- **Instrument:** 5 Points Likert Scale instrument is used for Data collection, recoding the perception-based responses of the targeted respondents offering 5 options with a scale of 1 to 5 where 1 stands for strongly disagree, and 5 for strongly agree, 3 is indifferent, 2 is disagree and 4 stands for agree. The questionnaires had 6 sections: a demographical section, 4 technical sections relating to the research problem, 2 sections for policy issues and implications, and 1 section was open ended.

- **Variables:** Dependent and Independent variables are types of variables involved in the study

• Dependent Variables

Efficiency in Tax Administration at Competitive Compliance Cost in terms of the 'Objects and Reasons for introduction of new Income Tax Bill by replacing the Income Tax Act, 1961 spelled out on page 587 of the Income Tax Bill, 2025.

• Independent variables

Composite variables emerged to be 10 based on the magnitude of the load ascertained by administering factor analysis to reduce the participating variables by extracting all their commonalities into a representative number of factors statistically manipulated out the Likert's item and the composite factors Taxpayer compliance burden, Administrative complexity, Number of tax professionals, Taxpayer education level, Technology adoption in tax filing, Government support measures, Regulatory clarity, Taxpayer perception of fairness, Compliance incentives and Frequency of audits.

Well-structured tax reforms result in an efficient tax system to balance revenue generation with economic efficiency.

- **Statistical Tools and Techniques:** Considering requirements and suitability, both descriptive and inferential statistics were applied for analysis of data. Descriptive statistics include Mean, Standard Deviation, Variance, Range, Maximum, Minimum, Skewness, Kurtosis and inferential statistics comprise of Multiple Regression such as $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \dots + \beta_{10}X_{10} + \varepsilon$ and for Model Fit Tests Chi-Square, ANOVA, R, R-Square, Adjusted R-Square and P-values, and Variance Inflation Factor (VIF) to measure the degree of multicollinearity for validity of the regression equation before which reliability test in terms of Cronbach's Alpha was administered to examine the validity of the instrument of data collection were administered.

ANALYSIS AND DISCUSSION

This section is crucial for interpreting research findings and deriving meaningful conclusions as it involves examining data trends, testing hypotheses, and evaluating the impact of variables. In the context of income tax law reformation, it highlights key insights on compliance efficiency, regulatory impact and policy effectiveness, providing a foundation for informed decision-making

- **Descriptive Statistics:** Descriptive statistics summarises by organizing data to reveal patterns, trends, and distributions and the mean, standard deviation, and skewness help in understanding tax compliance behaviour, administrative efficiency, and policy impact, providing rationale (f) for further statistical analysis and hypothesis testing.

Descriptive Statistics Matrix for N=385

S No.	Statistic	Value
1	Mean	3.45
2	Standard Deviation (SD)	0.87
3	Variance	0.76
4	Range	4.00
5	Maximum	5.00
6	Minimum	1.00
7	Skewness	-0.25
8	Kurtosis	2.47

- **Interpretation:**

Descriptive statistics: N=385 provides insights into the dataset's distribution and variability. The mean value of 3.45 suggests a moderate level of agreement among respondents regarding tax administration efficiency. The standard deviation (0.87) and variance (0.76) indicate a reasonable spread of responses. A range of 4.00 (min = 1.00, max = 5.00) confirms that all Likert scale options were utilized. The negative skewness (-0.25) implies a slight leftward distribution, while kurtosis (2.47) suggests a distribution close to normality but with somewhat heavier tails. These statistics establish a strong basis for further inferential analysis.

Inferential Statistics: Inferential Statistics make predictions and draw conclusions about a population based on sample data. Techniques like regression analysis, hypothesis testing and confidence intervals help assess relationships between variables, determine policy effectiveness and guide evidence-based tax reforms with statistical reliability and generalizability.

Reliability Analysis: Cronbach's Alpha (α) = 0.82, indicating good internal consistency: The reliability analysis using Cronbach's Alpha (α = 0.82) indicates strong internal consistency among the survey items. This suggests that the Likert-scale responses used to measure tax administration efficiency and related independent variables are highly reliable and internally coherent. A Cronbach's Alpha above 0.80 is generally considered acceptable for research, confirming that the dataset exhibits minimal measurement errors and ensures reproducibility. This strong reliability supports the validity of subsequent statistical analyses, including regression modeling, by ensuring that the collected data accurately reflects respondents' perspectives on tax compliance and administrative efficiency.

Multiple Regression Model: A multiple linear regression model is used to analyse the relationship between tax administration efficiency at competitive compliance cost and independent variables:

Where: \hat{Y} = Efficiency in Tax Administration at Competitive Compliance Cost, β_0 = 1.25 (Intercept) and β_i = Regression coefficients: β_1 = 0.32, β_2 = -0.45, β_3 = 0.28, β_4 = 0.21, β_5 = 0.39, β_6 = 0.42, β_7 = .37, β_8 = 0.31, β_9 = 0.25, β_{10} = -0.18 $E(\text{epsilon})$ = Error term

Multiple Regression Matrix

S No.	Variable	β Coefficient	SE	t-statistic	p-value	P Range	Max	Min
1	Intercept(β)	1.25	0.15	8.33	0.000	<0.05	1.40	1.10
2	Taxpayer compliance burden (β_1X_1)	0.32	0.08	4.00	0.002	<0.05	0.40	0.25
3	Administrative complexity (β_2X_2)	-0.45	0.10	-4.50	0.001	<0.05	-0.35	-0.55
4	Number of tax professionals (β_3X_3)	0.28	0.07	4.00	0.002	<0.05	0.35	0.20
5	Taxpayer education level (β_4X_4)	0.21	0.06	3.50	0.005	<0.05	0.28	0.15
6	Technology adoption (β_5X_5)	0.39	0.09	4.33	0.001	<0.05	0.50	0.30
7	Government support (β_6X_6)	0.42	0.09	4.67	0.001	<0.05	0.52	0.32
8	Regulatory clarity (β_7X_7)	0.37	0.08	4.63	0.001	<0.05	0.45	0.28
9	Taxpayer perception (β_8X_8)	0.31	0.07	4.43	0.001	<0.05	0.38	0.25
10	Compliance incentives (β_9X_9)	0.25	0.06	4.17	0.002	<0.05	0.33	0.18
11	Frequency of audits ($\beta_{10}X_{10}$)	-0.18	0.07	-2.57	0.015	<0.05	-0.10	-0.25

The multiple regression analysis examines the relationship between tax administration efficiency and its 10 independent variables. The regression equation:

$$\hat{Y} = 1.25 + 0.32X_1 - 0.45X_2 + 0.28X_3 + 0.21X_4 + 0.39X_5 + 0.42X_6 + 0.37X_7 + 0.31X_8 + 0.25X_9 - 0.18X_{10} + e$$

Interpretation of Regression Results: Regression results show that most independent variables significantly impact tax administration efficiency. Administrative complexity (X2) (-0.45) reduces efficiency, while technology adoption (X5) (0.39) improves it. Government support (X6) (0.42) and regulatory clarity (X7) (0.37) enhance efficiency. Excessive audits (X10) (-0.18) negatively affect efficiency, with auditors handling 60 entities. Independent variables are assessed at a 5% significance level using p-values.

The R-Square value (0.61) indicates that 61% of the variance in tax administration efficiency is explained by the independent variables. P-values (<0.05 for all variables) confirm statistical significance. Positive coefficients (e.g., technology adoption = 0.39) enhance efficiency, while negative ones (e.g., administrative complexity = -0.45) hinder it.

Model fit Tests: Confirm the regression model's reliability in explaining tax administration efficiency. The F-statistic (5.92) indicates a significant impact of independent variables. The Chi-Square test (16.74) supports model validity. An R-value of 0.78 shows a strong correlation, while R-Square (0.61) and Adjusted R-Square (0.59) explain 61% of the variance. Low p-values (<0.05) confirm statistical significance, reinforcing the model's suitability for policy evaluation and decision-making.

Multicollinearity Tests: Multicollinearity test has been administered to assess collinearity among independent variables:

S. No	Variables	Variance Inflation Factor (VIF)
1	Taxpayers Compliance Burden	1.45
2	Administrative Complexity	2.12
3	Number of Tax Professionals	1.89
4	Taxpayers Education Level	1.73
5	Technology Adoption in Tax Filing	2.05
6	Government Support Measures	1.96
7	Regularity Clarity	1.82
8	Taxpayers Perception of Fairness	1.65
9	Tax Compliance Incentives	1.92
10	Frequency of Audit	2.34

Interpretation: The Variance Inflation Factor (VIF) values range from 1.45 to 2.34, indicating minimal multicollinearity. Since VIF values below 3 are acceptable, the regression model remains stable, with independent variables contributing uniquely to explaining "Efficiency in Tax Administration at Competitive Compliance Cost." Low multicollinearity ensures reliable statistical

inferences, preventing inflated standard errors. With VIF <3, the model does not suffer from significant multicollinearity, confirming that predictor variables are well-suited for robustness and accuracy in analysis.

FINDINGS

- **Factors Affecting Tax Administration Efficiency:** Higher technology adoption (X5), government support (X6), and regulatory clarity (X7) enhance tax administration efficiency, while administrative complexity (X2) and frequent audits (X10) negatively impact it. Educated taxpayers and structured compliance incentives improve compliance at lower costs.
- **Tax Compliance Costs and Efficiency:** High compliance costs, driven by complexity, reduce efficiency. However, regulatory clarity and technology adoption help mitigate these costs while improving efficiency through streamlined processes and digital solutions.
- **Professional Diversification in Audits:** A diverse mix of tax professionals ensures fair audits, minimizes bias, and strengthens compliance. Specialized expertise improves monitoring, consistency in tax law interpretation and taxpayer trust.
- **Policy Recommendations:** Simplifying tax laws, investing in digital tax solutions, increasing government support, and strategically conducting audits enhance efficiency. Professional diversification in audits fosters fairness, ensuring a balanced and effective tax system.

RECOMMENDATIONS AND CONCLUSION

- **Reforming the Income Tax Bill, 2025:** The Income Tax Bill, 2025 should simplify tax codes, minimize compliance burdens, and integrate digital tax systems to enhance efficiency and accuracy. A tiered incentive structure can promote voluntary compliance, reducing enforcement costs. Strengthening regulatory frameworks will improve transparency and consistency in tax administration.
- **Expanding Tax Audit Scope:** Company Secretaries (CSs), and other tax professionals in audits will ensure more balanced and credible assessments. Their expertise enhances compliance monitoring, improves fairness and reduces biases in tax evaluations.
- **Strategies for Enhancing Tax Compliance:** Educating taxpayers will minimize filing errors and increase compliance. Government support through tax incentives and filing assistance can ease burdens. Risk-based audit selection will optimize resources, targeting high-risk cases. AI-driven tax tools and data analytics will improve monitoring and enforcement.
- **Highlights:** The study highlights that technology adoption, regulatory clarity, and government support enhance tax efficiency, while administrative complexity and frequent audits hinder it. A diversified audit approach and compliance incentives contribute to a balanced system.

- **Contributions to Tax Policy:** Integrating Company Secretaries and other professionals into audits ensures fairness and transparency. Digital transformation modernizes tax administration by improving accuracy, compliance monitoring, and user experience. Simplified regulations lower compliance costs and administrative burdens, promoting a structured and efficient tax framework.
- **Limitations and Future Research:** Challenges include limited access to compliance records and reliance on self-reported data. Future studies should compare global tax efficiency, assess long-term policy impacts, and explore evolving technology in tax audits to refine tax administration strategies.

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Artificial Intelligence and Tax Compliance

This article investigates the present landscape of AI applications in tax administration within India and reviews case studies of successful applications, by utilizing both primary research obtained from interviews with tax officials and secondary research from scholarly articles, government documents and global comparisons. This study attempts to offer an analysis of how AI is transforming tax compliance in India.



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INTRODUCTION

The intersection of technology and taxation has emerged as a critical frontier in public administration globally. In India, a country with over 1.4 billion citizens and a rapidly evolving economic landscape, tax administration faces unique complexities and challenges. The digital transformation of India's tax system began in earnest with the introduction of e-filing in 2006 and gained momentum with the implementation of the Goods and Services Tax (GST) in 2017, which created one of the world's largest digital tax platforms (Rao, 2021).

Artificial intelligence represents the next frontier in this digital evolution. AI technologies—including machine learning, natural language processing and predictive analytics—offer powerful tools to address persistent challenges in tax administration: detecting evasion, improving compliance, reducing administrative burdens, and enhancing taxpayer services. The Central Board of Direct Taxes (CBDT) and the Central Board of Indirect Taxes and Customs (CBIC) have increasingly recognized AI's potential, initiating various projects to integrate these technologies into their operations (Ministry of Finance, 2023).

This article examines the current landscape of AI applications in Indian tax administration, analyzes case studies of successful implementations, identifies challenges and limitations, and explores future directions for policy and practice. By drawing on both primary research through interviews with tax officials and secondary research from academic literature, government reports, and international comparisons, this study aims to provide a comprehensive analysis of how AI is reshaping tax compliance in India.

THE EVOLUTION OF TAX ADMINISTRATION IN INDIA

Historical Context and Digital Transformation

India's tax administration has undergone significant evolution since independence. The formation of the Central Board of Revenue in 1944, which later split into the CBDT and CBIC in 1964, established the foundational structure of modern Indian tax administration (Bagchi, 2005). For decades, tax administration remained largely paper-based, characterized by manual processes, limited enforcement capabilities, and significant compliance gaps.

The digital transformation began in earnest in the early 2000s with the introduction of the Tax Information Network (TIN) and e-filing systems. This shift gained momentum with the implementation of the Permanent Account Number (PAN) as a universal identifier for taxpayers, allowing for better tracking and cross-referencing of financial transactions (Kumar, 2019). The launch of Project Insight in 2017 marked a significant step toward data-driven tax administration, using big data analytics to identify non-filers and potential cases of tax evasion (CBDT, 2018).

The implementation of the Goods and Services Tax (GST) in 2017 represented perhaps the most ambitious digital tax reform in India's history. The GST Network (GSTN) created a unified digital platform for indirect tax administration, processing millions of returns monthly and generating vast amounts of transaction data with potential for AI-driven analysis (GST Council, 2022).

ARTIFICIAL INTELLIGENCE APPLICATIONS IN INDIAN TAX ADMINISTRATION

1. Current AI Implementations

• Project Insight

Launched in 2017, Project Insight represents one of India's most significant investments in AI-enabled tax administration. With an initial outlay of approximately ₹1,000 crore, this multi-year project aims to create a comprehensive data analytics platform for Direct Tax Administration (Income Tax Department, 2020). Key features include:

- ♦ **Non-filer Monitoring System (NMS):** Uses machine learning algorithms to identify potential non-filers by analyzing data from multiple sources, including financial transactions, property registrations, and high-value purchases.

- ♦ **Predictive analysis for audit selection:** Employs advanced algorithms to identify high-risk cases for scrutiny based on historical patterns and anomaly detection.
- ♦ **360-degree taxpayer profiling:** Creates comprehensive taxpayer profiles by integrating data from various sources to identify discrepancies between reported income and actual economic activity.

“Project Insight has fundamentally altered the risk-reward equation for potential tax evaders. The system’s ability to correlate data across multiple domains—financial transactions, property, luxury purchases, travel—means that discrepancies between reported income and actual economic activity become increasingly difficult to conceal.” — Senior CBDT Official (Interview, September 2023).

A study by Deloitte (2022) found that Project Insight led to the identification of approximately 2.4 million potential non-filers in its first three years of operation, resulting in additional tax collection of ₹14,000 crores.

2. GST Analytics

The GST system generates vast amounts of transactional data, creating opportunities for AI-driven analytics. The GSTN has implemented several AI applications:

- ♦ **Invoice matching algorithms:** Automatically verify the consistency of transactions reported by suppliers and recipients, identifying discrepancies that may indicate fraud or evasion.
- ♦ **Risk-based scoring systems:** Assign risk scores to taxpayers based on their compliance history, transaction patterns, and industry benchmarks.
- ♦ **Network analysis:** Map relationships between businesses to identify potential fraud networks and circular trading arrangements designed to claim fraudulent input tax credits (GSTN, 2023).

Research by the National Institute of Public Finance and Policy indicates that AI-driven analytics in GST administration has contributed to a 12% increase in compliance rates among previously high-risk sectors (Mukherjee, 2022).

3. Chatbots and Taxpayer Services

AI-powered virtual assistants have been deployed to improve taxpayer services:

- ♦ **AskIT:** An AI chatbot launched by the Income Tax Department that addresses taxpayer queries in natural language, handling over 20,000 queries daily during peak filing periods (Income Tax Department, 2023).
- ♦ **GSTBOT:** A virtual assistant for GST-related inquiries, capable of answering questions about

filing requirements, payment procedures, and policy clarifications in multiple Indian languages (GSTN, 2023).

These implementations reflect a growing recognition of AI’s potential to transform both compliance enforcement and taxpayer service aspects of tax administration.

4. Theoretical Frameworks for AI in Tax Compliance

The application of AI in tax compliance can be understood through several theoretical frameworks:

• Deterrence Theory

Classical deterrence theory suggests that compliance improves when the probability of detection and the severity of penalties increase (Allingham & Sandmo, 1972). AI significantly enhances the detection probability by enabling more sophisticated and comprehensive data analysis. Research by Das-Gupta et al. (2021) found that the perceived increase in detection probability following the implementation of Project Insight contributed to a 14% increase in voluntary compliance among previously non-compliant taxpayers.

• Behavioural Economics Perspectives

Behavioural economics suggests that compliance decisions are influenced by psychological factors beyond rational cost-benefit analysis. Nudge theory, which involves subtle interventions to influence behaviour, has informed AI applications in Indian tax administration (Thaler & Sunstein, 2008). For example, the Income Tax Department now uses AI to generate personalized communications to taxpayers, emphasizing social norms of compliance and the collective benefits of taxation, resulting in a 7% increase in on-time filing rates (CBDT, 2023).

• Technology Acceptance Model

The effectiveness of AI in tax administration depends partly on taxpayer acceptance of these technologies. The Technology Acceptance Model (TAM) suggests that perceived usefulness and ease of use are critical factors influencing technology adoption (Davis, 1989). Survey research by Sharma and Patel (2022) found that 68% of Indian taxpayers viewed AI-enhanced tax systems positively, with perceived usefulness being the strongest predictor of acceptance.

PRIMARY RESEARCH FINDINGS

• Methodology

Primary research for this study involved semi-structured interviews with 15 stakeholders in the Indian tax ecosystem:

- ♦ 6 senior tax officials from CBDT and CBIC.
- ♦ 4 technology providers working on tax administration systems.
- ♦ 5 tax professionals and consultants.

Interviews were conducted between June to September 2023, focusing on current AI implementations, perceived

benefits and challenges, and future directions. The qualitative data was analysed using thematic analysis to identify key patterns and insights.

• Key Findings

Perceived Benefits of AI Implementation

Respondents identified several key benefits of AI in tax administration:

- ♦ **Enhanced detection capabilities:** 86% of respondents highlighted improved ability to identify non-compliance as the primary benefit of AI implementation.

“The pattern recognition capabilities of modern AI systems have transformed our ability to identify sophisticated evasion schemes that would have been nearly impossible to detect manually. What previously required months of forensic accounting can now be flagged automatically through pattern recognition algorithms.” — Senior CBDT Official (Interview, August 2023)

- ♦ **Resource optimization:** 73% noted that AI-driven risk assessment allows for better allocation of limited audit and enforcement resources.

“With limited enforcement resources, targeting is everything. AI allows us to focus our attention on cases with the highest probability of non-compliance and the greatest potential revenue impact, effectively multiplying the capacity of our enforcement teams.” — Regional Commissioner, Income Tax (Interview, July 2023)

- ♦ **Reduced compliance burden:** 67% mentioned the potential for AI to simplify compliance processes for honest taxpayers through pre-filled returns and automated assistance.
- ♦ **Improved taxpayer service:** 60% highlighted enhanced responsiveness and accessibility of taxpayer services through AI-powered chatbots and virtual assistants.

• Implementation Challenges

Key challenges identified include:

- ♦ **Data quality issues:** 80% of respondents cited inconsistent data quality across different sources as a significant barrier to effective AI implementation.
- ♦ **Technical capacity constraints:** 73% mentioned limitations in technical expertise within tax departments as a challenge for developing and maintaining sophisticated AI systems.
- ♦ **Integration with legacy systems:** 67% highlighted difficulties in integrating AI solutions with existing IT infrastructure.

- ♦ **Privacy and transparency concerns:** 53% expressed concerns about balancing enhanced compliance monitoring with privacy protections and algorithmic transparency.

COMPARATIVE ANALYSIS: GLOBAL BEST PRACTICES

- **International Benchmarking:** A comparative analysis of AI implementation in tax administration globally provides valuable insights for India's ongoing digital transformation.
- **Brazil's SISAM System:** Brazil's Sistema de Seleção por Aprendizado de Máquina (SISAM) uses machine learning algorithms to optimize audit selection. The system analyses over 600 variables to identify high-risk taxpayers, achieving a 30% improvement in audit yield compared to traditional methods (Brazilian Federal Revenue Service, 2022).
- **Singapore's IRAS Analytics:** Singapore's Inland Revenue Authority (IRAS) has implemented advanced analytics for compliance risk management, using AI to create taxpayer compliance scores and tailor enforcement approaches accordingly. The system has achieved a 25% reduction in compliance costs for businesses while maintaining high levels of revenue collection (IRAS, 2023).
- **United Kingdom's Connect System:** The UK's HMRC Connect system integrates data from over 30 sources, using advanced analytics to identify potential non-compliance. The system has generated additional tax revenue of £3 billion annually since its full implementation (HMRC, 2022). The UK's approach to data integration and governance provides useful lessons to create comprehensive taxpayer profiles.

• Key Learnings

Based on this comparative analysis, several key learnings emerge:

- ♦ **Integrated data governance frameworks:** Successful AI implementations globally are built on coherent data governance frameworks that ensure data quality, integration, and accessibility.
- ♦ **Balanced approach to compliance and service:** Leading tax administrators use AI not only to enhance enforcement but also to improve taxpayer service and reduce compliance costs.
- ♦ **Transparent algorithms and appeal mechanisms:** Countries with mature AI implementations have established mechanisms for algorithmic transparency and appeal processes for AI-driven decisions.
- ♦ **Collaborative development models:** Successful implementations often involve collaboration

The Ministry of Electronics and Information Technology has initiated pilot projects exploring federated learning for government applications, including potential tax use cases (MeitY, 2023)

between tax authorities, technology providers, and academic institutions.

FUTURE DIRECTIONS

• Policy Recommendations:

Based on the analysis of current implementations, global best practices, and several policy recommendations emerge.

• Comprehensive Data Governance Framework

- ♦ Establish a unified data governance framework for tax-relevant data across government departments.
- ♦ Implement standardized data quality metrics and improvement processes.
- ♦ Develop clear protocols for data sharing while ensuring privacy protections.

• Balanced Implementation Strategy

- ♦ Prioritize both compliance enforcement and taxpayer service applications of AI.
- ♦ Establish clear metrics to evaluate the impact of AI implementations on compliance rates, revenue collection, and taxpayer experience.
- ♦ Develop a phased implementation approach with regular evaluation and adjustment.

• Capacity Building and Technical Expertise

- ♦ Establish specialized AI units within tax departments with dedicated recruitment and training programs.
- ♦ Develop partnerships with academic institutions for research and talent development.
- ♦ Create knowledge-sharing mechanisms between technical experts and tax professionals.

• Ethical and Legal Safeguards

- ♦ Develop clear guidelines for algorithmic transparency in tax administration.
- ♦ Establish dedicated appeal mechanisms for AI-driven decisions.
- ♦ Conduct regular algorithmic audits to identify and address potential biases.

• Emerging Technologies and Applications

♦ Blockchain for Transaction Verification

Blockchain technology could enhance the verification of transactions reported in tax filings, particularly for GST. Pilot projects by the GSTN have demonstrated the potential for blockchain to reduce fraudulent input tax credit claims by creating immutable transaction records (GSTN, 2023).

• Advanced Natural Language Processing

Developments in NLP offer opportunities to enhance the analysis of unstructured data in tax administration:

- ♦ Automated analysis of legal documents and rulings to ensure consistent tax treatment.
- ♦ Sentiment analysis of taxpayer communications to identify potential compliance issues.
- ♦ Multilingual virtual assistants to improve taxpayer service across India's diverse linguistic landscape.

• Federated Learning for Privacy-Preserving Analysis

Federated learning approaches, which allow AI models to be trained across multiple decentralized datasets without exchanging the underlying data, offer promising solutions to privacy concerns in tax data analysis (Konečný et al., 2016). The Ministry of Electronics and Information Technology has initiated pilot projects exploring federated learning for government applications, including potential tax use cases (MeitY, 2023).

THE ROLE OF COMPANY SECRETARY

The role of Company Secretary in India is evolving significantly with the integration of Artificial Intelligence (AI) and the increasing focus on tax compliance. In the realm of AI, Company Secretaries are adapting to leverage technology to enhance their efficiency and effectiveness. AI is being utilized to automate routine administrative tasks, improve due diligence processes, expedite research, and assist in document management. This allows Company Secretaries to focus on more complex and strategic responsibilities, such as providing valuable insights into critical board issues and enhancing their judgment and decision-making skills. However, it's important to note that while AI can streamline many processes, the advisory role of Company Secretaries, which requires human judgment, critical analysis, and expertise, cannot be fully automated.

Regarding tax compliance, Company Secretaries play a vital role in ensuring adherence to various tax laws and regulations. They are responsible for verifying and submitting attested returns and forms, overseeing the authentication and filing of Tax Deducted at Source (TDS), and ensuring proper maintenance of tax records. Their expertise extends to advising on tax implications of corporate transactions and business structures. The Income Tax Act, 1961 recognizes Company Secretaries as authorized representatives in tax matters, demonstrating their competence in taxation and financial compliance.

The future of Company Secretaries in an AI-driven world requires continuous adaptation and upskilling. While AI will undoubtedly change the way they work, it is expected to enhance rather than replace their role. Company Secretaries will need to focus more on assessment, judgment, and providing valuable insights into complex corporate issues, leveraging AI as a tool to support their decision-making processes and improve overall corporate governance.

CONCLUSION

Artificial intelligence represents a transformative force in Indian tax administration, offering unprecedented opportunities to enhance compliance, reduce evasion, and improve taxpayer service. The initiatives already undertaken by the CBDT and CBIC demonstrate recognition of AI's potential.

As India continues its digital transformation journey, a balanced approach to AI implementation, one that enhances both enforcement capabilities and taxpayer service while maintaining robust safeguards for privacy and fairness will be essential. The experiences of other countries suggest that successful AI integration requires not only technological investment but also institutional adaptation, skill development, and clear governance frameworks.

The future of AI in Indian tax administration will likely involve increasingly sophisticated applications that leverage emerging technologies like blockchain and federated learning while addressing the unique challenges of India's diverse and complex economic landscape. By addressing the technical, institutional, and ethical challenges identified in this study, India can harness AI's potential to create a more efficient, equitable, and effective tax system.

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Direct Taxation and MSMEs Corporatisation: Gauging Impact

The motto of the tax reforms is to make the stakeholders accountable and responsible citizens of the country towards building a progressive State like INDIA. Looking at the significant contribution of the MSMEs to the country's economy towards achieving the Vision India@2047 target of USD 30 Trillion economy, the benefits of tax reform must be passed on to the State MSMEs through the Corporatisation process.



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INTRODUCTION

Albeit, the Union Government of India has initiated many reformative steps, particularly in Direct Tax (Profit/ Income) and Indirect Taxation (Production/ Consumption). The so-called tax reforms are a proactive acclamation of the Union Govt. to maintain Fiscal Income Equity among the Destitute, Aspirer, Middle-Class, Rich and Super Rich. The motto of the tax reforms is to make the stakeholders accountable and responsible citizens of the country towards building a progressive State like INDIA. Looking at the significant contribution of the MSMEs to the Country's economy towards achieving the Vision India@2047 target of USD 30 Trillion economy, the benefits of tax reform must be passed on to the State MSMEs through the Corporatisation process. Recently, Govt. has taken many proactive initiatives like Digitization, Credit Facility, and Global Competitiveness etc. in the Union Budget FY 2025-26 in support of MSMEs Corporatisation. Unlike the Corporates, the MSMEs are also to be into the Corporatisation, so that they can avail the direct taxation benefits allowed by the Union Government of India from time to time. It is felt that the MSME Corporatisation could be successful through active Direct Tax support from the Government.

Against this backdrop, the Government of India promulgated landmark reform in the **Finance Act**

2023 in order to address the issue of working capital scarcity of the MSME Units by enacting **Section 43B (h)** under the **Income Tax Act, 1961**. With the inclusion of Section 43B (h) along with other taxation benefits, the gauging impact of Direct Taxation on the MSME Corporatisation in India is quite visible now.

WHY CORPORATISATION OF MSMEs?

The core intent of MSMEs Corporatisation is to create a robust institutional framework for the MSMEs in India. MSME Corporatisation intends to transform the MSEs from a Sole Proprietorship/Partnership firm structure to a Corporate Structure (One Person Company-OPC/Limited Liability Partnership-LLP/Private Limited/Public Limited) so that these MSME Sectors could play a crucial role in building India a Global Manufacturing Hub. The Corporatisation process will help the MSMEs to strengthen financially and to operate globally, through developing core competency and competitive scope. Through the Corporatisation of MSMEs, they will create Environmental, Social, and Governance (ESG) framework, which will enhance equity, transparency and accountability, productivity, employment, profitability, and global competitiveness.

The outcomes of the MSME Corporatisation divulge that;

"The MSMEs of India are evolving into structure like corporate, abilities like corporate, perform like corporate and recognize like corporate".

HOW DIRECT TAXATION IMPACT MSMEs CORPORATISATION?

The impact of direct taxation benefits on the MSME Sectors has been visible at low stake in India. The State MSMEs were unable to avail of the direct tax benefits at the fullest level due to their inherent structure. With the advent of direct tax reforms, now the MSMEs can avail of Direct Tax benefits like Corporations. To identify the gauging impact of Direct Taxation on MSMEs Corporatisation, a thematic study on the Taxonomy of Direct Taxation and the Taxonomy of MSMEs in India is inevitable.

A. Taxonomy of Direct Taxation

The Central Board of Direct Taxes (CBDT) is the governing and administrative body to look after the Direct Taxation in India. Central Government enacts new rules and modify the existing provisions of Direct Tax through the Finance Act, annually, to streamline the taxation structure of the Country. The Direct Tax is the levy on the Profit/Income earned by the Persons. Persons who are liable to pay taxes are called taxpayers. Taxpayers classified as Individuals, Hindu Undivided Families (HUF), Firms, Companies, Associations of Persons (AOP), Body of Individuals (BOI), Local Authority, and Artificial Judicial Persons.

In India, Direct Taxation is broadly of following types:-

1. **Income Tax:** Directly Levied on Annual Income earned during financial year of a Person as per the Income Tax Act, 1961 and amended 2025. Person liable to pay tax are called Assesses. Assesses have been categorized differently as per the Income Tax Rules-1962. The Income Tax is categorized into five major heads of Income;

- Income from Salary- Salary & Pension.
- Income from House Property-Rent of House Property.
- Income from Business and Profession- Profit earned by the Self Employed Persons.
- Income from Capital Gains-Profit on Sale of Capital Asset including securities.
- Income from other Sources- Interest and lottery Income etc.

2. **Corporate Tax:** Corporate Tax levied on companies registered under the Companies Act, 2013 and having taxable profit (Revenue-Expenses) and it governs as per the provisions of the Income Tax Act, 1961 and amended Bill 2025. The aim of Corporate Tax in India is being structured through:-

- **Applying Progressive Rates of Tax:** The progressive tax structure philosophy based on the share of the contribution to the economy through applying higher tax rates to bigger companies and vice- versa.
- **Claiming Tax deductions:** The Tax deduction philosophy based on reduction of the burden of overall tax liability through claiming tax deduction on certain expenses (Salary, Interest, Rent etc.) incurred by the corporates.
- **Allowing Tax Exemption:** The Tax exemption allowed to certain specific sectors of the economy based on the nature, size and location of the business entity.

3. **Securities Transaction Tax:** Security Transaction Tax (STT) is a Direct Tax payable on the value of the Securities (Stocks, Mutual Funds and Derivatives) transacted through a Recognized Stock Exchange

in India and does not apply to Commodities and Currency. Security Transaction Tax (STT) is mandatory and charged to both Buying and Selling.

4. **Capital Gain Tax:** Capital Gain Tax is a Direct Tax levied on the gain incurred from the sale of Capital Assets (Immovable & Movable Property, Machinery, Patents and Trademarks etc.). The Capital Gain Tax is taxable in the same year of transaction takes place (Transfer of the Capital Assets). There are two types of Capital Gain Tax i.e.
 - a. Long Term Capital Gain Tax (LTCG).
 - b. Short Term Capital Gain Tax (STCG).
5. **Gift Tax:** Gift Tax levied on the giving/receiving gifts under certain circumstances and value (excess of Rs. 50,000.00 in a Financial Year), as per Gift Tax Act, 1958.

B. Taxonomy of MSME Sector

The Ministry of Micro Small and Medium Enterprises is the governing and administrative body to look after the MSMEs in India. It regulates the State MSMEs under the Micro Small and Medium Enterprises Development (MSMED) Act, 2006 (Amended Act, 2024). The Ministry has been framing different schemes and strategies for the growth of the MSMEs in India from time to time. The MSMEs reform was visible with the Campaign “**Make-In-India**”. **This Make-In-India campaign was the stepping-stone of the MSMEs towards Corporatisation.** The **Ease-Of-Doing Business and Cost-Of-Doing Business** concepts infused into the MSMEs Corporatisation. Now, they are into the “**Global Scalability**” to compete worldwide. The Union Budget FY 2025-26 has taken many initiatives towards building a Corporatisation platform for MSMEs in India, which inter-alia focuses on the MSMEs Re-Classification, in particular.

1. MSME Re-Classification:

The investment and annual turnover limit for the purpose of MSME classification as defined under MSMED Act, 2006 has been revised in the Budget 2025-26 to improve efficiency, tech-savvy into process of MSME Corporatisation.

Types of Enterprises*	Investment**	Turnover***
MICRO	< INR 2.5 Cr.	< INR 10 Cr.
SMALL	< INR 25 Cr.	< INR100 Cr.
MEDIUM	<INR 125 Cr.	< INR 500 Cr.

***Enterprises:** Manufacturing & Service Enterprises (Not Trader).

****Investment:** Investment in Net Plant & Machinery (After Depreciation).

*****Turnover:** Annual Turnover (After Export Turnover).

2. MSME Tax

Micro Small and Medium Enterprises (MSMEs) have been imposed tax based on their Size, Nature, Location, Sector, Specific Expenditure, Investment in special purpose. The fundamentals of MSME Tax is to reduce the overall TAX Liability Burden by leveraging the Direct Tax benefits offered to the MSMEs.

3. MSME Tax Benefits

- **Income Tax Deduction:** Section 80JJ of the Income Tax Act, 1961 allows Tax Deduction to MSMEs for 5 years from the year of its incorporation.
- **Tax Holiday:** Section 80-IB of the Income Tax Act, 1961 allows Profit Linked Tax holidays to MSMEs for 5 years from the year of its commencement of business in priority sectors like Oil, Gas, Fertilizers and Clean Tech etc.
- **Start-up Tax Benefit:** Section 80-AIC of the Income Tax Act, 1961 allows special tax benefit for startups for three consecutive years.
- **Reduced Tax Rate:** Section 115BA of the Income Tax Act, 1961 allows reduced tax rates at 25% to MSMEs having annual turnover under Rs. 400 cr. and concessional tax payment @22% U/s 115BAA on Total Income, excluding depreciation and deductions under Section 115JB of the Income Tax Act, 1961.
- **Capital Gains Exemption:** Section 54GB of the Income Tax Act, 1961 allows exemption to MSMEs on Capital gains from the sale of a long terms assets in the equity shares of a qualified start-up.
- **Investment Allowance:** Section 32AC of the Income Tax Act, 1961 allows investment allowance @15% to MSMEs on the cost of investment in Plant & Equipment.
- **Tax Relief:** Section 79 of the Income Tax Act, 1961 provides Tax Relief to the Start-ups towards set-off and carry forward the past losses for 10 years of its Incorporation.
- **Application of MAT:** Unlike large companies, MAT is applicable to MSMEs @15% U/s 115BAB of Income Tax Act, 1961 unless otherwise those are opting for concessional rate U/s 115BAA.
- **R & D Expenditure:** Under Section 35 (2AB), MSMEs can claim tax deductions at 200% for expenses incurred on in-house research and development activities.
- **Accelerated Depreciation:** MSMEs can claim accelerated depreciation on certain assets like machinery and equipment.
- **Export Promotion:** MSMEs setup under SEZ/EOU, engaged in export activities can enjoy Tax holidays (Reduced/Nil Tax).
- **Simplified Tax Filing:** Section 44AD of the Income Tax Act, 1961 allows presumptive taxation for business with turnover up to Rs. 3 Cr.

With the inclusion of Section 43B (h) along with other taxation benefits, the gauging impact of Direct Taxation on the MSME Corporatisation in India is quite visible now.

C. Direct Taxation and MSMEs Corporatisation-An Interplay

In order to address the issue of working capital scarcity of MSMEs, the Union of India, enacted landmark provisions read in conjunction with the applicable provisions of the Income Tax Act, 1961, MSMED Act, 2006 and Companies Act, 2013, exclusively for MSMEs. A peer review of the relevant provisions will entail the gauging impact of direct taxation in MSME Corporatisation with a special focus on Section 43B (h) of the Income Tax Act, 1961, in particular.

1. Demystifying Section 43B(h) of the Income Tax Act, 1961:

- **Objective:**
 - a. To maintain the steady flow of working capital cycle and to manage the cash flow budget through ensuring timely payment to MSEs.
 - b. To have better Tax planning for the large enterprises.
 - c. To build strong MSME Supply Chain Eco-System.
- **Applicability:** Normally applies to MSE enterprises registered under MSMED Act, 2006 and having UDYAM registration number (Not to a Wholesaler and Trader).

- **Provision:** Section 43B(h) of Income Tax Act, 1961 stipulates that any sum owed to Micro and Small enterprises for goods supplied and services rendered is eligible for deduction in the same year, if paid, within stipulated time defined under Section-15 of the MSMED Act, 2006.

- **MSME Payment Rule:** Assessors are allowed Tax Deduction in the same year under Income Tax, if paid, within 15 days (without agreement) and within 45 days (with Agreement).

- **Penalty:** Delay payment beyond 15 days/45 days as the case may be, payee is liable to pay Interest @ 3 times of the Bank Rate Notified by the RBI.
- **TAX Benefit:** Provides incentive by allowing 100% tax deduction in the same year of the amount paid to Micro and Small enterprises within the stipulated timeline.

2. Dis-Allowance U/s 43B(h) of the Income Tax Act, 1961:

- a. Any expenses outstanding prior to FY 2023-24.
- b. Any Retention money paid to MSME dis-allowed.
- c. Any penal interest towards delay payment NOT eligible as expenses under Income Tax Act, 1961 Permanent Dis-Allowance. (Section 40(a)(ai) vis-à-vis 43B.
- d. Any capital expenditure not claimed as a deduction not eligible u/s 43B(h).
- e. Purchases are not claimed as deduction (they offered tax benefit u/s 28 on Gross Profit Margin), thus, not eligible u/s 43B(h) of the Income Tax Act, 1961.

3. Disclosure Requirement:

i. Disclosure under MSMED Act, 2006:

Section 22 of MSMED Act, 2006 deals with specific disclosure requirement related to outstanding amount & Interest due to the MSMEs in the Annual Statement of Accounts.

Item No.	Disclosure required under MSMED Act, 2006	Amount as on 31 st March of Current Year	Amount as on 31 st March of Previous Year
i.	Principal and Interest amount remains unpaid to Vendor as at the end of each accounting year.		
ii.	Interest amount paid beyond the appointed day as per Section 16 of the MSMED Act, 2006.		
iii.	Interest amount accrued and remaining unpaid at the end of the accounting year.		
iv.	The amount of disallowance interest on account of delay under section 23 of the MSMED Act, 2006.		

ii. Disclosure under Income Tax Act, 1961:

- **Return On Investment (ROI):** ROI calculation to be disclosed in three schedule of ITR 3,5 & 6.
- **FORM 3CD:** As per Section 44 AB when assesses income crosses ₹1 cr. they shall conduct TAX Audit and file return in FORM 3CD before the Income Tax Department. The threshold limit is ₹10 cr. in case 95% of the business transactions are done through digitization mode.
- **Non-Admissible Interest:** Notwithstanding anything U/s 43 of Income Tax Act, 1961, the amount of interest is not admissible under Section 23 of the MSMED Act, 2006 for the purpose of computation of Income under Income Tax Act, 1961.

iii. Disclosure under Companies Act, 2013:

Specified companies are required to file Half Yearly Return in FORM MSME-I with the ROC (Registrar of Companies) for delayed payment to MSMEs for more than 45 days from the date of acceptance of the services or goods with the reason.

4. Other Mandatory Requirement

Schedule-III of Companies Act, 2013 laid down the disclosure requirement of the corporates in their Audited Annual Accounts in respect of the Age Wise Payables to MSME Vendor(s) in the prescribed format.

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled Trade payables	Trade payables not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME							
Others							
Disputed Dues-MSME							
Disputed Dues-Others							

5. Key Issues under Section 43B(h) of the Income Tax Act, 1961

- The Vendor/Supplier ought to have registered under provision of the MSMED Act, 2006 on the date of entering onto the agreement for availing benefits U/s 43B(h) of the Income Tax Act, 1961. Cited Case law “**Silpi Industries v Kerala State Road Transport Corporation** [2021] 129 taxmann.com 228 (SC)[29-06-2021]”.
- Depreciations of the Capital Assets are allowed as an allowance to MSMEs and is eligible u/s 43B(h) of the Income Tax Act,

1961. Cited case law, “**Lemnisk (P.) Ltd. v. Dy.**” CIT [2022] 141 taxmann.com 195 (Bangalore – Trib.).

- Presumptive Taxation (Allowed), even 43B is a non-obstante provision. Cited case law, “**Good Luck Kinetic vs. Income Tax Officer**” 58 Taxman.com 267 (Panaji ITAT (2015)).
- The date of cheque handed over to MSEs will be the due date of payment; it is immaterial when the cheque gets encashed. Cited case law “**CIT, Bombay v/s Ogale Glass Works Limited** [1954 AIR 429]”.

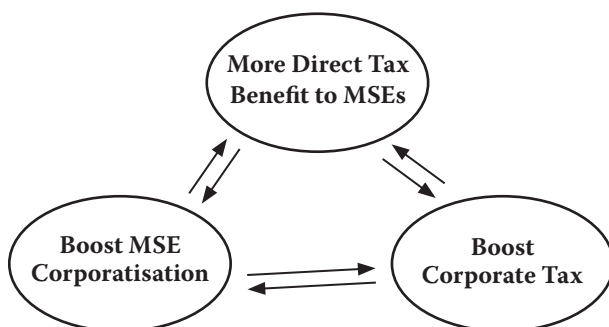
- Creditor agrees to convert a portion of interest into shares/debenture to be taken as actual payment. Cited case law, “[CIT v. Rathi Graphics Technologies Ltd. [2015] 64 taxmann.com (Delhi)]”.
- The advance payment made to the MSEs allowed as a deduction in the year of payment itself, even if it does not fall due for payment in that year. Cited case law, “CIT v. United Glass Mfg. Co. Ltd. [2012] 28 taxmann.com 429 (SC)”

“Even CS firms can be registered as MSEs under MSMED Act, 2006 to avail the benefit of Section 43B (h) on the fees payable to them”.

D. The Gap

Even though, the Direct tax benefit are on the card to One Person Company (OPC) and Limited Liability Partnership (LLP), MSEs in India are unable to avail such benefits at the fullest extent. This happens due to the inherent character, functional modality and structure of MSEs in India. Thus, the MSEs in India needs a regulated Corporatisation mechanism, so that they will be more inclined to function under the OPC/LLP/Company chatter.

“Expanding the Direct Taxation benefit to the MSEs, will facilitate not only the MSEs Corporatisation but also will infuse more corporate tax revenue the Indian economy”.



E. Why MSMEs Into OPCs/LLPs?

1. Understanding One Person Company (OPC)

Section 2 (62) of the Companies Act, 2013 deals with “One Person Company-OPC” which is known as a type of Private Company having one person as its member, can enjoy status of separate legal entity, Limited Liability, can appoint his/her nominee, perpetual succession and with fewer compliances.

Exemption to OPC

- Certification of Annual Returns by a Company Secretary-U/s 92 of the Companies Act, 2013.
- Holding Annual General Meetings –U/s 22 of the Companies Act, 2013.

Direct Taxation and MSMEs Corporatisation: Gauging Impact

- Board Meetings and Directors- U/s 49, 152 & 173 of the Companies Act, 2013.
- Signatures on Financial Statements - U/s 134 and 137 of the Companies Act, 2013.
- Contracts by One Person Company-U/s 93 of the Companies Act, 2013.

Benefits to MSMEs as OPC under Direct Taxation

- Low Corporate Tax @ 25% for OPCs having turnover up to ₹400 Cr.
- Exemption from Minimum Alternate Tax (MAT) for OPCs having turnover up to ₹5 Cr.
- Allowed carry forward and set off losses for up to 8 years to OPC.
- Deduction of up to ₹1.5 lakhs under Section 80C for investments made by the OPC.
- OPC having annual turnover up to ₹3 cr. may opt for presumptive taxation scheme (Tax liability is @ 6% / 8% of total turnover) under Section 44AD of the Income Tax Act, 1961.

Thus, the above direct taxation benefits will help to reduce tax liabilities. Higher retention of profit margin leads to surplus funds for investment.

“OPC are Operating like Corporates and provide benefits like MSMEs”

2. Understanding Limited Liability Partnership (LLP)

Limited Liability Partnership Act, 2008 deals with “Limited Liability Partnership-LLP” which is known as a hybrid type of enterprise that enjoys benefits of Partnership Firm and Company, minimum of two partner as its member, can enjoy status of separate legal entity, having Limited Liability, Partner(s) can enter into transactions and give loan to the LLP and perpetual succession like company.

Benefits to MSMEs as LLP under Direct Taxation

- Flat Tax rate @30% on their Profits irrespective of Turnover.
- LLP’s having option to pay Alternate Minimum Tax (AMT) @18.5% on their Profits.
- LLP having less than Rs.1 cr. is not subject to Surcharge.
- Under Section 40(b) of the Income Tax Act, 1961 interest to partners, any payment of salary, bonus, commission or remuneration is allowed as deduction.

“LLP enjoys status like the Partnership Firm and Company with Limited Liability”



F. Suggestive Measures

There are a few areas of concern to be looked into at the length and breadth for bringing the MSMEs into the Corporatisation (OPC/LLP/Pvt. Limited/Public Limited) process.

- More Direct Tax Benefits to the MSEs, so that the MSEs that were Sole Proprietorship/ Partnership Enterprises will be inclined to operate through One Person Company and/or Limited Liability Partnership (LLP).
- Direct Tax exemption limit to be commensurate with the recent threshold limit of re-classification of the MSMEs.
- A separate CHAPTER to be included in the Income Tax Bill, 2025 of Direct Taxation Provisions ONLY for CORPORATISED MSMEs.

CONCLUSION

At the outset, the survival and growth of the MSME sector mainly depend on the strong financial health wherein the Direct Taxation is playing a pivotal role. In this respect, the Union of India has taken various steps to allow financial benefits through direct taxation. However, due to the non-corporatisation of the MSMEs, the direct taxation benefits are yet to be availed by them. Nevertheless, the process of the Corporatisation of the

MSMEs is on the card, towards building a favorable MSME Eco-System so that the MSMEs will be in a position to avail the direct taxation benefits like Tax Holiday, Tax Rebates, Tax Deductions, Tax exemptions, and other Direct Taxation benefits. Looking at the presence and contribution of MSMEs to India's economy, they need a regulated direct tax enactment, so that they can avail the taxation benefits to the fullest. Undoubtedly, with the introduction of regulated direct tax enactment for the MSMEs in India, they will be encouraged to be in the Corporatisation process. Once, the MSMEs are in the Corporatisation process, they will prove to be the game changer and will drive the growth engine of the Country's economy in achieving the USD 30 Trillion economy by 2047.

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Artificial Intelligence and Tax Compliance: A Paradigm Shift

This article explores the impact of AI on tax compliance, its benefits, challenges, the role of the Income Tax Bill, 2025, and its implications for the MSME sector, rural India and women entrepreneurship. Additionally, a comparative analysis with taxation systems in the United States, Canada and the United Kingdom highlights global best practices and how India can leverage AI for better tax compliance.



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INTRODUCTION

The rapid advancement of Artificial Intelligence (AI) has transformed various industries, including tax compliance and corporate governance. In India, where taxation laws are intricate and ever-evolving, AI has the potential to revolutionize tax management for businesses and professionals. The introduction of the Income Tax Bill, 2025, brings new reforms that align with technological advancements, making AI integration even more critical in tax compliance. This article explores the impact of AI on tax compliance, its benefits, challenges, the role of the Income Tax Bill, 2025 and its implications for the MSME sector, rural India, and women entrepreneurship. Additionally, a comparative analysis with taxation systems in the United States, Canada and the United Kingdom highlights global best practices and how India can leverage AI for better Tax compliance.

EVOLUTION OF TAX COMPLIANCE: FROM INCOME TAX ACT, 1961 TO INCOME TAX BILL, 2025

The Income Tax Act, 1961 laid the foundation for Direct Taxation in India, focusing on compliance through manual filings and audits. Over the decades, tax reforms introduced electronic filing (e-filing) and Goods and Services Tax (GST) mechanisms. However, the compliance remained a challenge, particularly for small businesses and rural enterprises.

With the Income Tax Bill, 2025, the government has proposed modernizing the tax structure by incorporating AI-driven solutions, real-time monitoring and digital compliance tools. Key improvements over the IT Act, 1961 include:

- AI-powered tax scrutiny: Automated assessment of returns to detect discrepancies.
- Simplified compliance for MSMEs: AI-enabled portals for easier tax filing.
- Enhanced fraud detection: Machine learning models identifying fraudulent transactions.

THE ROLE OF AI IN TAX COMPLIANCE

Tax compliance involves adherence to statutory tax regulations, filing accurate returns and ensuring timely payments. AI-powered solutions are now being deployed to streamline tax-related operations, reducing human intervention and increasing accuracy. The key areas where AI is making a significant impact include:

1. **Automated Tax Filing and Reporting:** AI-powered tax software automates the tax filing process, ensuring accurate computation and timely submission of returns. These systems analyze financial data, classify transactions and generate tax reports with minimal manual input. With the Income Tax Bill, 2025, AI-driven systems will play an essential role in integrating real-time tax updates and assisting businesses in adhering to new regulatory requirements.
2. **Error Detection and Fraud Prevention:** AI algorithms can identify inconsistencies, anomalies, and potential fraud in tax filings by analyzing vast amounts of financial data. By detecting discrepancies early, AI enhances tax compliance and mitigates risks of penalties. With stricter compliance mechanisms under the Income Tax Bill, 2025, AI will help businesses stay aligned with regulatory requirements.
3. **Real-time Tax Audits and GAAR Implementation:** AI facilitates real-time auditing of financial records, ensuring continuous compliance with tax laws. The General Anti-Avoidance Rule (GAAR), introduced to prevent tax evasion, is now being supplemented with AI-driven monitoring. AI can cross-check transactions against prevailing tax regulations,

minimizing the risk of non-compliance. The Income Tax Bill, 2025 enhances these audit mechanisms, making AI a crucial component in tax governance.

4. **Predictive Analytics and Tax Planning:** AI-driven predictive analytics help businesses forecast tax liabilities and optimize tax planning strategies. By analyzing historical data, AI can provide actionable insights to reduce tax burdens legally. The Income Tax Bill, 2025 provides tax incentives for businesses leveraging AI in tax planning, making it a strategic advantage for enterprises.

AI IN THE MSME SECTOR AND RURAL INDIA

Micro, Small and Medium Enterprises (MSMEs) form the backbone of India's economy, contributing significantly to employment and GDP. AI-driven tax solutions can ease compliance for MSMEs by:

- Automating tax calculations, reducing errors and saving time.
- Ensuring adherence to new provisions in the Income Tax Bill, 2025, which introduces tax benefits for MSMEs.
- Enabling digital tax reporting, thereby reducing dependence on manual processes.

RURAL INDIA AND TAX COMPLIANCE

Rural businesses often struggle with tax compliance due to limited financial literacy and inadequate access to technology. AI-driven solutions are bridging this gap by:

- Providing voice-enabled tax assistance in regional languages.
- Enabling mobile-based tax filings through AI-integrated apps.
- Assisting farmers and rural entrepreneurs in availing tax benefits under new schemes introduced in the Income Tax Bill, 2025.
- Implementing AI-powered kiosks in rural areas to facilitate tax compliance.

A practical example includes AI-driven tax advisory services launched in states like Maharashtra and Bihar, where rural business owners receive real-time guidance through AI chatbots.

AI AND WOMEN ENTREPRENEURSHIP

Women entrepreneurs often face challenges related to tax compliance due to limited financial expertise and resources. AI-powered tax solutions can:

- Simplify tax return filings, ensuring hassle-free compliance.

- Provide real-time tax advisory services through AI-driven chatbots.
- Help women-led businesses take advantage of tax incentives provided under the Income Tax Bill, 2025.
- Support Self-Help Groups (SHGs) in managing taxation efficiently.

AI AND TAX COMPLIANCE: A GLOBAL COMPARISON

AI adoption in tax compliance is not limited to India. Countries like the US, Canada and the UK have already integrated AI-driven solutions into their tax regimes. A comparative analysis highlights key lessons:

1. United States

- The IRS uses AI to detect tax fraud and improve compliance.
- AI-driven audit selection systems enhance efficiency in identifying tax evasion.
- India's tax framework can adopt similar AI-based fraud detection models.

2. Canada

- The Canada Revenue Agency (CRA) uses AI to analyze tax trends and ensure compliance.
- AI helps in processing large volumes of tax returns with greater accuracy.
- India can implement similar AI-driven return processing systems under the Income Tax Bill, 2025.

3. United Kingdom

- The HM Revenue & Customs (HMRC) employs AI for risk assessment and fraud detection.
- AI tools assist in tax dispute resolution and advisory services.
- India can leverage AI for digital tax dispute resolution to reduce litigation backlog.

BENEFITS OF AI IN TAX COMPLIANCE

The integration of AI in tax compliance offers multiple advantages, including:

- **Accuracy and Efficiency:** AI minimizes human errors in tax calculations, ensuring accurate filings and reducing the risk of penalties.
- **Cost Reduction:** Automation reduces the need for extensive manual intervention, cutting operational costs for businesses and tax professionals.
- **Enhanced Decision-making:** AI-driven analytics provide real-time insights into tax obligations, enabling better financial decision-making.

- **Regulatory Adaptability:** AI systems can be programmed to adapt to changes in tax laws and regulations, ensuring continuous compliance without manual updates.
- **Time-saving for MSMEs and Rural Enterprises:** AI streamlines tax processes, reducing the burden on small businesses.

CHALLENGES IN AI IMPLEMENTATION FOR TAX COMPLIANCE

Despite its advantages, AI adoption in tax compliance faces several challenges:

1. **Legal and Regulatory Constraints:** Tax laws are subject to frequent amendments, and AI systems must be continuously updated to remain compliant with regulatory changes.
2. **Data Security and Privacy Issues:** Tax data is highly sensitive and AI-based solutions must ensure robust cybersecurity measures to prevent data breaches.
3. **Integration with Existing Systems:** Many businesses rely on legacy tax management systems that may not be compatible with AI-driven solutions, necessitating substantial investment in infrastructure upgrades.
4. **Ethical and Accountability:** Concerns AI-driven tax decisions must remain transparent and accountable, ensuring that taxpayers are aware of how their tax data is processed and utilized.

AI IN TAX ASSESSMENT AND COMPLIANCE MECHANISMS

Tax assessment is a critical aspect of tax compliance, determining the tax liability of individuals and businesses. AI is revolutionizing this space by automating tax assessments, reducing human intervention, and increasing efficiency.

1. **AI in Self-Assessment and Advance Tax Computation**
 - AI-powered tax calculators analyze past income trends, deductions and business performance to estimate advance tax liability accurately.
 - For salaried individuals, AI-driven payroll systems automatically deduct TDS (Tax Deducted at Source), ensuring correct tax deposits.
 - The Income Tax Bill, 2025, proposes AI-based tax assessment notices that auto-adjust based on verified financial data.
2. **Scrutiny Assessments with AI**
 - The shift from manual scrutiny assessments to AI-driven real-time verification is reducing tax evasion.

AI in Tax Compliances reduces cost and increases efficiency resulting in enhanced decision-making, adaptability to regulatory changes, and timely compliances for small businesses.

- AI cross-references bank transactions, GST data, and corporate filings to detect mismatches and trigger an automated alert system for anomalies.
- The integration of GAAR (General Anti-Avoidance Rules) with AI ensures companies cannot exploit loopholes for tax benefits.

3. Faceless Tax Assessment

- The Income Tax Bill, 2025, builds on India's existing faceless tax assessment system, where AI allocates cases to officers without human bias.
- AI enhances transparency by analyzing digital transactions and filtering cases based on compliance behaviour.
- The UK's Making Tax Digital (MTD) Initiative serves as a model for AI-driven, real-time digital tax assessments, which India can adopt.

AIs ROLE IN INDIRECT TAXATION

AI's role is expanding beyond direct taxation into GST compliance, simplifying tax filings for businesses.

- **Automated GST Returns:** AI-powered systems auto-fill GST returns based on sales and purchase invoices.
- **E-Invoicing Compliance:** AI detects invoice mismatches, reducing tax evasion under the GST framework.
- **Real-time Reconciliation:** AI-driven reconciliation tools match GSTR-1 and GSTR-3B returns, ensuring businesses claim correct tax credits.
- **Fraud Detection:** AI tracks supply chain invoices to prevent fake ITC (Input Tax Credit) claims, a major issue in GST fraud.

BLOCKCHAIN AND AI IN TAXATION

The Income Tax Bill, 2025, envisions block chain-powered tax records to enhance security and transparency.

1. **Tamper-proof Tax Records**
 - AI combined with blockchain technology ensures that tax records are immutable, preventing fraudulent modifications.
 - Countries like Canada and Estonia have implemented blockchain in tax systems, improving audit efficiency.
2. **Smart Contracts for Tax Payments**
 - AI-based smart contracts automatically execute tax payments upon fulfilling predefined criteria, reducing tax compliance delays.

ETHICAL AND LEGAL CONSIDERATIONS IN AI TAXATION

AI-based taxation systems bring ethical and regulatory challenges, which need careful handling:

- **Algorithmic Bias:** AI models must be transparent to prevent biased tax audits.
- **Privacy Concerns:** AI's access to financial data, Aadhaar, and PAN records raises security concerns.
- **Dispute Resolution:** AI-driven tax penalties must be explainable and legally challengeable to ensure fairness.

EXPANDING GLOBAL COMPARISONS: LESSONS FROM EUROPE AND SINGAPORE

1. Germany's AI in VAT Compliance

- Germany's AI-driven VAT fraud detection models prevent carousel fraud, a multi-billion-dollar tax evasion scheme.
- India's GSTN system can integrate similar AI models to curb tax fraud.

2. Singapore's AI-driven Corporate Tax Advisory

- AI tools help businesses optimize corporate tax strategies under Singapore's IRAS (Inland Revenue Authority of Singapore).
- India's upcoming tax policy can adopt AI-assisted tax dispute resolution to reduce litigation.

THE ROLE OF COMPANY SECRETARIES IN TAXATION, AI AND FINTECH

Company Secretaries (CS) play a crucial role in tax compliance, regulatory adherence and financial technology (Fintech) integration. As taxation becomes more AI-driven, CS professionals are expected to bridge the gap between corporate governance, compliance and technological advancements.

1. CS as Tax Compliance Experts in the AI Era

With AI-powered taxation systems, the traditional role of CS in tax filing and advisory has evolved. Key responsibilities include:

- **AI-based Tax Compliance Advisory:** CS professionals help companies integrate AI-driven tools for automated tax filings and error-free GST compliance.
- **Risk Management & GAAR Compliance:** Ensuring businesses comply with the General Anti-Avoidance Rules (GAAR) and preventing tax planning from crossing into evasion.

- **Faceless Tax Proceedings Management:** The Income Tax Bill, 2025 promotes faceless assessments, where CS professionals play a role in ensuring seamless representation before tax authorities.

2. Company Secretary in Fintech and AI-driven Taxation

The rise of Fintech has transformed how companies handle taxation, with CS professionals assisting businesses in leveraging these advancements:

- **Digital Tax Payments & AI-based GST Filing:** Companies now use AI-powered Fintech apps for seamless GST payments. CS professionals ensure regulatory adherence while adopting these innovations.
- **Blockchain for Corporate Tax Transparency:** CS professionals advise businesses on blockchain-based tax reporting, ensuring tamper-proof compliance.
- **Regulatory Compliance for AI-Driven Fintech Start-ups:** CS professionals guide Fintech firms in navigating tax laws applicable to AI-based lending platforms, robo-advisors, and digital payment firms.

AI AND PREDICTIVE TAXATION: THE FUTURE OF SMART COMPLIANCE

One of the most revolutionary applications of AI in taxation is predictive analytics, which enables businesses and tax authorities to forecast tax liabilities, detect fraud, and optimize tax planning strategies.

1. Real-time Tax Adjustments:

AI-powered predictive models can assess a company's financial health and suggest real-time tax adjustments to avoid penalties. This is particularly beneficial for MSMEs and startups that may lack extensive tax planning expertise.

2. AI-driven Policy Formulation:

Governments are increasingly leveraging AI to analyze historical tax data and formulate better policies. The Income Tax Bill, 2025, for example, incorporates provisions that encourage digital transactions and AI adoption in compliance monitoring.

3. Behavioural Analysis for Tax Fraud Prevention:

AI can study taxpayer behaviour over time and detect anomalies. For instance, if a business suddenly claims large deductions, AI algorithms can flag it for manual



review. This predictive capability enhances fraud prevention while ensuring honest taxpayers face minimal scrutiny.

AI AND INDIRECT TAXATION: IMPACT ON GST AND CUSTOMS

While AI has been instrumental in direct tax compliance, its role in indirect taxation (such as GST and customs duties) is equally transformative.

1. AI in GST Compliance

- AI-driven tools like automated invoice matching help businesses prevent mismatches in GST returns.
- Machine learning models predict potential GST refund frauds, reducing revenue leakage for the government.

2. AI in Customs and Trade Compliance

- AI is being deployed at ports and airports to analyze trade invoices, ensuring correct duty payments.
- Blockchain-powered AI solutions help track cross-border transactions, ensuring transparency in international trade taxation.

AI AND LITIGATION MANAGEMENT IN TAXATION

Tax disputes are a major challenge in India, with thousands of pending cases in tribunals. AI is now being integrated to expedite dispute resolution through:

- **AI-driven case law research:** AI tools can analyze similar past judgments and suggest likely outcomes for ongoing tax disputes.
- **Virtual Tax Tribunals:** AI-powered legal assistants help tax professionals and businesses prepare arguments and documentation for tax hearings.

For example, the US Tax Court has begun testing AI-based systems for reviewing cases and automating administrative proceedings.

CONCLUSION

Artificial Intelligence is reshaping tax compliance by automating processes, enhancing accuracy, and improving decision-making. With the introduction of the Income Tax Bill, 2025, AI adoption will play a crucial role in ensuring compliance for businesses, MSMEs, rural enterprises, and women entrepreneurs. A comparative analysis with tax systems in the US, Canada, and the UK provides valuable insights into global best practices. While challenges remain, the ongoing evolution of AI promises a more efficient, secure, and transparent tax ecosystem. Adapting to this paradigm shift will be essential for businesses navigating India's complex tax landscape.

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Artificial Intelligence and Tax Compliance

Tax compliance refers to the adherence of individuals, businesses and organizations to tax laws, regulations and reporting requirements set by the government. Technology and AI are transforming tax compliance and revenue collection in several ways, not only by reducing tax obligations but also by streamlining processes and improving efficiency. The Article elaborates on the ways in which AI is reshaping the future of tax administration in India.



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INTRODUCTION

As India sets its vision for ‘Viksit Bharat @2047,’ tax compliance stands as a critical pillar in achieving sustainable economic growth. A robust and efficient taxation system ensures government revenues are maximized, fostering infrastructure development, social welfare, and national progress. Artificial Intelligence (AI) emerges as a transformative force capable of simplifying tax processes, reducing compliance costs, and ensuring transparency, thereby contributing to a sustainable future.

TAX COMPLIANCE – THE RELEVANCE

Tax compliance refers to the adherence of individuals, businesses, and organizations to tax laws, regulations and reporting requirements set by the government. It involves timely and accurate filing of tax returns, payment of tax liabilities, maintaining proper records and following regulatory guidelines to avoid legal consequences.

Tax compliance ensures that the government has a steady flow of revenue, which is essential for funding public services such as infrastructure, healthcare, and education. It also promotes economic stability and investor confidence by creating a transparent and predictable tax environment.

There are two types of tax compliance:

1. **Voluntary Compliance:** When taxpayers fulfil their obligations willingly without enforcement measures.
2. **Enforced Compliance:** When tax authorities intervene through audits, penalties or legal actions to ensure compliance.

In India, tax compliance covers multiple forms of taxation, including direct taxes (such as Income Tax) and Indirect taxes (such as Goods and Service Tax). Ensuring compliance with these tax laws requires significant effort from both taxpayers and government authorities.

Technology and AI are transforming tax compliance and revenue collection in several ways, not by reducing tax obligations but by streamlining processes and improving efficiency. Here's how:

1. **Automated Compliance & Reporting** – AI-powered tools can automatically track, analyze and report tax liabilities in real time, reducing errors and ensuring timely compliance.
2. **Advanced Data Analytics** – Tax authorities can use AI-driven analytics to detect discrepancies, identify potential fraud and enhance audit effectiveness, leading to better enforcement and higher revenue collection.
3. **Seamless Integration with Digital Systems** – Businesses can integrate AI-based tax solutions with their accounting and ERP systems, ensuring accurate tax calculations, filings and regulatory adherence with minimal manual intervention.
4. **AI-Powered Tax Assistance** – Chatbots and AI-driven advisory tools can provide real-time guidance to businesses and individuals on tax regulations, helping them navigate complex tax structures more effectively.
5. **Predictive Tax Modelling** – AI can assess historical data and predict future tax liabilities, helping governments optimize tax policies and businesses plan their finances better.

By reducing inefficiencies, preventing leakages, and fostering transparency, AI and technology can create a win-win situation—ensuring better compliance for taxpayers and optimized revenue collection for authorities.

HOW AI CAN REVOLUTIONISE TAX COMPLIANCE

AI-driven solutions can bridge the gap between tax administration and taxpayers, making compliance seamless. Here's how:

1. Automated Tax Filing & Processing

AI-powered chatbots and virtual assistants are revolutionizing tax compliance by offering real-time, intuitive guidance to taxpayers, ensuring seamless and error-free filing experiences. These intelligent systems can walk individuals and businesses through intricate tax processes, addressing queries, pre-empting common mistakes and guaranteeing timely submissions. Meanwhile, advancements in Natural Language Processing (NLP) are demystifying the complexities of tax regulations, transforming convoluted legal jargon into comprehensible, actionable insights. By bridging the gap between technical tax provisions and practical application, AI not only enhances compliance but also empowers taxpayers with clarity and confidence, ultimately fostering a more efficient and transparent tax ecosystem.

2. Advanced Tax Analytics & Fraud Detection

AI is reshaping the landscape of tax enforcement and policy optimization by harnessing the power of data-driven intelligence. With the ability to analyze vast datasets in real-time, AI can uncover intricate patterns of tax evasion and fraudulent activities that might otherwise go undetected. Machine Learning (ML) models take this a step further by proactively identifying potential discrepancies, flagging suspicious transactions even before audits are conducted, thereby fortifying the integrity of the tax system. Meanwhile, the government can leverage predictive analytics to forecast tax revenues with remarkable precision, enabling policymakers to make informed adjustments that enhance fiscal planning and economic stability. By embedding AI into the very fabric of tax administration, authorities can not only safeguard revenues but also cultivate a more transparent, accountable, and future-ready taxation ecosystem.

AI-powered chatbots and virtual assistants are revolutionizing tax compliance by offering real-time, intuitive guidance to taxpayers, ensuring seamless and error-free filing experiences.

3. Real-Time Compliance Monitoring

AI-driven tools are revolutionizing tax compliance by automating intricate reconciliation processes, ensuring businesses remain aligned with regulatory mandates in real time. These intelligent systems meticulously validate transactions, cross-check records and flag inconsistencies before they escalate into disputes, fostering a seamless and dispute-free compliance environment. Taking this transformation, a step further, the integration of blockchain with AI is redefining the very foundation of tax administration. By creating tamper-proof, decentralized ledgers, this fusion fortifies data integrity, eliminates vulnerabilities to manipulation, and significantly curtails tax fraud. The result is an era of unparalleled transparency and trust, where both businesses and tax authorities operate within a framework of absolute

accountability. Through this synergy of AI and blockchain, the future of taxation is not just efficient—it is incorruptible.

4. AI for Dispute Resolution & Litigation Management

AI is ushering in a new era of precision and efficiency in tax dispute resolution by harnessing the power of data-driven foresight. By meticulously analyzing past judgments, case laws and legal precedents, AI can offer predictive insights that empower businesses and tax professionals to anticipate outcomes with remarkable accuracy, enabling them to craft well-informed strategies. Furthermore, the advent of virtual AI-based arbitration systems is revolutionizing the settlement process, drastically reducing prolonged litigations and case backlogs. These intelligent platforms facilitate faster, unbiased, and data-backed resolutions, ensuring that disputes are settled with unparalleled speed and fairness. As AI continues to refine the contours of tax litigation, it is paving the way for a more agile, transparent, and efficient justice system—one where complexity no longer stands as a barrier to resolution.

5. Personalized Taxpayer Assistance & Predictive Compliance

AI is redefining the future of tax planning by delivering personalized, data-driven recommendations that empower individuals and businesses to optimize their financial strategies while ensuring seamless regulatory adherence. By meticulously analyzing financial patterns, industry trends and evolving tax laws, AI-driven systems can tailor tax-saving insights with unparalleled precision, transforming compliance from a mere obligation into a strategic advantage. Beyond individualized guidance, AI-driven simulations are revolutionizing policymaking by assessing the far-reaching impact of tax reforms across various sectors. These intelligent models can predict economic ripple effects, enabling governments and corporations to make well-informed, forward-thinking decisions. In this era of digital transformation, AI is not merely a tool—it is the architect of a smarter, more adaptive, and future-proof taxation ecosystem.

Some real-life instances of how Artificial Intelligence (AI) is transforming tax compliance in India, making the system more efficient, transparent, and fraud resistant:

1. **GST Reconciliation through AI-driven Portals:** There are platforms that leverage AI to automate GST reconciliation by matching purchase and sales invoices, identifying discrepancies, and ensuring businesses claim the correct Input Tax Credit (ITC). This minimizes errors and reduces the chances of scrutiny by tax authorities.

2. **AI-Powered E-Assessment by Income Tax Department:** The Indian Income Tax Department has implemented Faceless E-Assessments, where AI and data analytics are used to scrutinize tax filings, detect mismatches and reduce human intervention, making the process faster and more objective. This initiative eliminates the need for physical interaction, reducing corruption and streamlining tax assessments.
3. **Fraud Detection and Prevention by GSTN:** The GST Network (GSTN) employs AI-driven anomaly detection systems to track suspicious transactions, detect tax evasion and flag entities involved in fake invoicing or circular trading. In recent years, this AI-powered monitoring has helped authorities identify and cancel thousands of fraudulent GST registrations.
4. **Chatbots for Taxpayer Assistance:** The Income Tax Department's virtual assistant 'Judy' and private platforms use AI and Natural Language Processing (NLP) to answer taxpayer queries, provide filing assistance and help navigate complex tax laws in real time, improving compliance rates and reducing the burden on tax professionals.
5. **AI-Based Litigation Management Systems:** With thousands of pending tax cases, AI-powered litigation management tools help tax professionals and authorities analyze past case laws, legal precedents, and court judgments to predict case outcomes and provide strategic recommendations for dispute resolution. This is helping reduce case backlog and expedite settlements.
6. **Predictive Analytics for Tax Revenue Forecasting:** The Central Board of Direct Taxes (CBDT) and CBIC are leveraging predictive analytics to forecast tax revenues, identify sectors with compliance gaps, and optimize tax collection strategies. This helps policymakers take data-driven decisions to enhance tax compliance without imposing unnecessary burdens on businesses.
7. **Blockchain and AI for Tamper-Proof E-Invoicing:** The introduction of e-invoicing under GST, coupled with AI-powered verification mechanisms, ensures that invoices are authenticated in real-time before being used for tax filing. This reduces fraudulent claims and enhances transparency in B2B transactions.

By integrating AI into tax compliance frameworks, India is making its taxation system more efficient, fraud-resistant and business-friendly, ultimately boosting revenue collection while reducing taxpayer hassles.

THE ROAD TO SUSTAINABLE TAX COMPLIANCE & 'VIKSIT BHARAT@2047'

As India envisions a prosperous, self-reliant and globally competitive economy by 2047, the foundation of its fiscal system must be built upon efficiency, transparency,

and trust. A truly futuristic tax compliance framework should not merely mandate adherence through penalties but rather cultivate a culture of voluntary and seamless compliance—empowering businesses and individuals alike.

At its core, the system must be technology-driven, leveraging the immense potential of Artificial Intelligence (AI), blockchain and automation to ensure real-time compliance. A user-friendly approach is paramount, where taxpayers navigate simplified procedures with ease, free from excessive manual interventions. Furthermore, the hallmark of a progressive taxation system is transparency—data-driven policymaking should foster trust between the government and taxpayers, ensuring that compliance is seen as a responsibility, not a burden.

Above all, efficiency must be prioritized—AI-powered automation, predictive analytics and digital integrations should drastically reduce compliance time and costs, enabling businesses to focus on innovation and economic growth rather than drowning in regulatory complexities. The vision for 'Viksit Bharat@2047' demands a taxation ecosystem that is not just smart and robust, but fair and sustainable—one that rewards compliance, encourages proactive participation, and transforms taxation into a seamless, value-driven experience rather than a punitive obligation. AI will be the catalyst in this transformation, ensuring that India's fiscal future is not just well-regulated but truly empowered, progressive, and future ready.

THE STRATEGIC ROLE OF COMPANY SECRETARY IN AI-DRIVEN TAX COMPLIANCE

In the era of Artificial Intelligence driven tax compliance, the role of Company Secretaries becomes more indispensable than ever. While AI offers unprecedented efficiency, automation and predictive accuracy, it is the strategic insight, ethical governance, and regulatory expertise of a Company Secretary that ensures this transformation remains compliant, risk-free, and aligned with legal frameworks. AI, despite its capabilities, lacks the human intuition and contextual judgment required to interpret the nuances of tax laws, regulatory amendments, and corporate governance obligations—gaps that only a Company Secretary can bridge.

The Company Secretary, as a corporate sentinel, not only ensures seamless AI integration within tax structures but also mitigates risks such as data privacy breaches, algorithmic biases, and compliance loopholes that may arise from excessive reliance on technology. Furthermore, as tax laws evolve, AI models must be continuously refined—an oversight that demands the expertise of a Company Secretary, who possesses the foresight to anticipate regulatory changes and steer compliance strategies accordingly. It is only through the harmonious synergy

between AI-driven automation and the interpretative acumen of a Company Secretary that India's tax ecosystem can achieve the perfect balance—maximizing efficiency without compromising on regulatory integrity. Company Secretaries are not just enablers of AI-powered tax compliance; they are its guardians—ensuring that technology serves as a catalyst for governance, rather than a disruptor.

Beyond the realm of compliance, Company Secretaries assume a proactive stance in risk mitigation, ensuring that AI-driven tax systems remain robust, transparent, and adaptive to the ever-evolving regulatory landscape. Their ability to foresee regulatory changes, interpret policy shifts, and align AI models with new compliance requirements sets them apart as architects of corporate resilience. Unlike static AI models, which require continuous refinements and recalibrations to remain effective, a Company Secretary possesses the foresight to anticipate legal amendments, judicial precedents, and evolving tax jurisprudence, ensuring that organizations remain ahead of compliance risks rather than reacting to them belatedly.

While AI can highlight potential discrepancies in tax filings, it is the Company Secretary who applies a nuanced understanding of tax laws, corporate structures, and legal doctrines to determine the legitimacy of AI-generated outcomes. Without this critical oversight, businesses risk falling into the trap of over-reliance on automated compliance tools, which, despite their efficiency, cannot replicate the strategic judgment required to navigate grey areas in tax legislation.

AI AND COMPANY SECRETARY: A SYMBIOTIC PARTNERSHIP FOR FUTURE-READY TAX GOVERNANCE

The integration of AI into tax compliance is not only about replacing human expertise but also about enhancing governance through a symbiotic partnership between technology and regulatory acumen. Company Secretaries stand at the forefront of this paradigm shift, ensuring that AI-driven tax compliance transcends mere automation to embody a framework of accountability, ethical governance, and legal sustainability. They are the gatekeepers who safeguard against blind adherence to AI-generated recommendations, ensuring that organizations do not merely comply with tax laws but do so with strategic foresight and legal prudence.

As AI-powered taxation continues to evolve, the role of Company Secretaries will become even more pronounced. Their ability to bridge the gap between automated compliance and interpretative acumen will define the success of AI-driven tax ecosystems. By ensuring that tax automation aligns seamlessly with regulatory mandates, Company Secretary professionals will uphold the delicate balance between efficiency and governance, ensuring that

technology serves as an enabler rather than a disruptor of due process.

Ultimately, the true power of AI in taxation lies not in its ability to replace human oversight but in its capacity to elevate compliance standards to unprecedented levels of accuracy, transparency, and ethical integrity. At the heart of this transformation stands the Company Secretary—a guardian of regulatory compliance, a steward of ethical AI governance, and an architect of future-ready tax systems that are not just efficient, but legally sustainable and ethically sound.

In a world where AI continues to redefine the boundaries of automation, the role of Company Secretaries remains resolute—ensuring that technology serves the cause of governance, not as an alternative to human judgment, but as its most powerful ally.

As the guardians of corporate governance, Company Secretaries must embrace this AI-driven revolution, not with apprehension, but with the vision to shape it into a future where compliance is not just automated but elevated to an unprecedented standard of excellence.

CONCLUSION

The integration of Artificial Intelligence (AI) in tax compliance is not merely a tool for reducing administrative burden—it is a transformative force that has the potential to redefine India's tax ecosystem, aligning it seamlessly with the nation's ambitious vision of 'Viksit Bharat 2047'. As India marches towards becoming a global economic powerhouse. A well-structured, AI-driven tax system holds the promise of unparalleled efficiency, eliminating redundancies, enhancing accuracy, and significantly reducing the scope for human errors or deliberate evasions.

By harnessing the power of AI, machine learning, and blockchain, India can establish a self-sustaining, technology-driven compliance framework that not only maximizes tax revenues but also fosters a climate of trust, ease and proactive participation. This shift will empower businesses and individuals, ensuring that compliance is not perceived as an obligation, but rather an intuitive, seamless process that supports economic expansion. Smart taxation is the future—transparent, automated and AI-powered—ushering in an era of fiscal governance that is fair, efficient, and future-ready. The time has come for India to embrace this transformation with conviction, paving the way for a progressive, resilient, and globally competitive tax regime that will fuel the country's journey towards a truly developed and self-reliant Bharat.

Disclaimer:

This is the original work of the author. The author has not used any references in the said article. No books, journals or any research paper has been referred to. □

Demat – A Word of Caution for Issue/Allotment in Securities

Gone are those days when, securities had to be issued physically in the form of certificates, their transfer had to be given effect through physical delivery of certificates resulting in to infinite delay and problems like loss of certificates and fraudulent transfers etc., introduction of dematerialization is a landmark step on the path of ease of doing business. Now with the requirement of dematerialization being applicable to unlisted public and private companies, the economic activity at Indian capital market has touched new heights. Yet, practical difficulties faced by companies while undertaking dematerialization related compliances need the attention of Company Secretaries.



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INTRODUCTION

DEMAT MANDATE FOR PRIVATE COMPANIES

The Ministry of Corporate Affairs (“MCA”) on 27th October 2023, mandated private companies to provide demat connectivity for its shareholders and debenture holders by inserting a Rule 9B in the Companies (Prospectus and Allotment of Securities) Rules 2014 (“Allotment Rules”). By the virtue of this Rule, all the private companies other than small companies¹ as on 31st March 2023 and every year thereafter

¹ Definition of small companies section 2(85) of Companies Act 2013 (85) “small company” means a company, other than a public company,—

- (i) paid-up share capital of which does not exceed fifty lakh rupees or such higher amount as may be prescribed which shall not be more than 32[ten crore rupees]; 3[and]
- (ii) turnover of which as per profit and loss account for the immediately preceding financial year] does not exceed two crore rupees or such higher amount as may be prescribed which shall not be more than 18[one hundred crore rupees:]
 Provided that nothing in this clause shall apply to—
 (A) a holding company or a subsidiary company;
 (B) a company registered under section 8; or
 (C) a company or body corporate governed by any special Act;

are required to facilitate dematerialization of its securities and to ensure this, a timeline was given of 18 months from the closure of such financial year, as on which they are not small companies and need to comply with this Rule. Hence for all private companies which were not small companies and Section 8 companies as on financial year ended 31st March 2023 had time till 30th September 2024 to ensure the same. Now MCA has vide a notification dated 12th February 2025 extended this timeline till 30th June 2025.

ISSUE OF NEW SECURITIES

As per Section 29 of Companies Act, 2013² (the Act) read with Rules 9A and 9B of the said Allotment Rules, all companies other than small companies, and Section 8 companies are not only required to facilitate dematerialization (demat) of securities by obtaining International Securities Identification Number (ISIN) and also issue all its fresh securities after the date of this notification only in demat mode. Further, if the company is desirous of making any fresh issue of securities, then it has to ensure that the security holding of all its promoters, Directors and Key Managerial Personnel (KMP) and also the proposed offeree is held in dematerialized form only.

However, in case of shareholders other than promoters, directors and KMP this is not the case. It is not the responsibility of the company to ensure that these other shareholders convert their securities in demat mode. The company is only required to facilitate the demat process by obtaining ISIN. It is on the shareholder’s own wish, whether and when does he want to convert his securities into demat mode. However, rule 9A/9B of Allotment Rules say that whenever a shareholder wants to subscribe to issue of fresh securities made by the company through private placement or bonus issue or rights issue etc., or he wants to transfer securities, he first needs to convert his securities into demat mode and without that he cannot subscribe to fresh issue of securities or transfer his securities.

These provisions relating to mandatory requirement of demat of securities of shareholders other than promoters, Directors and KMP, have given rise to certain practical questions that may be faced by the companies while undertaking fund raising activities. In this article, we shall try to find answers to these questions one by one.

1. **Difficulty in rights issue:** As we know, in rights issue, as per Section 62(1) of the Act, an offer for subscription to

² Section 29 of Companies Act 2013
 29. (1) Notwithstanding anything contained in any other provisions of this Act,—
 (a) every company making public offer; and
 (b) such other class or classes of public companies as may be prescribed, shall issue the securities only in dematerialised form by complying with the provisions of the Depositories Act, 1996 and the regulations made thereunder.

securities of company is given to all equity shareholders of the company. In case the entire securities holding of promoters, directors and KMP are in demat form, then company can make a rights issue offer. So, a question arises that whether Company needs to offer the securities only to those equity shareholders who hold their shares in demat form or should it offer to all equity shareholders? As per the provisions of section 62(1) of the Act, it needs to offer to all equity shareholders. Lets consider a situation wherein the company has given an offer to existing shareholders to subscribe to shares of company through rights issue. One of the shareholders holding equity shares in physical form applies for the rights issue. Now the company can neither refrain from giving his entitled shares to him nor can it allot the new shares unless his existing shareholding is converted into demat form. In this situation, the question before the company is what should it do to comply with all applicable provisions?

- (a) **Compliance required on the part of company:** As far as the compliances on the part of company are concerned, as discussed above, the company is only required to facilitate demat by obtaining ISIN and ensure that shareholding of promoters, Directors and KMP is in demat mode. The company is not responsible to ensure that all other shareholders have dematerialized their securities before subscribing to rights issue.

However, since the company is under legal obligation as to not to issue shares to such subscribers who have subscribed to fresh issue without dematerializing their existing securities, the company as a caution or as a good practice, can insert a caution in the notice/ letter giving offer to existing shareholders to subscribe to fresh issue that, shareholders who have not dematerialized their existing securities will not be able to subscribe to rights issue that the company will not be able to allot shares to such subscribers.

- (b) **Recourse if subscription amount is received from shareholder holding physical securities:** As discussed above, in case of a rights issue as per Section 62(1) of the Act, the company is under obligation to give offer to all existing equity shareholders to subscribe to the rights issue. But as per rule 9A/9B of Allotment Rules, a shareholder holding shares in physical form is not legally allowed to subscribe to rights issue. In such a case, if we consider a situation wherein the company in the notice offering rights issue, has mentioned a caution that a shareholder existing holding physical securities will not be able to subscribe to rights issue and inspite of that, a shareholder having shareholding in physical form has subscribed. Then what is the recourse to the company in such situations?

To find an answer to this question, reference has to be made to rules of interpretation of statutes. One principle that may prove useful in this regard is, “principle of harmonious construction”. This rule of construction says that when there are in an enactment two provisions which cannot be reconciled with each other, they should be so interpreted that, if possible,

effect should be given to both. Further, the Honorable Supreme Court in its judgment in the matter of *Bengal Immunity Co. Ltd. v. State of Bihar*³ explained the principle of harmonious construction in following words:

“It is a cardinal rule of construction that when there are in a Statute two provisions which are in conflict with each other such that both of them cannot stand, they should, if possible, be so interpreted that effect can be given to both, and that a construction which renders either of them inoperative and useless should not be adopted except in the last resort. This is what is known as the rule of harmonious construction.”

In this case, Section 62(1)(a) appears to be in conflict with rules 9A and 9B of the Allotment Rules. Therefore, principle of harmonious construction can be applied to interpret both provisions in such a manner that effect can be given to both of them.

If reference is made to clause (a) of sub-section (1) of Section 62⁴, it can be seen that the sub-section (1) along with clause (a) talks about making offer to all the equity shareholders and not about allotting shares to all equity shareholders. Whereas, Rules 9A(3)⁵/9B(4)⁶ do not restrict company from offering shares to any shareholders, instead they restrict the shareholder from subscribing to rights issue without dematerializing existing securities. Therefore, both these sections can be harmoniously read and given effect without contradicting each other.

Now with respect to the allotment of new shares to such equity shareholder securities holding securities in physical form, the company can neither allot shares in physical mode as per rule 9A/9B of Allotment Rules, nor can it deny allotment of shares to any person who has subscribed to the same. In this situation, reference has to be made to one more principle of interpretation of statute, and that is, giving preference

³. *Bengal Immunity Co. Ltd. v. State of Bihar* AIR 1955 SC 661. Judgment dated 06/09/1955

⁴. clause (a) of Section 62(1) of Companies Act 2013

(1) Where at any time, a company having a share capital proposes to increase its subscribed capital by the issue of further shares, such shares shall be offered—

(a) to persons who, at the date of the offer, are holders of equity shares of the company in proportion, as nearly as circumstances admit, to the paid-up share capital on those shares by sending a letter of offer subject to the following conditions, namely:—

⁵. Rule 9A sub-rule (3) of Companies (Prospectus and Allotment of Securities) rules 2014

(3) Every holder of securities of an unlisted public company,—

(b) who subscribes to any securities of an unlisted public company (whether by way of private placement or bonus shares or rights offer) on or after 2nd October, 2018 shall ensure that all his existing securities are held in dematerialized form before such subscription.

⁶. Rule 9B sub-rule (4) of Companies (Prospectus and Allotment of securities) rules 2014

(4) Every holder of securities of the private company referred to in sub-rule (2),—

(b) who subscribes to any securities of the concerned private company whether by way of private placement or bonus shares or rights offer on or after the date when the company is required to comply with this rule shall ensure that all his securities are held in dematerialised form before such subscription.

to special provision over general provision. This principle says that, *When there is a conflict between special provision and general provision, the special provision prevails over the general provision; the general provision applies only to such cases which are not covered by the specific provision.*

This principle of interpretation is better explained in *Pretty v. Solly* (1859-53 ER 1032) quoted in Craies on Statute Law at p. 206, 6th Edition) Romilly, M. R., -“*The rule is that whenever there is a particular enactment and a general enactment in the same statute and the latter, taken in its most comprehensive sense, would overrule the former, the particular enactment must be operative, and the general enactment must be taken to affect only the other parts of the statute to which it may properly apply.*”

In this case, Section 62 is the general provision talking about the further issue of share capital. Whereas, rule 9A and 9B of the Allotment Rules is a special provision requiring demat of securities as a pre-condition for allotment. Therefore, as per above mentioned principle, preference has to be given to a special provision, that is to non-allotment of securities if the existing holding of securities is not in demat mode. Hence, even if the equity shareholder holding shares in physical mode has subscribed to rights issue in violation of rule 9A/9B of the Allotment Rules, the company cannot allot new shares to him as such allotment would be in non-compliance of the special provision i.e., Rule 9A/9B of the Allotment Rules.

- (c) **Finding a mid-way:** If there is a situation wherein, after receipt of notice/letter offering shares pursuant to rights issue, the shareholder initiates the process for demat of his existing securities and in the meantime, intimates the company that has initiated the demat process and is desirous of subscribing to rights issue once the same is completed. Considering this as a genuine situation, can the company help the shareholder get his entitled new shares without violating the provisions of law?

If we refer to sub-clause (i) of Section 62(1)(a)⁷, it says that if the shareholder does not subscribe to the offer in specified time, then the offer shall be deemed to have been declined by him. Under general parlance, “to subscribe” means to give consent or approval to something written by signing. Whereas, as per Merium Webster dictionary, “to subscribe” means “*to pledge (a gift or contribution) by writing one’s name with the amount.*” Reading this definition in the context of Section 62(1)(a)(i) of the Act, “to subscribe

to securities” means to agree to buy securities of company by paying the subscription amount. Since in this given situation, if the shareholder does not pay the subscription amount within the offer period, but only expressed his interest to do so, it cannot be said that he has subscribed to the rights issue and therefore, the offer will be deemed to be declined.

As per Merriam Webster dictionary, “To decline” means: “*to withhold consent*”. Therefore, “to decline” or “deemed to decline an offer” implies that the shareholder has denied to subscribe to rights issue. In such a situation, sub-clause (iii) of Section 62(1)(a)⁸ comes in to play. This sub-clause gives power to Board of directors to dispose off the shares not accepted/declined by shareholders in a manner not disadvantageous to the company and shareholders.

In this case, if the shareholder has not subscribed to the issue by paying subscription money, he is deemed to have declined the offered shares and now the Board has the authority to decide to whom to allot the shares which have already been issued once (offered once). Since the said shareholder had already expressed both, his interest and disability to subscribe, the Board may later on, after ensuring that the shareholder has dematerialized his existing securities, allot the shares to him even after the expiry of offer period by exercising its power under sub-clause (iii) of clause (a) of Section 62(1). However, in such a case, the responsibility to prove that such allotment was not disadvantageous to company and shareholders is on the Board of directors.

As per SEBI circular dated 25th January 2022, in case of stock split and duplicate share certificate request, listed entities need to honor Investor Service Requests by crediting the shares in demat mode only.

- 2. Difficulty in filing Return of Allotment for Rights Issue:** As per Section 39(4)⁹ and rule 2(1)(c)(vii)¹⁰ and its explanation of Companies (Acceptance of Deposits) Rules 2014, once the subscription money is received, the company is under obligation to allot securities

⁸ Clause (a) sub-clause (iii) of section 62(1) of Companies Act 2013

(iii) after the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner which is not dis-advantageous to the shareholders and the company;

⁹ Section 39 sub-section (4) of Companies Act 2013

(4) Whenever a company having a share capital makes any allotment of securities, it shall file with the Registrar a return of allotment in such manner as may be prescribed.

¹⁰ rule 2(1)(c)(vii) of Companies Acceptance of Deposit rules 2014

(vii) any amount received and held pursuant to an offer made in accordance with the provisions of the Act towards subscription to any securities, including share application money or advance towards allotment of securities pending allotment, so long as such amount is appropriated only against the amount due on allotment of the securities applied for;

Explanation.- For the purposes of this sub-clause, it is hereby clarified that -

(a) Without prejudice to any other liability or action, if the securities for which application money or advance for such securities was received cannot be allotted within sixty days from the date of receipt of the application money or advance for such securities and such application money or advance is not refunded to the subscribers within fifteen days from the date of completion of sixty days, such amount shall be treated as a deposit under these rules.

⁷ sub-clause (1) of section 62(1)(a) of Companies Act, 2013

(i) the offer shall be made by notice specifying the number of shares offered and limiting a time not being less than fifteen days or such lesser number of days as may be prescribed and not exceeding thirty days from the date of the offer within which the offer, if not accepted, shall be deemed to have been declined;

within 60 days from the date of receipt of subscription money and thereafter file return of allotment in form PAS-3 within 30 days from date of allotment. In this situation, if some issued shares remain unsubscribed and they are disposed off subsequently after the date of first allotment, then it will have to be considered as a separate allotment. In the form PAS-3, the Company needs to give a declaration that *no return of allotment is pending to be filed for securities allotted prior to the date of this allotment*. This means company will have to file 2 separate forms PAS-3 in such case because earlier when PAS-3 was in V2 version of MCA, multiple dates of allotment could be entered, but now in V3 version of MCA, the form PAS-3 allows to enter only 1 date of allotment, and the said declaration means that the return of allotment for the securities allotted on a previous date has already been filed separately. In short, if this process of disposal of shares after the offer period takes more than 60 days time from the date of first receipt of subscription money, then company will need to make 2 separate allotments and file 2 separate form PAS-3.

In alternative, it may be considered that the shareholder(s) having shares in physical form and participated in right issue, the shares so allotted in proportionate basis may be kept in abeyance and the said shares may be credited in that particular shareholder's demat account only (once he complies with Rule 9A/9B), the company may write his name in list of allottees along with a comment that the shares are held in abeyance for the purpose of dematerialization of existing securities. For more precautionary measure the RTA or the company should call for the original physical share certificate and within 30 days should issue a letter of confirmation to the shareholder. Thereafter, the shareholder within 120 days from receipt of such letter, should get his securities dematerialized and thereafter, the credit share shall be given to his demat account. If securities are not dematerialized within the specified time, then may be kept in suspense escrow demat account of the company till the compliance is pending.

3. **Difficulty in private placement:** In case of private placement as well, this question may arise that can a person who might be holding some securities of the company in physical mode subscribe to the private placement offer? However, in case of private placement the question is not as complicated as in case of rights issue. During private placement, as per sub-section (2) of Section 42¹¹, the Board has right to select the allottee. Therefore, the Board can verify the compliance with rule 9A/9B of Allotment Rule before issuing private placement offer letter in

¹¹ sub-section (2) of Section 42 of Companies Act 2013

(2) A private placement shall be made only to a select group of persons who have been identified by the Board (herein referred to as "identified persons"), whose number shall not exceed fifty or such higher number as may be prescribed [excluding the qualified institutional buyers and employees of the company being offered securities under a scheme of employees stock option in terms of provisions of clause (b) of sub-section (1) of section 62], in a financial year subject to such conditions as may be prescribed.

PAS-4 format and if the proposed offeree holds some securities of company and has not dematerialized his existing securities, then the Board may not offer fresh securities to him before he ensures dematerialization of existing securities.

Even if for any reason, the offer is made to such an offeree, the offer period under Section 42 can be kept open for a longer period (maximum 1 year from the date of passing special resolution¹²) as would be sufficient for getting the existing securities of the offeree converted into demat mode before subscribing to the private placement offer. However, in such a case, the Board has to be extra cautious with respect to the reasons as to why it has selected such an offeree who holds some securities of the company in physical mode as an 'offeree' for private placement offers.

4. **Difficulties in Bonus issues:** On reading the provisions of rule 9A/9B of the Allotment Rules, it is evident that shareholders cannot subscribe even to bonus issue without converting their existing securities into demat mode. Also, the company cannot issue/allot shares in physical mode even in case of bonus issue. But if we refer to Section 63 which talks about bonus issue, it does not require the shareholders to subscribe to bonus issue¹³. The bonus shares are issued by the company and automatically credited to the demat account of the shareholders holding demat accounts. Now if the shareholder does not have a demat account then will he not get the bonus shares?

As mentioned, in bonus issue the shareholders are not required to subscribe to offer, instead the shares are directly to be credited to demat account of shareholders. Now if a shareholder does not have a demat account, then the company may allot the shares in the name of such shareholder and then keep it in abeyance till the time, that shareholder opens a demat account and converts his existing securities into demat form. Once this is done, the company may release the shares into the shareholder's demat account. Therefore, as far as bonus issue is concerned, there are not much complications, other than that relating to filing of return of allotment.

- **Difficulty in filing return of allotment for bonus issue:** As per section 39(4)¹⁴ read with rule 12(2)¹⁵ of Allotment Rules, when the company

¹² Rule 13 sub-rule (2) clause (e) of Companies Share Capital and Debentures rules 2014.

(e) the allotment of securities on a preferential basis made pursuant to the special resolution passed pursuant to sub-rule (2)(b) shall be completed within a period of twelve months from the date of passing of the special resolution

¹³ Section 63(1) of Companies Act 2013 63. (1) A company may issue fully paid-up bonus shares to its members, in any manner whatsoever, out of—

¹⁴ Section 39 sub-section (4) of Companies Act 2013 - (4) Whenever a company having a share capital makes any allotment of securities, it shall file with the Registrar a return of allotment in such manner as may be prescribed

¹⁵ Rule 12 (2) There shall be attached to the Form PAS-3 a list of allottees stating their names, of Companies Prospectus and Allotment of securities rules 2014 address, occupation, if any, and number of securities allotted to each of the allottees and the list shall be certified by the signatory of the Form PAS-3 as being complete and correct as per the records of the company.



files return of allotment in form PAS-3 for any fresh issue of securities, it has to provide therein, the list of allottees including the details of securities allotted to such allottees. Now if the shares are allotted but kept in abeyance, then there arises a question that, whose name is to be written in list of allottees to be attached to form PAS-3? Since the company would be aware about the name of shareholder(s) whose shares are kept in abeyance and also knows that the said shares are going to be credited in that particular shareholder's demat account only (once he complies with Rule 9A/9B), the company may write his name in list of allottees along with a comment that the shares are held in abeyance for the purpose of dematerialization of existing securities.

5. **Difficulty in case of Consolidation / Sub-division of Shares & issue of duplicate Share Certificate:** Post Rules 9A/9B of the Allotment Rules becoming applicable, a company cannot issue fresh securities in physical mode. The shareholders, however, are not restricted from holding already existing securities in physical mode unless they are intending to subscribe to fresh issue of securities or intending to transfer their securities. In case of consolidation/sub-division of shares, the already existing shares of the shareholders are split into multiple shares OR multiple existing shares are consolidated into lesser number of shares. In these cases, only the number of shares is increased and its face value is decreased or vice versa, but no new shares are issued/ allotted. Same is the case with issue of duplicate share certificate. No fresh shares are issued/ allotted, just a new copy of original physical share certificate is to be issued, that too on the request of shareholder.

However, Section 29(1A) of the Act says *"In case of such class or classes of unlisted companies as may be prescribed, the securities shall be **held** or transferred only in dematerialised form in the manner laid down in the Depositories Act, 1996 and the regulations made thereunder."* So a question arises that how to interpret this word "held" in Section 29(1A)? Should it be read in the

context of Rule 9A/9B which speak only about issue of new shares or should the restriction in Rule 9A/ 9B be extended to issue of new share certificates also? Since in both these cases, there is no issue/ allotment of fresh shares, and the Rules 9A and 9B specifically talk about issue/ allotment of fresh shares (and not about share certificates), it may be said that companies can issue physical share certificate in the above exceptional cases. However, it is worthwhile to wait for any clarification or precedent from the Ministry of Corporate Affairs (MCA) as to how to deal in such cases where **only share certificate is to be issued and new shares are not issued**.

- **Precedent from listed entities:** In case of listed companies, there is a circular dated 25th January 2022 issued by SEBI¹⁶ which says that even in case of stock split and duplicate share certificate request, listed entities need to honour these Investor Service Requests by crediting the shares in demat mode only. This circular states that when a stock split is done or request for issue of duplicate share certificate is received, the RTA or the company should call for the original physical share certificate and within 30 days should issue a letter of confirmation to the shareholder. Thereafter, the shareholder within 120 days from receipt of such letter, should get his securities dematerialized and thereafter, the credit of stock split or duplicate share certificate shall be given to his demat account. If securities are not dematerialized within the specified time, then they shall be kept in suspense escrow demat account of the company.

CONCLUSION

Now since this provision comes from SEBI circular, it is applicable to listed entities only and not to unlisted public or private companies. Going forward, as and when the law relating to unlisted public and private companies develops further, various practical and interpretation related difficulties may get addressed appropriately. □

^{16.} https://www.sebi.gov.in/legal/circulars/jan-2022/issuance-of-securities-in-dematerialized-form-in-case-of-investor-service-requests_55542.html

An Empirical Study on Code on Wages, 2019

The Code on Wages, 2019 is a Government of India initiative to bring reforms in the labour laws. The provisions of the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976 have been rationalized and subsumed therein. This article throws light on the benefits derived from the implementation of this code for labour in both organised and unorganised sectors. This study aims to identify the probable impact of these changes from the employer's perspective. The Company Secretaries can play a pivotal role in its implementation.



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compliance and promote indigenous entrepreneurship and attract foreign investment. The new codes shall also ensure more transparency and accountability. **The Code on Wages, 2019 has been notified on 08 August 2019**, and the provisions of the Payment of Wages Act, 1936; the Minimum Wages Act, 1948; the Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976, have been rationalized and subsumed therein.

BACKGROUND

Approximately 90% of the labour in India is in the unorganized sector and do not get any Social Security. After the BJP government led by Hon'ble Prime Minister Shri Narendra Modi took over, the concept of "*sabka saath sabka vikas sabka vishwas*" was evolved and the vision was shifted from "*satyamev jayate*" to "*shrimev jayate*". With the proposed labour law reforms, the labour in the unorganised sector will also get minimum wages and social security. The government has already increased gratuity limit from ₹10,00,000 to ₹20,00,000 and maternity leave from 12 weeks to 26 weeks. The wage ceiling has been increased from ₹18,000 to ₹24,000 under Payment of Wages Act, 1936. Also, the portability through 'Universal Account Number' (UAN) will enable the workers to open and access Provident Fund accounts from across the country.

INTRODUCTION

Labour falls in the concurrent list and that is why both Central and State government are authorized to make laws in respect of it and in the interest of labour. The multiplicity of labour laws has made it rather difficult for the labour to claim their benefits/compensations. The labour has to fill at times four forms for the same claim making it a difficult process. Similarly for an employer also fulfilling all regulations and filing of multiple returns is an arduous process. It being a state matter the law differs from state to state. Hence to take care of all these concerns the present Government has repealed 29 labour laws and codified them into 4 labour codes. The endeavor towards codifying these laws, is to align the labour laws with present economic scenario and technological advancements, simplifying the multiple definitions and authorities. This will result in ease of



Table 1: Applicability, Purpose, Definition of Wages and Worker/Employee: A Comparison

S No	Point of Difference	Payment of Wages Act, 1936	The Minimum Wages Act, 1948	The Payment of Bonus Act, 1965	Equal Remuneration Act, 1976
1.	Applicability	All factories as defined in Factories Act, 1948 or certain specified industrial or other Establishments (Not applicable to employees whose wages are more than Rs. 24,000/- p.m.)	It applies to entire India -It applies to any organization where it has employed 1000 employees or more in the respective state (Inapplicable to Central Government or federal railway undertakings.	This Act applies to whole of India and is applicable to (a) every factory; every other establishment where twenty or more persons are working on any day during an accounting year. (Not applicable to employees of LIC; Seaman; workers drawing salary more than Rs 21,000/-)	It extends to whole of India and every establishment.
2.	Purpose	To guarantee consistent and fast wage payments, prevent exploitation through arbitrary penalties and deductions. To fix wage periods	To give minimum wages to the workers in the organized sector -To empower the government to take steps for fixing minimum wages and to revise wages within 5 years.	To make it a legal responsibility to pay the bonus to employees. To decide the minimum and maximum percentage of bonus and also rules for its calculation. To provide the redressal mechanism.	An Act to provide for equal opportunity in employment and also equal remuneration for same or similar work. No discrimination to be made on the ground of sex.
3.	Definition of employee/ worker	The Act is applicable to only Factories and industrial establishments; so, it covers only those employees. The Act has included the legal representative of an employee in the definition of an employee.	Covers employees employed in scheduled employments and where the number of workers is 1000 or more. It includes employees doing any nature of work whatsoever including out workers and employees declared by appropriate Government to whom some payment is being made. But employees of the Armed Forces of the Union are not included.	Employee means any person employed in a factory or any establishment having 20 or more workers and whose salary is upto Rs 21,000 per month. The nature of work can be of any type.	Every employee is included irrespective of his nature of work and kind of establishment.
4	Definition of wages/ remuneration	Wages means all remuneration which is expressed/ can be expressed in terms of money and is as per the terms of employment whether it is overtime wages, bonus, any compensation, etc. But any payment which is not as per the terms of employment or for retirement benefits is not included.	Wages means all remuneration which is expressed/ can be expressed in terms of money and is as per the terms of employment. But any payment which is not as per the terms of employment or for retirement benefits is not included.	Wages or salary means the basic salary as expressed in terms of money/ can be expressed in terms of money and includes only Dearness Allowance or any allowance to meet the rise in cost of living. It does not include any other allowances or benefits.	“remuneration” means the basic salary, and all other additional emoluments which is payable in cash or kind to any person for work done by him/her as per the expressed/ implied contract.

Objective of Code on Wages, 2019

The objective of Code on Wages, 2019 is to amend and consolidate the laws relating to wages and bonus and all other matters incidental to it. This Code applies to both organised and unorganised sectors.

Table 2: Proposed Changes in the Code on Wages, 2019

S. NO	ACT	EXISTING PROVISIONS	CODE	PROPOSED CHANGES
1.	Minimum Wages Act, 1948	It applies to entire India. -It applies to any organization where it has employed 1000 employees or more in the respective state.	Code on Wages, 2019	Applicable to all the establishments.
2.	Payment of Wages Act, 1936	Applicable to all factories as defined in Factories Act, 1948 or certain specified industrial or other establishments and employees drawing salary upto Rs 24,000/-.	Code on Wages, 2019	Applicable to all organizations (even unorganized sector) and all employees irrespective of the salary.
3.	Payment of Wages Act, 1936	The Salary is Payable on or before 7 th of succeeding month if there are upto 1000 employees. If the number of employees is more than 1000; then on or before 10 th of succeeding month.	Code on Wages, 2019	Irrespective of number of employees Monthly Salary has to be paid on or before 7 th of succeeding month.
4.	Payment of Wages Act, 1936	On the employee's retirement/ death Full and final settlement has to be made within 7days/ 10 days of subsequent month depending on the number of employees. Gratuity is payable within 30 days from the last working day of the employee.	Code on Wages, 2019	On the employee's retirement/ death the Full and Final Settlement must be paid within 2 working days. However, Gratuity is payable within 30 days from the last working day of the employee.
5.	Payment of Bonus Act, 1965	Bonus can be paid in cash or through banking Channels.	Code on Wages, 2019	Bonus to be paid through banking channels only
6.	Payment of Bonus Act, 1965	The employee is disqualified to receive Bonus if the employee is found guilty of gross misconduct.	Code on Wages, 2019	Besides gross misconduct one more ground for Disqualification for Bonus has been included viz "Conviction of Sexual Harassment".
7.	(i) Minimum Wages Act, 1948; (ii) Payment of Wages Act, 1936; (iii) Payment of Bonus Act, 1965; Equal Remuneration Act, 1976	The Definition of Wages is different in all the acts as discussed above.	Code on Wages, 2019	Definition of wages is the same.
8.	Minimum wages Act, 1948	The number of working hours on a day should not be more than 9 hours including periods of rest with total 48 hours working per week.	Code on Wages, 2019	The number of working hours per day may be 12 hours with 4 days working.

SCOPE OF THE STUDY

A pilot study with sample size of 101 respondents was conducted which may not be fully representative of the effect of the proposed amendments. Also, these provisions have not been made applicable yet, hence the input by employers are probable impact on their organisation which needs to be further studied upon its enforcement. The total impact of these amendments can only be understood when the employee's perspective is also studied which is the future scope of the study and can be done by taking feedback from trade unions.

LITERATURE REVIEW

Simran Bais and Niyati Nagar (2021) in their article 'The Code on Wages, 2019: An Analysis' concluded that, the introduction of this Code would result in ease of doing business and support the digital India initiative. It will help workers both in organised and unorganized sectors by streamlining the procedures and avoiding multiple legislations.

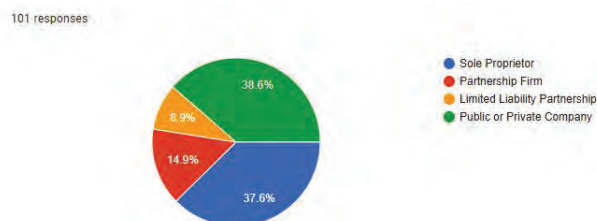
Adarsh Dubey (2020) in 'A Critical Analysis of the Code on Wages, 2019' cites the positive aspects of the code as it follows the guidelines on minimum wages as per the International Labour Organization and is applicable to both organised and unorganized sectors.

OBJECTIVE OF THE STUDY AND RESEARCH METHODOLOGY

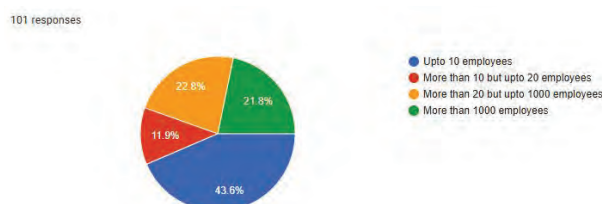
With the introduction of this Code on Wages, 2019 many reforms were made in labour laws which will affect both the employer and the employee. To study the impact of these proposed amendments from the employer's perspective an online survey using google form was developed. The online survey was shared through social media. It included an undertaking that the information collected through this form would be kept confidential and used only for research purposes. The sample size for the study was 101 respondents.

Data Analysis and Interpretation

Q1. Type of organization.



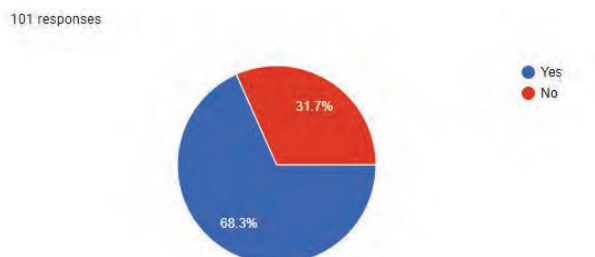
Q2. How many employees are there in your organization?



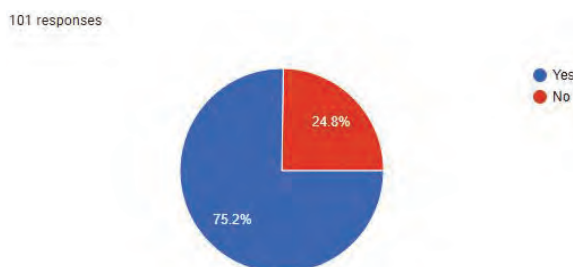
Interpretation

Out of the organisations surveyed 43.6% organisations belonged to the unorganised sector and hence none of the Acts were applicable to these organizations except Equal Remuneration Act, 1976 Out of the organizations surveyed Minimum Wages Act, 1948 and Payment of Bonus Act, 1965 were applicable only to 21.8% of the organizations.

Q3. Are there employees in your organization who are paid monthly salary less than Rs 24,000/-?



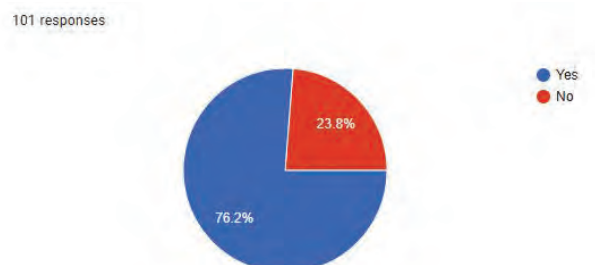
Q4. The Code on Wages, 2019 will be applicable to all organizations irrespective of number of employees or salary paid. The returns to be filed will be reduced from 10 to 2. Will it be helpful for you in terms of compliances/ workload?



Interpretation

Maximum employers (75.2%) are of the viewpoint that filing of only two returns will reduce their work.

Q5. As per Code on Wages, 2019 it is compulsory to pay the wages by the 7th of each month. Do you think practically it is feasible?

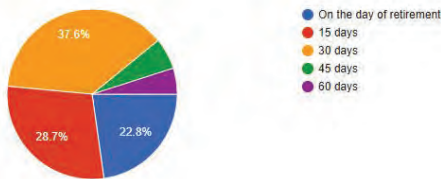


Interpretation

Maximum employers (76.2%) find it feasible to give salary by 7th of next month.

Q6. Within how many days of retirement/leaving/ retrenchment of the employee do you pay the final settlement amount?

101 responses

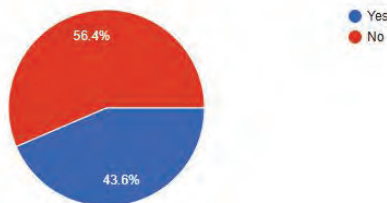


Interpretation

Maximum percentage of employers (37.6%) pay the final settlement amount in case of retirement, etc. within 15 to 30 days.

Q7. As per Code on Wages, 2019 the final settlement amount on retirement, etc must be paid within 2 working days. Do you think practically it is feasible?

101 responses

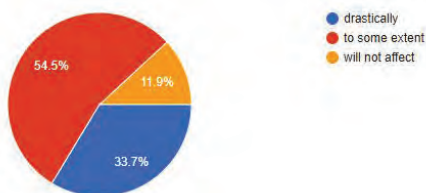


Interpretation

About 56.4 % of the organizations are of the viewpoint that paying the final settlement amount in two days is difficult.

Q8. The Code on Wages, 2019 increases the number of working hours from 8 hours per day to 12 hours per day; do you think it will affect the efficiency of the workers?

101 responses

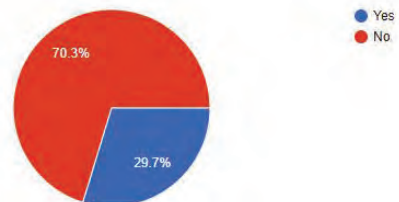


Interpretation

Maximum percentage of organizations (54.5%) are of the viewpoint that efficiency of the workers will be affected to some extent if the number of working hours is increased to 12 hours per day. Only 11.9% of the respondents are of the view that, it will not have any effect on the efficiency and 33.7% of the respondents are of the opinion that the efficiency of the workers will be affected drastically with increase in number of working hours per day.

Q9. The Code on Wages, 2019 suggests 4 days working. Is it feasible in your organisation?

101 responses



Q10. If no, why is it not feasible?

101 responses

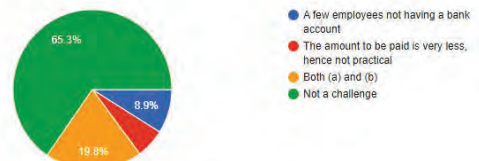


Interpretation

69.3% of the organizations under the study are not in favor of 4 days working in a week. Out of them more than 50% of the organization under study are of the opinion that it is not feasible because they cannot stop the work for 3 days and the worker might join other organizations for 3 days, thereby affecting his/her efficiency.

Q11. The Code on Wages, 2019 makes it compulsory to pay bonus through cheque/banking channels only. Do you think implementing it will be a challenge due to this?

101 responses

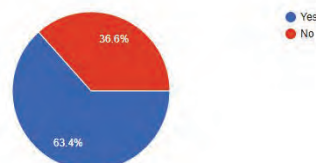


Interpretation

Maximum respondents (65.3%) are of the opinion that paying bonus through banking channels is not a challenge. Yet about 19.8% of the respondents feel amount of bonus to be paid is very less and many employees do not have a bank account so it is not feasible to pay the bonus as suggested.

Q12. The minimum eligibility to take leave from work has been reduced to 180 days from 240 days by the Code on Wages, 2019. In your opinion will this motivate the employee to work more efficiently?

101 responses

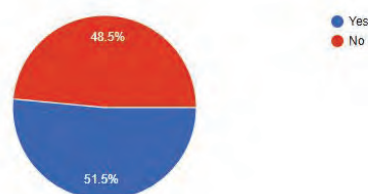


Interpretation

63.4% of the respondents are of the opinion that reduction in minimum number of working days to be eligible to take leave from work will certainly motivate the employees to work more efficiently.

Q13. Is an employee permitted to Carry his/ her leave to next year in your organization?

101 responses

**Interpretation**

Already 51.5% of the organizations under study allow employees to carry forward their leaves.

Q14. Code on Wages, 2019 allows carrying of leave to next year. How will it affect the working of your organization in terms of risk of workers taking very long leaves?

101 responses

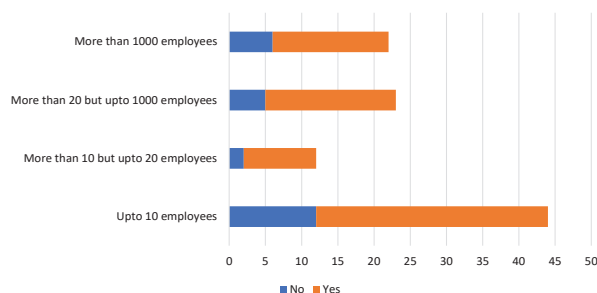
**Interpretation**

41.6% of the employers surveyed are of the opinion that taking long duration leaves by the workers will affect their efficiency to some extent. 16.8% feel efficiency will be affected drastically; while on the other hand 27.7% of the organizations have expressed that the efficiency might improve due to increase in motivation levels.

Q15. The Code on Wages, 2019 will be applicable to all organizations irrespective of number of employees or salary paid. The returns to be filed will be reduced from 10 to 2. Will it be helpful for you in terms of compliances workload?

Organization Type	No	Yes	Grand total
More than 1000 employees	6	16	22
More than 20 but upto 1000 employees	5	18	23
More than 10 but upto 20 employees	2	10	12
Upto 10 employees	12	32	44
Grand Total	25	76	101

'Organization Type' Vs 'Ease of Compliance'

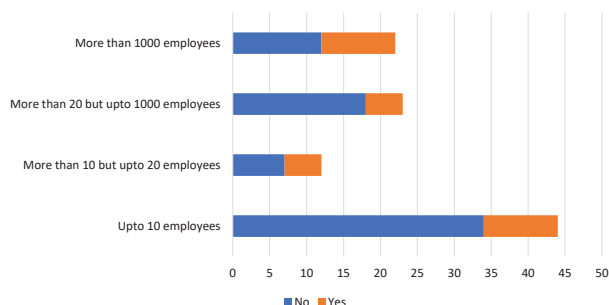
**Interpretation**

For employers whose number of employees are up to 10 the ease in filing returns will not have much impact.

Q16. The Code on Wages, 2019 suggests 4 days working. Is it feasible in your organization?

Organization Type	No	Yes	Grand total
More than 1000 employees	12	10	22
More than 20 but upto 1000 employees	18	5	23
More than 10 but upto 20 employees	7	5	12
Upto 10 employees	34	10	44
Grand Total	71	30	101

'Organization Type' Vs 'Ease of 4 day working'

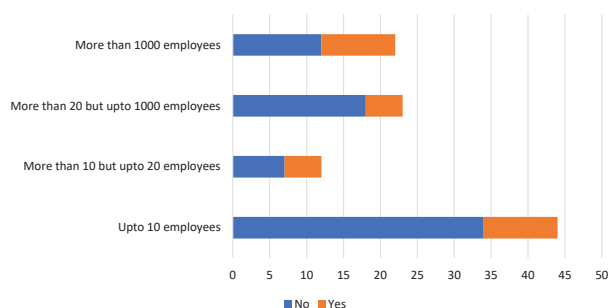
**Interpretation**

Organizations which are small and medium sized find it more appropriate to have 4 days working in a week as compared to large organizations.

Q17. As per Code on Wages, 2019 the final settlement amount on retirement, etc. must be paid within 2 working days. Do you think practically it is feasible?

Organization Type	No	Yes	Grand total
More than 1000 employees	9	13	22
More than 20 but upto 1000 employees	13	10	23
More than 10 but upto 20 employees	7	5	12
Upto 10 employees	28	16	44
Grand Total	57	44	101

'Organisation Type' Vs Feasibility of settlement in 2 days'

**Interpretation**

The employers employing upto 10 workman find it very difficult to pay the final settlement bill in 2 days as compared to larger organizations having more than 1000 workers.

Major Findings

- Based on the above survey it can be concluded that maximum respondents are of the opinion that the code will simplify filing of returns and it is possible to pay salary/wages by 7th of next month.

2. According to 88% of the respondents 4 days working will affect the efficiency and health of workers to a large extent and is also not feasible. Some of the workers may also start working on weekends. 12 hours should not be compulsory, it should be flexible like any one can opt out from this.
3. Only 20% respondents find it difficult to make payment of Bonus through banking channels but payment of final settlement amount in 2 days is considered a challenge by more than half of the respondents.
4. 50% of the organizations under study already allow carrying forward of leaves to next year and 30% of the organizations are of the opinion that allowing that increases the motivation and efficiency of workers. Though 17% of the organizations have expressed that it will have a negative impact on efficiency of the organization.

OPPORTUNITIES FOR COMPANY SECRETARIES

For Company Secretaries, this code presents opportunities in areas such as:

1. **Compliance & Advisory:** Ensuring companies comply with wage payment, minimum wages, and bonus regulations.
2. **Legal Interpretation:** Advising companies on wage structures and compliance with government notifications.
3. **HR & Payroll Structuring:** Assisting in structuring salaries as per the Code's provisions.
4. **Representation & Dispute Resolution:** Representing companies in labor disputes or advising on legal aspects.

Alongwith the regular function of handling Compliances, Company Secretaries can play a vital role in advising companies on Wage structure and Compliance with Government notifications and represent the company in labour disputes.

CONCLUSION

Out of the organisations surveyed 43.6% of organisations belonged to the unorganised sector and hence none of the Acts were applicable to these organizations except Equal Remuneration Act. Maximum employers (76.2%) find it feasible to give salary by the 7th of next month 37.6% of employers surveyed pay the final settlement amount in case of retirement, etc. within 15 to 30 days. It is observed that a maximum percentage of organizations (54.5%) are of the viewpoint that the efficiency of the workers will be affected to some extent if the number of working hours is increased to 12 hours per day. 69.3% of the organizations under the study are not in favor of 4 days working in a week. Out of them, more than 50% of the organisation under study are of the opinion that it is not feasible because they cannot stop work for 3 days and the worker might join other organizations for 3 days, thereby affecting his/her efficiency. The organisations under study revealed that small and medium-sized enterprises find it more appropriate to have 4 days working in a week as compared to large organizations. Maximum respondents (65.3%) are of the opinion that paying bonuses through banking channels is not a challenge. Yet about 19.8% of the respondents feel the amount of bonus to be paid is very low and many employees do not have a bank account, so it is not feasible to pay the bonus as suggested. 63.4% of the respondents are of the opinion that a reduction in minimum number of working days to be eligible to take leave from work will certainly motivate the employees to work more efficiently while 51.5% of the organizations under study allow employees to carry forward their leaves. Maximum respondents are not in favour of taking long duration leaves by the workers as it will affect their efficiency to some extent. The employers

employing upto 10 workmen find it very difficult to pay the final settlement bill in 2 days as compared to large organizations having more than 1000 workers.

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Women Directors & Board Diversity: Legal Framework & Role of Company Secretary

The representation of women on Corporate Boards has become crucial for fostering diversity within the Board. The article outlines the legal framework governing Women Directors in India and emphasizes the Company Secretary's role in routinely assessing board structures, equitable recruitment practices and succession planning for women directors, thereby guaranteeing that the Board's composition adheres to legal standards.



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INTRODUCTION

In recent years, Corporate Governance has witnessed a transformative shift towards gender equality that fosters innovation, improve decision-making and contribute to long-term success. The research studies have consistently shown that diverse Boards enhance corporate performance, risk management and shareholder value. However, women are still underrepresented in corporate Boardrooms, highlighting the gap between intentions and real progress.

Historically, corporate leadership has been male dominated, with women facing systemic barriers to Board appointments. However, the landscape has been changing due to legal mandates, regulatory interventions, and increased awareness of diversity's benefits. India has made significant progress, especially after the enactment of the Companies Act, 2013, which mandated the inclusion of at least one 'Woman Director' in certain companies.

Despite improvements, women still represent a minority on corporate Boards. According to the 2022 "Board Diversity Index" by Spencer Stuart, women occupy only 18% of Board seats in India, compared to 30% in developed markets like the UK and the US. This highlights the need for continued efforts to bridge the gender gap.

LEGAL FRAMEWORK FOR WOMEN DIRECTORS IN INDIA

The representation of women in corporate leadership has become a key focus for regulators and policymakers in India. With an aim of recognizing the importance of gender diversity, the Indian legal framework mandates the inclusion of women on corporate Boards and promotes a safe and equal working environment for women in leadership roles. This

section outlines the key legal provisions ensuring women's participation in governance structures and compares India's regulatory approach with global best practices.

1. Companies Act, 2013: Mandatory Provision for Women Directors

The Companies Act, 2013 introduced a significant reform by mandating the appointment of Women Directors in certain class of companies. As per Section 149(1) of the Act, every listed company and certain classes of public companies (with paid-up capital of ₹100 crore or turnover of ₹300 crore or more) are mandatorily required to appoint at least one Woman Director on their Board. If any default is made in complying with the requirements of this section, the company and every officer who is in default shall be liable to a penalty of one thousand rupees for every day during which the default continues but not exceeding one lakh rupees. This requirement aims to enhance diversity, bring fresh perspectives into corporate decision-making, and improve governance standards.

- **Impact of the Companies Act, 2013:** Since the introduction of this provision, India has seen an increase in the number of women on Corporate Boards. According to a 2023 Deloitte study, women held 18% of Board seats in India, up from 11.2% in 2017. While this is a step forward, India still lags behind countries like France (44.7%) and the UK (40.2%), where stronger legislative measures have been implemented.

2. SEBI (LODR) Regulations, 2015: Board Diversity Requirements for Listed Companies

To further strengthen Board diversity, the Securities and Exchange Board of India (SEBI) introduced regulations under the Listing Obligations and Disclosure Requirements (LODR) Regulations, 2015. Key provisions include:

- **Mandatory Appointment of a Woman Independent Director:** SEBI requires the top 1000 listed companies (by market capitalization) to have at least one Independent Woman Director on their Board. This ensures that Women Directors play a role in objective decision-making rather than merely fulfilling a regulatory requirement.
- **Diversity Disclosures:** Listed companies must disclose their Board diversity policies, including the representation of women in leadership positions, in their annual reports.
- **ESG and Business Responsibility & Sustainability Reporting (BRSR):** SEBI's revised reporting

framework under BRSR mandates disclosures on gender diversity in corporate governance, reinforcing the link between sustainability and inclusive leadership.

- **Impact of SEBI Regulations:** SEBI's proactive approach has contributed to a gradual increase in women's representation on Boards. According to a 2023 Prime Database report, women hold around 19% of Board positions in NSE-listed companies, a substantial improvement from 6% in 2013. However, the pace of progress remains slow, indicating the need for stronger enforcement and cultural shifts in corporate leadership.
3. **POSH Act, 2013: Ensuring a Safe Workplace for Women in Leadership**

A critical aspect of enabling women's leadership in corporate governance is ensuring a safe and conducive work environment. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Act) provides a legal framework for addressing workplace harassment. Key provisions include:

- **Mandatory Internal Complaints Committee (ICC):** Every organization with 10 or more employees must establish an ICC to handle complaints related to workplace harassment.
- **Employer's Duty to Prevent Harassment:** Companies must take proactive steps to create a safe and inclusive work environment, including conducting training sessions and ensuring proper grievance redressal mechanisms.
- **Protection of Women Directors and Senior Executives:** The Act applies to all employees, including Board members and senior leadership, ensuring that women directors are protected from workplace harassment and discrimination.

The results of Diverse Boards can be observed in improved decision-making, increased trust, and adherence to regulatory standards.

4. Global Best Practices

- i. India has made notable progress in promoting gender diversity on corporate Boards, **Stronger quotas lead to better representation:** Countries like Norway and France, which enforce strict quotas (40% Women Directors), have achieved significantly higher gender diversity.
- ii. **Voluntary vs. Mandatory approaches:** The UK has improved diversity through voluntary targets and industry-driven initiatives, demonstrating that a mix of regulations and incentives can be effective.
- iii. **Broader diversity beyond Gender:** Some jurisdictions are moving towards diversity policies beyond gender to include factors such as ethnicity, age, professional background and disability inclusion. This approach ensures a more holistic and representative leadership structure, fostering diverse perspectives in decision-making.

ROLE OF COMPANY SECRETARY IN ENSURING COMPLIANCE

Company Secretary (CS) serve as key governance professionals responsible for ensuring that businesses comply with regulatory frameworks, including those mandating gender diversity on corporate Boards. Their role extends beyond statutory compliance to fostering an inclusive corporate culture that promotes women's leadership. Below are the key ways in which CS can contribute to Board diversity and gender inclusivity:

1. Ensuring Board composition aligns with regulatory mandates:

One of the primary responsibilities of CS is to ensure that Board composition complies with legal requirements. Under Section 149(1) of the Companies Act, 2013, every listed company and certain classes of public companies are mandated to have at least one Woman Director. Additionally, the SEBI (LODR) Regulations, 2015, require the top 1000 listed companies (by market capitalization) to have at least one Independent Woman Director.

To fulfil these obligations, CS professionals should:

- i. regularly review Board structures to ensure compliance with diversity laws;
- ii. advise companies on succession planning to maintain the required gender balance and
- iii. coordinate with nomination and remuneration committees to ensure fair representation of women in leadership.

Failure to comply with these mandates can result in penalties and reputational damage, making the role of CS crucial in ensuring timely adherence to regulatory requirements, and CS is also categorised as officer in default under the Companies Act, 2013.

2. Assisting in the appointment and governance of Women Directors:

Beyond ensuring compliance, CS play an instrumental role in the appointment process of Women Directors. They facilitate transparent and merit-based selection processes that align with corporate governance best practices.

Key responsibilities include:

- i. To assist in the recognition and recruitment of qualified women candidates.
- ii. To coordinate with external agencies, professional networks and leadership programs to expand the talent pool of eligible Women Directors.
- iii. To ensure a fair and unbiased selection process by working with the nomination and remuneration committees.
- iv. To provide governance support to newly appointed Women Directors by familiarizing them with Board protocols, corporate strategies and compliance frameworks.

By actively participating in Board appointments, CS professionals contribute to breaking gender barriers and ensuring that Women Directors are selected based on their expertise and leadership potential.

3. Drafting policies for women participation and inclusivity:

A company's commitment to gender diversity must be rooted in its policies and corporate culture. The CS play a crucial role in formulating and implementing gender diversity policies at all levels of the organization.

Some of the key policies that CS professionals can help in draft and implement include:

- **Board Diversity Policy:** Establishing guidelines for gender-balanced leadership.
- **Equal Opportunity Policy:** Ensuring non-discrimination in hiring and promotions.
- **Workplace Inclusivity Policy:** To create a safe and supportive work environment for women.
- **Parental leave and flexible work policy:** By encouraging work-life balance to retain women in leadership.

By proactively developing these policies, CS help organizations move beyond mere compliance and foster a culture that genuinely values diversity.

4. Advising on ESG related gender diversity disclosures:

With the growing emphasis on Environmental, Social, and Governance (ESG) factors, investors and regulatory bodies are increasingly evaluating companies based on their commitment to diversity and inclusion. The BRSR requires listed companies to disclose their gender diversity metrics, including the percentage of women in leadership roles.

Company Secretaries play a pivotal role in:

- Advising Boards on ESG requirements related to gender diversity.
- Ensuring accurate reporting of gender diversity data in annual reports and sustainability disclosures.
- Assisting in drafting comprehensive ESG reports that highlight the company's efforts in promoting inclusivity.
- Engaging with stakeholders, including investors and regulators, to showcase the company's commitment to diversity focusing on women.

By strengthening gender diversity disclosures, CS professionals help organizations align with global governance standards and enhance their reputation among stakeholders.

IMPACT OF DIVERSITY ON DECISION-MAKING AND COMPANY PERFORMANCE

Multiple studies have shown that gender-diverse Boards lead to better governance, enhanced performance and improved corporate reputation. Key benefits of Board diversity include:

- Better decision-making:** Diverse Boards bring different perspectives, experiences, and problem-solving

approaches, leading to more balanced and well-informed decisions. Research indicates that companies with diverse Boards are less likely to engage in unethical or risky business practices.

- Enhanced corporate reputation and stakeholder trust:** Companies that prioritize diversity and inclusivity are seen as progressive and socially responsible. This enhances their brand reputation, attracts investors, and fosters trust among employees, customers and stakeholders.
- Stronger employee engagement and retention:** Women participation at the leadership level signals a commitment to equality and fairness, which can boost employee morale, engagement and retention rates. A diverse leadership team sets a positive example encouraging talent across all levels of the organization.
- Alignment with ESG and regulatory expectations:** Investors and regulatory bodies are increasingly focusing on Environmental, Social and Governance (ESG) criteria, including Board diversity. Companies with diverse leadership teams are better placed to meet these expectations and maintain compliance with global governance standards.

CONCLUSION

While India has made notable progress in promoting gender diversity in corporate governance, to accelerate change, future reforms should focus on stricter enforcement, expanding diversity requirements, and fostering cultural shifts within organizations. By adopting a progressive and inclusive governance framework, India is paving the way for more equitable Boardrooms, ensuring that talented women leaders get the opportunities they deserve to shape the future of corporate leadership.

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Motto

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"To develop high calibre professionals
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Theme: Embracing Innovation, Enhancing Good Governance

3-5 September 2025 | Crowne Plaza - Sydney, Australia


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2

RESEARCH CORNER



- APPOINTMENT OF DIRECTORS OF A PRIVATE COMPANY: SOME CRITICAL ISSUES
-

Appointment of Directors of A Private Company: Some Critical Issues

In this article author analyses one of the key provision on, 'Appointment of Directors and proportion of those who are to retire by rotation' under Section 255 of the Companies Act, 1956 in comparison with Section 152 of the Companies Act, 2013 and provides his insights.



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INTRODUCTION

Section 149 of the Companies Act, 2013 (the 2013 Act) mandates every company to have a Board of Directors consisting of individuals as directors and shall have a minimum of two Directors and a maximum of fifteen Directors, and more than fifteen with the approval of shareholders by a special resolution.

The basic provision concerning appointment of Directors of public and private companies, is in section (s.) 152 of the 2013 Act, which was in s. 255 of the Companies Act, 1956 (the 1956 Act).

APPOINTMENT OF DIRECTORS OF A PRIVATE COMPANY

Pre 2013 position

As can be seen, ss. (2) of s. 255 of the 1956 Act was divided into two parts:

- First part dealing with the appointment of Directors other than the Directors liable to retirement by rotation at annual general meetings; and
- Second part dealing with the appointment of Directors generally in the case of a private company which is not a subsidiary of a public company.

The first part applied to public companies (including private companies which were subsidiaries of public companies) and the second part to private companies (which were not subsidiaries of public companies). Both these parts required the appointment of Directors of public as well as private companies, at a general meeting.

The second part of ss. (2), i.e. the requirement that the Directors generally shall be appointed by a private company in general meeting, was a conditional one, the condition was indicated in the phrase "*in default of and subject to any regulations in the articles of the company*".

Companies Act, 1956 – Section 255	Companies Act, 2013 – Section 152
<p>255. Appointment of Directors and proportion of those who are to retire by rotation.—(1) Unless the articles provide for the retirement of all Directors at every annual general meeting, not less than two-thirds] of the total number of Directors of a public company, or of a private company which is a subsidiary of a public company, shall—</p> <p>(a) be persons whose period of office is liable to determination by retirement of Directors by rotation; and</p> <p>(b) save as otherwise expressly provided in this Act, be appointed by the company in general meeting.</p> <p>(2) The remaining Directors* in the case of any such company, and the Directors generally in the case of a private company which is not a subsidiary of a public company, shall, in default of and subject to any regulations in the articles of the company, also be appointed by the company in general meeting.</p> <p>*Means other than the Directors liable to retirement by rotation at annual general meetings.</p>	<p>(2) Save as otherwise expressly provided in this Act every director shall be appointed by the company in general meeting.</p> <p>.....</p> <p>(6)(a) Unless the articles provide for the retirement of all Directors at every annual general meeting, not less than two-thirds of the total number of Directors of a public company shall—</p> <p>(i) be persons whose period of office is liable to determination by retirement of Directors by rotation; and</p> <p>(ii) save as otherwise expressly provided in this Act, be appointed by the company in general meeting.</p> <p>(b) The remaining Directors in the case of any such company shall, in default of, and subject to any regulations in the articles of the company, also be appointed by the company in general meeting.</p>

The expression 'in default of' means in the absence of something; without something; because of lack of something; and the expression 'subject to' means 'depending on something in order to be completed'; conditional upon the observance of the provisions in the articles.² This expression seeks to give an overriding effect to the provision in the articles.

So, the second part of ss. (2) of s. 255 would apply only when the articles of a private company lacked a provision regarding appointment of Directors, otherwise than by the shareholders in general meeting. Conversely, the articles of such a company could contain a provision regarding appointment of Directors, in any manner other than by shareholders in general meeting and hence the Directors could be appointed in accordance with that provision in the articles.

The articles could also provide that the first Directors appointed by the articles shall continue to hold office until their office becomes vacant by resignation, removal, death or otherwise, or they are superseded by appointing other Directors in accordance with the provisions of the articles.

With regard to this saving clause in s. 255 of the 1956 Act, it was held by the Supreme Court as follows:

"Section 255 of the Act permits one-third of the total number of Directors of a public company and all the Directors of a private company to be appointed otherwise than by the company at a general meeting, if the articles make provision in this regard. The Act, therefore, expressly permits Directors to be appointed otherwise than by the company.... *In the case of a private company ..., the Directors have to be appointed similarly except to the extent the articles otherwise provide.*"³ [emphasis supplied]

The Calcutta High Court held that in the case of a private company the Directors are to be appointed at a general meeting as in a public company, but such appointment would be subject to the articles which may provide otherwise. If the articles are silent as to the appointment of Directors in a private company, or do not specifically provide for the appointment of Directors otherwise than at a general meeting, then the Directors of a private company are to be appointed by the shareholders at general meetings.⁴

Thus, the statutory framework of s. 255, as discussed above, as applicable to private companies which were not subsidiaries of public companies, was amply clear, namely that it was not mandatory for these companies to appoint their Directors in general meetings, if their articles of association provided for the authority and the manner of appointment of and the vacation of office of all its Directors. Thus, it was permissible for such a private company to provide in its articles that none of its Directors

will be liable to retirement by rotation and, further, vested that power in the Board of Directors of the company (or even any other person or company or a director) and only in the absence of a provision in this regard in the articles of a company their Directors had to be appointed in general meetings.

Post 2013 position

In s. 152(2) of the 2013 Act, the clarity of the statutory framework, as pointed out in the preceding paragraph, has been lost due to intermingling and incorrect placement of some parts of s. 255 of the 1956 Act (unless the Legislature has enacted it purposefully). The 2013 Act has dispensed with the provision in ss. (2) of s. 255 (discussed above) and, instead, ss. (2) of s. 152 was inserted which provides that "Save as otherwise expressly provided in this Act, every director shall be appointed by the company in general meeting."

It will be noticed that this provision has been differently worded than ss. (2) of s. 255 of the 1956 Act as applicable to a private company which is not a subsidiary of a public company, and it does not include the expression "*in default of and subject to any regulations in the articles of the company*", with the result that ss. (2) applies to public as well private companies equally regardless of anything to the contrary in the articles of association of a private company. Consequently, one may infer, and quite rightly, that a private company is also required to appoint Directors in general meetings (although it need not follow the provisions of s. 152(6) regarding retirement of Directors by rotation).

The expression "Save as otherwise expressly provided in this Act", in ss. (2) of s. 152 of the 2013 Act, contemplates the need for an express provision in the Act, which is different than what the above expression follows, namely, "every director shall be appointed by the company in general meeting." Therefore, by operation of law, every director of a private company must be appointed by the shareholders in general meetings. This is the result of ss. (2) of s. 152 of the 2013 Act being differently worded than ss. (2) of s. 255 of the 1956 Act, which, as noted already, had excluded the requirement of appointment of Directors of private companies in general meetings, by virtue of the crucial expression "in default of and subject to any regulation in the articles of the (private) company".

The expression "Save as otherwise expressly provided in this Act" seeks to exclude from the requirement that, every director shall be appointed by the company in general meeting. The provisions of the Act which expressly provide for appointment of Directors other than by shareholders, are those which provide for appointment of additional or alternate Directors by the Board or appointment to fill a casual vacancy. There is no express provision in the Act that empowers the Board or anyone else to appoint Directors of a private company; so, it appears that the provision in s. 152(2) would apply in the case of appointment of Directors of a private company (except that the rule of retirement

¹ See Oxford Advanced Learner's Dictionary, 8th edition.

² K. R. C. S. Balkrishna Chetty and Sons & Co v State of Madras AIR 1961 SC 1152.

³ Oriental Metal Pressing Works Pvt Ltd v Bhaskar Kashinath Thakoor (1961) 31 Comp Cas 143 (SC); (1961) 3 SCR 329; AIR 1961 SC 573.

⁴ Swapan Dasgupta v Navin Chand Suchanti (1988) 64 Comp Cas 562 (Cal); (1988) 3 Comp LJ 176.

of Directors would not apply), because the words “and the Directors generally in the case of a private company which is not a subsidiary of a public company” are absent in s. 152. This makes a significant departure from the provision in s. 255(2) of the 1956 Act. While the former covered public as well as private companies, the latter covers only public company (which includes subsidiary of a public company). Thus, inferentially, under the 2013 Act, Directors of a private company need to be appointed in a general meeting regardless of any contrary provision in the articles of such a company. Of course, there will be no limit to the period of the tenure of office, unless the articles or the resolution appointing them limits the tenure.

The policy and scheme of the 1956 Act (of permitting private companies to have the freedom of appointment of all Directors, otherwise than by the shareholders in general meetings) seems to have been wiped out by the 2013 Act, in as much as, on the one hand, ss. (2) of s. 152 requires *every director* to be appointed by the company in general meeting, save as otherwise expressly provided in this Act but there is no express saving provision in the Act making an exception to this requirement, and on the other hand, ss. (6)(b) of s. 152 mandates that the remaining Directors in the case of a public company also to be appointed by the company in general meeting, shall, in default of, and subject to any regulations in the articles of the company.

The expression ‘such company’ in s. 152(1) obviously refers to ‘public company’ in ss. (6)(a). In a nutshell, private companies (which are not subsidiaries of public companies) are governed by ss. (2) of s.152 according to which “Save as otherwise expressly provided in this Act, every director shall be appointed by the company in general meeting.” There is nothing else in the Act which can come within the expression “otherwise expressly provided in this Act.” Thus, private companies have been put at a disadvantage compared to public companies in this regard.

Curiously, while public companies are allowed to appoint one-third of the total number of Directors in any manner and by anyone other than the shareholders in general meetings (as provided in s.152(6) and was pointed out by the Supreme Court in *Oriental Metal* case), private companies are required to appoint all their Directors by the shareholders in general meetings. Thus, private companies have been put at a disadvantage compared to public companies in this regard.

RETIREMENT OF DIRECTORS BY ROTATION: ANALYSIS AND INTERPRETATION OF SECTION 152(6)

The provision with regard to retirement of Directors by rotation, which is in s. 152(6)(a) of the 2013 Act was there in the 1956 Act in s. 255(1) and the provision in s. 152(6)(b)

was in s. 255(2). In substance, the provisions in the 2013 Act and the 1956 Act are virtually identical in this regard, the only difference being that s. 152(6)(b) is silent about the appointment of Directors in a private company unlike s. 255(2).

In a nutshell, the consequence of s. 152(6) is as follows:

- In terms of ss. (6)(a)(i), the articles of a public company may provide for the retirement of all Directors at every annual general meeting. But if the articles are silent, at least two-thirds of the total number of Directors (excluding Independent Directors) must be Directors whose period of office is liable to determination by retirement by rotation (means the Directors who are liable to retirement by rotation at annual general meeting).
- In terms of ss. (6)(a)(ii), the Directors liable to retirement shall, save as otherwise expressly provided in this Act, be appointed by the company in general meeting.
 - According to clause (b) of ss. (6), the remaining Directors in the case of any such company shall, in default of, and subject to any regulations in the articles of the company, also be appointed by the company in general meeting.
 - The phrase “the remaining Directors” means the Directors who are not liable to retirement by rotation under clause (a) of ss. (6), i.e. one-third of total number of Directors. Thus, the Directors not liable to retirement by rotation must also be appointed in general meeting unless the articles of the company provide for any other mode of appointment. The expression “in default of, and subject to any regulations in the articles of the company” seek to create an exception. For example, the Articles of Association may provide that the Directors not liable to retirement by rotation shall be appointed by the Board or any other person such as a joint venture partner.

IS A PRIVATE COMPANY REQUIRED TO HAVE DIRECTORS LIABLE TO RETIREMENT BY ROTATION?

The words “a public company” in s. 152(6) are noteworthy. They mean that the requirements under s. 152(6) apply only to a public company. By necessary implication, those words mean that those requirements do not apply to private companies.

The words “public company” clearly indicate that ss. (6) is inapplicable to private companies. Needless to mention, the expression “public company” does include a private company which is a subsidiary of a public company; such

Section 161(2) empowers the Board of Directors of a company may, if so, authorised by its articles or by a resolution passed by the company in a general meeting, appoint an alternate director to represent or act for a director during his absence for a period of not less than three months from India.



a private company is not a private company but it is a public company [see the definitions of public company and private company in s. 2]. Consequently, the requirements under s. 152(6) are applicable to the private companies that are subsidiaries of public companies, besides the public companies that have been incorporated as public companies, and those requirements are not applicable to private companies that are not subsidiaries of public companies and, therefore, it is not mandatory for these companies to have Directors who are liable to retirement by rotation although they can voluntarily adopt the rotational retirement rule by making a suitable provision in their articles of association; if the articles do not contain any such provision, all Directors of such companies are non-retiring Directors.

It will be noticed that, clause (a) of ss. (6) of s. 152 contains a provision dealing with two different situations. The first situation is dealt with in the words *“Unless the articles provide for the retirement of all Directors at every annual general meeting”*. The second situation is dealt with in the words *“not less than two-thirds of the total number of Directors of a public company shall be persons whose period of office is liable to determination by retirement of Directors by rotation.”*

Consequently,

- Firstly, if the articles of a company provide that all Directors of the company shall retire at every annual general meeting, then all Directors have to retire at

every annual general meeting, and they hold office up to the date of the following annual general meeting, but they may be reappointed at such meeting; and

- Secondly, if the articles of a company do not provide for the retirement of all Directors at every annual general meeting, then the provision of subclause (i) of clause (a) shall come into play and, as a result, not less than two-thirds of the total number of Directors of a company shall be liable to retirement by rotation at annual general meetings.

To ascertain whether the first or the second of the abovementioned two situations is applicable to a company, one has to necessarily refer to the articles of association of the company. The Articles of a company usually contain the following provision where all Directors are liable to retirement at every annual general meeting:

“All Directors shall retire at the conclusion of every annual general meeting and shall be eligible for re-appointment.”

If the articles or a resolution provides for less than one-third of the total number of Directors not liable to retirement, all the remaining Directors shall be liable to retirement. For example, if a company has ten Directors and the articles/ resolution provides for only one director not being liable to retirement, all the remaining nine Directors will be liable to retirement, and out of them one-third (three) will

retire at every annual general meeting. In other words, in the absence of any specific provision regarding one-third of the Directors' non-retirable Directors, all the Directors are liable to retirement and if any provision for less than one-third of Directors being non-retirable exists, all the remaining Directors are liable to retirement.

If a company does not have any specific provision in the articles or in a resolution of the board or shareholders stating that the particular Directors shall not be liable to retirement by rotation (except in the case of managing director), a view may be taken that in the absence of specific provision, all Directors (except managing director) are liable to retire by rotation and one-third of such number should retire at every annual general meeting.

It is therefore desirable to have specified in the articles the Directors not liable to retire by rotation (maximum one-third). This may be done by specifying it in the resolution of the board or of shareholders when a managing/whole-time director is appointed. Alternatively, all Directors (except the managing director) may be made liable for retirement and one-third of such number should retire in accordance with this section.

The words "a public company" in ss. (6) are noteworthy. They mean that the requirements under s. 152(6) apply only to a public company. By necessary implication, they mean that those requirements do not apply to private companies. Under the Companies Act, public company and private company are two distinct types of companies incorporated and they are mutually exclusive. Some of the provisions of the Companies Act do not apply to private companies. By using the words "public company" ss. (6) has been made inapplicable to a private company and made applicable only to public companies.

WHETHER SECTION 160 SHOULD BE COMPLIED WITH BY A PRIVATE COMPANY?

Section 160 (corresponding to s. 257 of the 1956 Act) contains provisions regarding the right of persons other than the retiring Directors to stand for Directorship and provides for the machinery for the election of such persons. It enables any (whether a member of the company or not) person to stand for Directorship at any general meeting and not necessarily only at an annual general meeting.⁵

This section is mandatory for public companies and Articles of Association of a public company cannot make a provision contrary to the section or rendering it ineffective. Section 160 does not apply to private companies which are not subsidiaries of public companies, by virtue of the Notification No. GSR 464(E), dated 5 June, 2015 under s. 462 of the 2013 Act. The precise effect of this exemption is that a private company which is not a subsidiary of a public company, is not required to comply with s. 160 regarding notice in writing by a person who is not a retiring director or by a member intending to propose such person as a director, along with a deposit of one lakh rupees.

⁵ *Re Motion Pictures Association (1974) 44 Comp Cas 298 (Del).*

APPOINTMENT OF ADDITIONAL DIRECTOR

As per s. 161(1) of the 2013 Act, the articles of a company may confer on its Board of Directors the power to appoint any person, other than a person who fails to get appointed as a director in a general meeting, as an additional director at any time who shall hold office up to the date of the next annual general meeting or the last date on which the annual general meeting should have been held, whichever is earlier.

This power can be exercised by the Board of a private company, if its Articles contain a specific provision empowering the Board to do this. An additional director so appointed can hold the office until the forthcoming annual general meeting at which the shareholders appoint such a director. However, as discussed earlier, a private company must appoint Directors at general meetings and hence there is no need to appoint a person as an additional director and then appoint him at the forthcoming annual general meeting; instead, the company can appoint a person as director directly at a general meeting, either for a limited tenure or indefinite period of tenure. In other words, there is no need to resort to the provision of appointment of additional Directors. Instead, a private company may appoint a new director directly at a general meeting at any time, without going through the rigmarole of appointment of an additional director and thereafter getting it confirmed at an annual general meeting.

APPOINTMENT OF ALTERNATE DIRECTOR

Section 161(2) empowers the Board of Directors of a company may, if so, authorised by its articles or by a resolution passed by the company in a general meeting, appoint an alternate director to represent or act for a director during his absence for a period of not less than three months from India. An alternate director has a limited tenure, and for a period longer than that permissible to the director in whose place he has been appointed and shall vacate the office if and when the director in whose place he has been appointed returns to India. A private company which is not a subsidiary of a public company may (if its Articles of Association authorise) may resort to this provision whenever an occasion arises.

APPOINTMENT OF DIRECTOR TO FILL CASUAL VACANCY

Section 161(4), provides that if the office of any director appointed by the company in general meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may, in default of and subject to any regulations in the articles of the company, be filled by the Board of Directors at a meeting of the Board which shall be subsequently approved by members in the immediate next general meeting. This provision is similar to an additional director and hence a private company need not adhere to it whenever the company wants to appoint a new director.





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3

LEGAL WORLD



- DHYAN INVESTMENTS & TRADING CO. LTD v. CENTRAL BUREAU OF INVESTIGATION & ORS [SC]
- INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA v. SHRIRAM LIFE INSURANCE COMPANY LTD [NCLAT]
- QUANTUM MUTUAL FUND & ORS v. ICICI SECURITIES LIMITED & ORS [NCLAT]
- XYZ v. NAVODAYA VIDYALAYA SAMITI & ANR [CCI]
- XYZ v. ALPHABET INC. & ORS [CCI]
- SARANGA ANILKUMAR AGGARWAL v. BHAVESH DHIRAJLAL SHETH [SC]
- U.P. POWER CORPORATION LTD v. SATYA RAM & ANR [SC]
- K.S. MEHTA v. MORGAN SECURITIES AND CREDITS PVT. LTD [SC]
- ENMAS GB POWER SYSTEMS PROJECTS LTD v. MICRO AND SMALL ENTERPRISES FACILITATION COUNCIL & ORS [KANT]



Corporate Laws

Landmark Judgement

LMJ 04:04:2025

DHYAN INVESTMENTS & TRADING CO. LTD v. CENTRAL BUREAU OF INVESTIGATION & ORS [SC]

Appeal (Crl) No(s). 757-758 of 2001

K.T. Thomas & S.N. Variava, JJ. [Decided on 31/07/2001]

Equivalent citations: AIR 2001 SC 2456; 2001 (6) SCC 607; 2001 (4) 2001 (4) SCALE 606; (2001) 6 JT 27 (SC); (2001) 107 Comp Cas 1.

Special Court(Trial of Offences Relating to Transactions in Securities) Act, 1992 read with section 407 of Criminal Procedure Code - transfer of case from one special judge to another- whether High Court has power to transfer- Held, No.

Brief facts:

Facts are immaterial as the question of law raised in this appeal was whether the High Court has power to transfer a case from one Special Judge to another under the Special Court(Trial of Offences Relating to Transactions in Securities) Act, 1992.

Decision: Disposed of.

Reason:

In this Appeal we have not permitted parties to argue on merits. We have confined parties to the question whether the High Court would have power to transfer the case from one Judge of the Special Court to another.

These observations show that the Special Courts were not a High Court. At the same time they are not District Courts within the meaning of Article 235. This shows that the control over Special Courts does not vest in the High Court. This judgment notes therefore, that Special Court not being a District Court, High Court would have no control over it. But the majority accepts that the creation of such a Court does not destroy the constitutional safeguards of judicial independence.

That the Special Court is not subordinate to the High Court is also very clear from the case of *T. Sudhakar Prasad (supra)*, referred to by Mr. Chidambaram. In this case this Court has held as follows :

"18. Subordination of Tribunals and courts functioning within the territorial jurisdiction of a High Court can be

either judicial or administrative or both. The power of superintendence exercised by the High Court under Article 227 of the Constitution is judicial superintendence and not administrative superintendence, such as one which vests in the High Court under Article 235 of the Constitution over subordinate courts. Vide para 96 of L. Chandra Kumar case (supra) the Constitution Bench did not agree with the suggestion that the Tribunals be made subject to the supervisory jurisdiction of the High Courts within whose territorial jurisdiction they fall, as our constitutional scheme does not require that all adjudicatory bodies which fall within the territorial jurisdiction of any High Court should be subject to its supervisory jurisdiction. Obviously, the supervisory jurisdiction referred to by the Constitution Bench in para 96 of the judgment is the supervision of the administrative functioning of the Tribunals as is spelt out by discussion made in paras 96 and 97 of the judgment.

19. Jurisdiction should not be confused with status and subordination. Parliament was motivated to create new adjudicatory fora to provide new, cheap and fast-track adjudicatory systems and permitting them to function by tearing off the conventional shackles of the strict rule of pleadings, strict rule of evidence, tardy trials, three/four-tier appeals, endless revisions and reviews - creating hurdles in the fast flow of the stream of justice." (emphasis supplied)

Thus from this judgment it is clear that only judicial superintendence is envisaged under Articles 226 and 227. There is no administrative control or superintendence. The High Court does not have administrative control over the Special Court under Article 235 of the Constitution of India.

Also to be noted that the Special Court is manned by a sitting Judge of the High Court. On occasions the same Judge also takes up matters of the High Court. Also Section 5 provides that if the Judge manning the Special Court is absent or on leave the duties could be performed by another Judge of the High Court nominated by the Chief Justice of the High Court in consultation with the Chief Justice of India. It would therefore not be in the fitness of things that for purposes of Section 407 Criminal Procedure Code, a sitting Judge of the High Court, performing simultaneous duties be deemed subordinate to the High Court merely because he is trying cases of the Special Court.

In this view of the matter we hold that the Special Court is not subordinate to the High Court and that the High Court would have no power under Section 407 of the Criminal Procedure Code to transfer a case from one Judge of the Special Court to another.

There is a further and greater difficulty in the Appellants' way. In the present case there is only one Special Court. There may be two Judges presiding over the Special Court but that there still is only one Special Court. As already stated above that Special Court is not subordinate to the High Court. What the Appellants are desirous of is transfer from one Judge of the Special Court to another

Judge of the Special Court. On a question from Court, as to whether there is any provision in law which empowered any Court to transfer a case from one Judge of the Supreme Court to another Judge of the Supreme Court or from one Judge of the High Court to another Judge of the High Court, Mr. Chidambaram fairly conceded that there was no such power and that the only approach would be either to make an application before the concerned Judge to recuse himself or to administratively apply either to the Chief Justice of India (in the case of Supreme Court) or to the Chief Justice of the concerned High Court. He added that there have been cases where this Court whilst disposing of an SLP or an Appeal has, whilst remanding the matter, directed that the same be placed before some other Judge. He however fairly conceded that such directions were not pursuant to any power to transfer. In our view this is an identical situation. It is for that reason that Section 10, which had been incorporated in the 1979 Act was advisedly not incorporated in the Special Courts Act.

In this view of the matter, we hold that Section 407 Cr.P.C. does not apply. We see no reason to interfere with the impugned Orders. The Appeals stands disposed of accordingly. There shall be no Order as to costs.

LW 25:04:2025

**INSURANCE REGULATORY AND DEVELOPMENT
AUTHORITY OF INDIA v. SHRIRAM LIFE
INSURANCE COMPANY LTD [NCLAT]**

**TA (AT) No.04/2024 (Company Appeal (AT)
No.278/2024) with 3 connected appeals.**

**Sharad Kumar Sharma & Jatindranath Swain.
[Decided on 10/03/2025]**

Sections 230-232 of the Companies Act, 2013 read with Section 35 of the Insurance Act- transferor companies engaged in non-insurance business- transferee company engaged in insurance business- amalgamation- whether prior approval from IRADI required- Held, No.

Brief facts:

Transferor companies engaged in noninsurance business merged with transferee company which is engaged in the business of insurance. The merger scheme was approved and sanctioned by the NCLT rejecting the objection raised by the Appellant herein, that the prior approval of the Insurance authority is required for the sanction of the scheme under the Insurance Act.

Decision: Dismissed.

Reason:

It is borne out from record and the findings, which has been recorded in the respective Impugned Orders, that various steps and compliances as prescribed in the procedure have been strictly followed by the Transferor Companies and the Transferee Companies in accordance with the provisions contained under Section 230 to 232 of the Companies Act and the aforesaid Rules. First Motion

applications were filed for convening / dispensing with the Meeting of the Shareholders, Secured Creditors and Unsecured Creditors of the Petitioner's Company, before the respective Tribunals. The said First Motion applications were disposed of by the respective Tribunals dispensing with the holding of a Meeting with the Equity Shareholders and Secured and Unsecured Creditors of the Petitioner's Companies. No objection of any kind since was ever raised at the stage of dispensation of carrying the First Motion and hence, no plea under Section 6A of Insurance Act would be attracted.

Except for the Appellant herein who had filed their objection against the Scheme of Amalgamation owing to the non-compliance of the provisions contained under Section 35 of the Insurance Act, all other Authorities i.e. the Regional Director, Official Liquidator-Chennai, Income Tax Department, Competition Commission of India, Reserve Bank of India and Valuers Report had supported the Scheme of Amalgamation and conveyed their no objection to the Scheme.

The objections as preferred by the Appellant were considered by the respective Tribunals observing thereof that, owing to the fact of no objection having been given by the Income Tax Department, and no objection having been given by the Regional Director, the Official Liquidator, the Competition Commission of India and with obtaining of the Valuers Report and since the Scheme of Amalgamation being not in violation of Section 35 of the Insurance Act, based on the reasons given in detail in the respective Orders, the Scheme of Amalgamation as proposed by the respective Petitioner Companies are fit to be approved.

After having heard the learned counsels for the parties, and having given a thoughtful consideration to the grounds taken by the learned counsels for the parties and particularly owing to the percept of "Amalgamation", which we have dealt with hereinabove, as there happens to be no statutory bar created under the Insurance Act, which could have called for a prior compliance of Section 35 of Insurance Act, for Amalgamation in the instant cases to be carried under Section 230 to 232 of the Companies Act, 2013, the Amalgamation as made by the Impugned Orders do not suffer from any apparent legal error which could call for an interference in the exercise of our Appellate powers under Section 421 of the Companies Act, 2013.

LW 26:04:2025

**QUANTUM MUTUAL FUND & ORS v. ICICI
SECURITIES LIMITED & ORS [NCLAT]**

Company Appeal (AT) No.333 of 2024 & 334 of 2024

**Yogesh Khanna & Ajai Das Mehrotra.[Decided on
10/03/2025]**

Sections 230-232 of the Companies Act, 2013 read with regulation 37 of SEBI (Delisting of Equity Shares) Regulations, 2021- NCLT sanctioned the scheme of amalgamation- objection of the

appellant rejected- appellant not having requisite shareholding to object- whether rejection is correct-Held, Yes.

Brief facts:

These appeals have been filed against an impugned order passed by the NCLT - Mumbai sanctioning the amalgamation scheme between ICICI Bank Ltd and ICICI Securities Ltd on the following three grounds that (i) NCLT while approving the scheme has toed in favour of Regulation 37 of SEBI (Delisting of Equity Shares) Regulations, 2021, which it ought not to have done; (ii) the share valuation and swap ratio is wrong; and (iii) though the appellants did not have the minimum percentage of shareholding to object the scheme, yet their objections should have been considered by the NCLT in view of *Ankit Mittal v. Ankit Pratisthan Ltd & Ors* 2019 SCC Online NCLAT 847 and *Miheer H Mafatlal v. Mafatlal Industries Ltd* (1997) 1 SCC 579;

Decision: Dismissed.

Reason:

We find there is no conflict between Section 230 of the Act and Regulation 37. There is no provision in Section 230 of the Act specifically requiring a separate meeting of public shareholders of a company. Section 230(1) refers to a scheme between a company and its members or class of members. Correspondingly, Section 230(3) refers to power of the Ld. NCLT to convene a meeting of members or a class thereof, as the case may be. At any rate, there is no specific provision in the Act specifically requiring a meeting of public shareholders in listed companies. Indeed, Section 230 only requires a meeting to be held between the members and the company or such classes of members and the company, where the scheme of arrangement is between the company and a specific class of members. In the present case, the scheme is a uniform scheme for all equity shareholders, namely a uniform scheme of delisting; the delisting in the present case being feasible only through the vehicle of a wholly owned subsidiary and not through an amalgamation in view of the extant regulatory regime applicable to ICICI Bank.

To conclude, we are of the view the Ld. NCLT had correctly appreciated the provisions of Section 230 and Regulation 37 of the Delisting Regulations and has applied the said provisions harmoniously to the facts and circumstances at hand. The Ld. NCLT's finding viz no separate meeting of public shareholders is required in the circumstances, is in consonance with the object and purpose of Regulation 37 and in no way conflicting to the provisions of Section 230 of the Act. If the Appellants' submission regarding a separate meeting is accepted, then every scheme under Regulation 37 will need to be approved by meeting of separate class of shareholders (promoters and public) thereby rendering the provisions of Regulation 37(2) (d) completely otiose, as has also been observed by the Ld. NCLT in its impugned order.

Now coming to challenge qua valuation and swap ratio, we find the joint valuation report has been prepared by

2 (two) independent registered valuers who adopted a comprehensive methodology by applying a combination of internationally recognized and commonly used methods. The valuation was supported by fairness opinions issued by two SEBI registered merchant bankers. We find the valuation of ICICI Securities is in accordance with the minimum requirement prescribed under Regulation 37(2) (j) of the Delisting Regulations i.e., per share valuation of the listed subsidiary shall be at least equal to 60-day Volume Weighted Average Price (VWAP)

It is settled law the courts should not enquire into the issue of valuation of shares as the same is a question of fact based on technical and complex considerations and should be left to the experts in the field of accountancy, as has been held in *G.L. Sultania & Anr. v. Securities and Exchange Board of India* (2007) 5 SCC 133 and *Miheer H. Mafatlal v. Mafatlal Industries Ltd.* (1997) 1 SCC 579). Hence objections to this regard are all rejected.

Lastly after examining the Scheme we also need to find the entitlement of appellants to object the Scheme. The Appellants i.e., Quantum Mutual Fund (Quantum) does not meet the minimum threshold of 10% shareholding required to be entitled to object to a scheme, prescribed under the proviso to Section 230(4) of the Act. As on 20 March 2024 (being the cut-off date under the Scheme), and Quantum held 2,86,992 shares of ICICI Securities shares i.e., 0.08% shareholding. Now, section 230(4) of the Act is a mandatory provision, and the usage of the word 'shall' followed by the word 'only' in the proviso to Section 230(4) reflects the legislative intent to mandatorily exclude all such person who do not meet the threshold prescribed. Notably, the erstwhile Companies Act, 1956 did not provide for a threshold for objecting to a scheme. Subsequently, the Report of the Expert Committee on Company Law dated 31 May 2005 observed that shareholders holding miniscule shareholding raised frivolous objections with the objective of stalling the implementation of a scheme which was otherwise approved by the requisite majority of shareholders. Accordingly, the threshold in proviso to Section 230(4) was introduced to prohibit objectors like the appellants from stalling the Scheme.

Hence, as has been correctly held by Ld. NCLT, the Appellants are not entitled to object to the Scheme and not entitled to maintain an appeal as an 'aggrieved person'. Consequently, in view of proviso to Section 230(4) too, the present appeal is also not maintainable at the instance of the appellants. Notably, the Scheme has been approved by 93.82% of equity shareholders and 71.89% of public shareholders. The Appellants who hold merely 0.08% shareholding are depriving the majority shareholders of the benefits of the Scheme by filing frivolous objections and derailing its implementation. This militates the very principle of shareholder democracy.

In conclusion, we are of the view that, firstly, the application is not maintainable under proviso of Section 230(4) of the Companies Act, 2013 as the Appellants do not have the requisite shareholding, and secondly, even on merits, as discussed above, both the appeals fail.



Competition and Consumer Laws

LW 27:04:2025

XYZ v. NAVODAYA VIDYALAYA SAMITI & ANR [CCI]

Case No. 25 of 2024

Ravneet Kaur, Anil Agrawal, Sweta Kakkad & Deepak Anurag.

[Decided on 03/03/2025]

Competition Act, 2002- Section 4- abuse of dominance- Section 3 - anti competitive agreements- supply of goods/materials to PM Shree scheme through bidding- release of RFP restricting entry of entities- whether allegations tenable-Held, No.

Brief facts:

The Informant primarily appears to be aggrieved by the alleged abuse of dominant position by OP-1 in appointing OP-2 as the PMC for implementation of the PM SHRI scheme in Jawahar Navodaya Vidyalaya (JNVs) across India without providing any reasonable justifications as to why OP-2 was selected to carry out the Work Order dated 24.01.2024. The Informant also appears to be aggrieved, inter alia, by alleged abuse of dominant position by OP-2 in releasing an RFP which restricted entry of entities in the bidding process and also outlined a very broad scope of work that is not capable of being carried out by any one entity in its entirety. In addition to the allegations under Section 4 of the Act, the Informant has alleged violation of the provisions of Section 3 of the Act.

Decision: Dismissed.

Reason:

With regard to the violation of Section 3 of the Act, the Commission notes that it prohibits anti-competitive agreements which include but are not limited to cartel and bid-rigging. The Commission notes that the Informant has alleged tacit agreement between OP-1 and OP-2 in awarding tender, however, it has not provided any evidence or material which could indicate bid rigging in violation of Section 3 of the Act. Accordingly, the Commission deems it appropriate not to proceed further on the basis of such unsubstantiated allegations.

As far as allegations under Section 4 is concerned, the Informant has alleged that OP-1 awarded the Work Order to OP-2, despite it having no prior experience or relation whatsoever with the PM SHRI Scheme and abused its dominant position under Section 4 of the Act. Further

OP-2 abused its dominant position by issuing an RFP which is faulty, restrictive and defective. The Commission is of the view that the alleged conduct of OP-1 in appointing OP-2 as PMC and further issuance of faulty RFP by OP-2 themselves are not amenable under the province of Section 4 of the Act without any supporting evidence. Simply selection or non-selection of an agency as PMC or issuance or non-issuance of RFP or issuance of defective RFP by an entity cannot be said to be abusive in terms of Section 4 of the Act unless and until there are availability of ingredients of the same as required under the Act. As stated, these issues lie within the precinct of the freedom of the procurer.

The Commission in its various orders have opined that the procurer, which can also be considered a consumer of a tendering process, is at liberty to set its terms and conditions for procurement, based on its requirements. Every consumer/procurer must have freedom to exercise their choice freely in the procurement of goods and services. Such choice is sacrosanct in a market economy as the consumers are in the best position to evaluate what meets their requirements and provides them competitive advantage in provision of their services. While exercising such choice, they may stipulate standards for procurement which meets their requirement and the same as such ipso facto cannot be held as anti-competitive. Accordingly, the Commission, based on the facts and circumstances and analysis carried out supra, does not find it appropriate to examine the conduct of OP-1 and OP-2. Accordingly, the Commission has refrained from delineating relevant market and assessment of dominance, as required under the provisions of the Section 4 of the Act.

In the facts and circumstances of the present case and analysis carried out hereinabove, the Commission is of the view that no prima facie case of contravention of either Section 3 or Section 4 of the Act is made out in the present matter against OP-1 and OP-2. Accordingly, the Information is ordered to be closed forthwith.

LW 28:04:2025

XYZ v. ALPHABET INC. & ORS [CCI]

Case No. 03 of 2024

Ravneet Kaur, Anil Agrawal, Sweta Kakkad & Deepak Anurag.

[Decided on 03/03/2025]

Competition Act, 2002- Section 4- abuse of dominance- bundling of computer software Microsoft Defender- preinstallation thereof in computer systems - whether abuse of dominance-Held, No.

Brief facts:

The Informant has alleged that Microsoft is abusing its dominant position in the aforementioned markets through the following conduct:

- Microsoft has excluded potentially more efficient competing antivirus software vendors in India by

preinstalling and setting Microsoft Defender as the pre activated default antivirus app in Windows OS, thereby violating Section 4(2)(a)(i) of the Act.

- Microsoft has illegally hindered the development and market access of rival security software developers by tying and bundling its own security software, Microsoft Defender with Windows Operating System, thereby violating Section 4(2)(b)(ii) and Section 4(2)(c) of the Act.
- Microsoft has illegally hindered the development and denied market access of rival security software developers by making membership of MVI compulsory in order to get listed in the Microsoft Store and work smoothly in Windows OS, thereby violating Section 4(2)(c) of the Act.
- Microsoft is leveraging its dominance in the market for desktop operating system to protect its position in the market for security software/antivirus software developers in India, thereby violating Section 4(2)(e) of the Act.

Decision: Dismissed.

Reason: Issue 1:

Does the inclusion of Microsoft Defender with the Windows operating system constitute an imposition of an unfair condition by Microsoft, thereby violating Section 4(2)(a)(i) of the Act?

The Commission observes that there is no compulsion on users to exclusively use Microsoft Defender as their antivirus solution. Users are free to install any third-party antivirus software of their choice, either through the internet or via the Microsoft Store. They can opt to continue using Microsoft Defender or replace it with a non-Microsoft solution on Windows. The Commission further notes that OEMs are also permitted to pre-install alternative third-party antivirus software on desktops and laptops running Windows OS. Additionally, other OS providers, such as macOS and ChromeOS, also include built-in antivirus functionality in place. Therefore, in the absence of an element of compulsion or imposition, *prima facie* there appears to be no violation of Section 4(2)(a)(i) of the Act.

Issue 2. Has Microsoft's conduct resulted in an impediment to technical and scientific development in the market for antivirus applications, thereby violating Section 4(2)(b)(ii) of the Act?

The Commission notes that the Informant has not provided any evidence to substantiate that there has been any actual or potential impediment to technical and scientific development on account of Microsoft's practices. Additionally, the Commission observes that there are many developers of antivirus software, and each of these providers routinely introduce new features and enhance their offerings to provide better services to customers. This ongoing innovation in the sector indicates that Microsoft's inclusion of Defender has not stifled technological advancement or deterred competition. Moreover, the submissions made by Microsoft further reinforce this view, as they indicate that other operating system providers are also consistently

developing and rolling out new security features, updates, and performance enhancements. This suggests that technological progress in the cybersecurity and OS sectors remains dynamic and is not hindered by alleged Microsoft practices. Furthermore, the Commission also notes from the submissions of Microsoft that it neither extracts nor has access to any technologically privileged information from other antivirus programs, including those participating in the MVI program. Thus, allegations against Microsoft in respect of any actual or potential impediment to technical and scientific development appear to be largely speculative and lack relevant proof of harm, and *prima facie* there appears to be no violation of Section 4(2)(b)(ii) of the Act.

Issue-3 Does Microsoft's conduct of bundling its own security software, Microsoft Defender, with the Windows Operating System violate Section 4(2)(d) of the Act?

As regards the allegation under Section 4(2)(d) of the Act, the Commission observes that economic literature, as well as the past decision of the Commission (Case No. 15 of 2020: Harshita Chawla vs WhatsApp and Anr), has laid down certain conditions which need to be fulfilled to conclude a case of tying. Such conditions are (i) the tying and tied products are two separate products; (ii) the entity concerned is dominant in the market for the tying product; (iii) the customers or consumer does not have a choice to obtain the tying product only without the tied product; and (iv) the tying is capable of restricting/foreclosing competition in the market.

The Commission does not agree with Microsoft's integrative approach, which suggests that Microsoft Defender is merely a core security feature of Windows OS. Given this, the first two conditions for anti-competitive tying--(i) the existence of two separate products and (ii) dominance in the tying product market (Windows OS) appear to be met in this case.

On the third condition, i.e. whether there is any compulsion/coercion on the users to necessarily purchase/use the tied product to use the tying product, the Commission observes that there has been no anti-competitive tying in the present case as there is no element of 'coercion' for the two products to be purchased or used together.

Lastly, as regards the fourth condition, i.e. the actual or likely impact of installation on competition in the market for tied products, the Commission observes that there is no indication of market foreclosure in the antivirus solutions sector.

For the foregoing reasons, the Commission is of the view that the allegation of the Informant under Section 4(2)(d) of the Act is not made out.

Issue 4: Has Microsoft leveraged its dominant position in the market for operating systems for personal computers in India to safeguard its position in the market for computer security (antivirus) software for Windows OS, thereby violating Section 4(2)(e) of the Act?

Therefore, in the absence of compelling evidence of restrictive practices, the allegation that Microsoft has leveraged its dominance in the operating system market to protect its position in the computer security software market, in violation of Section 4(2)(e) of the Act, does not appear to be substantiated.

Issue 5: Has Microsoft restricted the development and market access of rival security software developers by making MVI membership a mandatory requirement for listing in the Microsoft Store thereby violating Section 4(2)(c) of the Act?

The Commission observed that non-MVI antivirus developers are not restricted from distributing their applications on Windows, as they can do so through the Microsoft Store and direct downloads from their websites. While non-MVI applications cannot automatically disable Microsoft Defender, they can operate concurrently, and the claim that non-MVI members are blocked is inaccurate. Instead, such applications undergo enhanced scrutiny to ensure that only legitimate software interacts with Microsoft Defender while maintaining user protection. Furthermore, non-MVI applications can notify users of updates and offer their services without obstruction. As noted in the OP's submission, the MVI program is designed to support organizations in improving their security solutions on Windows by providing necessary tools, resources, and knowledge to develop effective, reliable, and compatible products. Thus, Microsoft may pursue its legitimate interest by prescribing certain reasonable compatibility requirements and thereby not appear to be in violation of Section 4(2)(c) of the Act.

Based on the aforesaid, the Commission does not find alleged contravention of the provisions of Section 4 of the Act against Microsoft being made out.

LW 29:04:2025

SARANGA ANILKUMAR AGGARWAL v. BHAVESH DHIRAJLAL SHETH [SC]

Civil Appeal No. 4048 of 2024

Vikram Nath & Prasanna B. Varale JJ. [Decided on 04/03/2025]

Consumer Protection Act read with Insolvency and Bankruptcy Code- multiple penalties under CP Act imposed by NCRDC - execution of NCRDC order-whether barred under moratorium issued under the IBC- Held, No.

Brief Facts:

The present appeal was filed against the final judgment and order passed by the National Consumer Disputes Redressal Commission, wherein multiple penalties (27 in total) were imposed on the appellant for failing to deliver possession of residential units to homebuyers as per the agreed timeline. The appellant seeks a stay on the penalty proceedings before the NCDRC, contending that an application under Section 95 of the Insolvency and Bankruptcy Code, 2016 has been filed against them, triggering an interim moratorium under Section 96 of the IBC. The Supreme Court was called upon to adjudicate whether execution proceedings under Section 27 of the Consumer Protection Act, 1986, can also be stayed during an interim moratorium under Section 96 of the IBC.

Decision: Dismissed.

Reason:

The primary question of law before this Court is whether the execution of penalty orders passed by the NCDRC can be

stayed under the interim moratorium provisions of Section 96 of the IBC.

We find that there is a fundamental distinction between civil and criminal proceedings concerning a debt moratorium. While civil proceedings are generally stayed under IBC provisions, criminal proceedings, including penalty enforcement, do not automatically fall within its ambit unless explicitly stated by law. The penalties imposed by the NCDRC are regulatory in nature and arise due to non-compliance with consumer protection laws. They are distinct from “debt recovery proceedings” under the IBC.

A moratorium under Section 96 of the IBC is distinct from a corporate moratorium under Section 14 of the IBC. Section 96 of the IBC applies to individuals and personal guarantors and provides that during the interim moratorium period, “any legal action or proceedings relating to any debt shall be deemed to have been stayed.” However, it is pertinent to note that this provision applies only to “debt” as defined under the IBC and not to regulatory penalties imposed for non-compliance with consumer protection laws. A careful reading of the statutory scheme of the IBC suggests that penalties arising from regulatory infractions are not covered under the ambit of “debt” as envisioned under the Code.

It is well settled that there exists a distinction between punitive actions and criminal proceedings. While a criminal proceeding is initiated by the State against an accused to determine guilt and impose penal consequences, punitive actions in the regulatory sphere, such as those imposed by the NCDRC, are meant to ensure compliance with the law and to act as a deterrent against future violations. Section 27 of the CP Act empowers consumer fora to impose penalties to ensure adherence to consumer protection norms. These penalties do not arise from any “debt” owed to a creditor but rather from the failure to comply with the remedial mechanisms established under consumer law. Unlike a criminal prosecution, which requires the establishment of mens rea, the penalties imposed by NCDRC are regulatory in nature and aim to protect the public interest rather than to punish criminal behaviour.

In the present case, the damages awarded by the NCDRC arise from a consumer dispute, where the appellant has been held liable for deficiency in service. Such damages are not in the nature of ordinary contractual debts but rather serve to compensate the consumers for loss suffered and to deter unethical business practices. Courts and tribunals, including the NCDRC, exercise their statutory jurisdiction to award such damages, and these are distinct from purely financial debts that may be subject to restructuring under the IBC. Since such damages are covered under “excluded debts” as per Section 79(15) of the IBC, they do not get the benefit of the moratorium under Section 96 of the IBC, and their enforcement remains unaffected by the initiation of insolvency proceedings.

Furthermore, the rationale behind excluding such liabilities from the moratorium is rooted in public policy considerations. If damages arising from legal violations, consumer protection claims, or penalties imposed by courts and tribunals were to be shielded under the moratorium, it would create an unfair advantage for errant entities and

individuals, allowing them to evade their legal obligations under the guise of insolvency. The IBC, being a special law meant to balance the interests of all stakeholders, does not intend to provide relief to those who have been held liable for statutory breaches or misconduct.

The penalties imposed by the NCDRC arise due to non-compliance with consumer protection laws and serve a regulatory function rather than constituting “debt recovery proceedings.” This distinction is crucial. The IBC is designed to deal with insolvency resolution and financial distress, whereas consumer protection laws exist to uphold consumer rights and ensure fair business practices. The penalties under Section 27 of the CP Act are aimed at compelling compliance and cannot be equated with recovery of an outstanding debt. The appellant cannot claim that such penalties fall within the scope of a debt moratorium, as they do not constitute financial liabilities owed to a creditor but rather statutory obligations enforced to uphold consumer rights. Allowing the stay of such penalties would effectively enable businesses to flout consumer protection mandates by merely initiating insolvency proceedings, which would be an unintended and dangerous consequence of a misinterpretation of the law.

The present case does not involve a mere financial dispute but concerns the enforcement of consumer rights through regulatory penalties. Given that the legislative intent behind the CP Act is to ensure compliance with consumer welfare measures, staying such penalties would be contrary to public policy. Further, the appellant cannot invoke insolvency proceedings as a shield to evade statutory liabilities. The objective of the IBC is to provide a mechanism for resolving financial distress, not to nullify obligations arising under regulatory statutes. For the foregoing reasons, this Court finds no merit in the appellant’s arguments.



Labour Laws

LW 30:04:2025

U.P. POWER CORPORATION LTD v. SATYA RAM & ANR [SC]

Civil Appeal No. of 2025 (@ SLP(C) No. 12310 of 2023)

Sanjay Kumar & Augustine George Masih, JJ. [Decided on 05/03/2025]

Retirement of workers- dispute as to correct age of workers- labour court directed payment of compensation- High Court confirming the order- correct age of workers ignored by High Court- whether the judgement tenable-Held, No.

Brief Facts:

The High Court confirmed the direction issued by the Deputy Labour Commissioner, Devi Patan Division, Gonda, to the appellant to pay each of the two workers, viz., respondents herein, a sum of ₹3,26,651/-, aggregating to ₹6,53,302/-, without going into the correctness of their age and accepting that they were 55 years of age and have right to continue the services.

Decision: Allowed.

Reason:

First and foremost, we may note that the two respondents were engaged in service by the appellant in 1971 and 1973. There is no material on record to indicate what their ages were at that time. However, we shall presume that they would have been majors, i.e., at least 18 years old, when they were engaged in the service of the appellant, a State instrumentality. If that be so, they would attain the age of 60 years in 2013 and 2015 respectively. In any event, they would have rendered about 40 years’ service by 2013.

This aspect of the matter was completely ignored by the High Court, which seems to have blindly acted upon the claim of the respondents that they were 55 years old in 2018 and were entitled to continue in service till 2023. Accepting their claim would mean that they were aged about 8 years and 10 years respectively when they entered the service of the appellant, which is quite unbelievable.

We, therefore, hold that the Deputy Labour Commissioner, Devi Patan Division, Gonda, erred in directing payment of salary to the respondents for the period 01.01.2015 to 31.05.2018. This erroneous order ought not to have been confirmed by the High Court, ignoring the aforesaid factual aspects. The appeal is accordingly allowed.



General Laws

LW 31:04:2025

K.S. MEHTA v. MORGAN SECURITIES AND CREDITS PVT. LTD [SC]

Criminal Appeal No. of 2025 [@ SLP (Criminal) No. 4774 of 2024]

B. V. Nagarathna & Satish Chandra Sharma & [Decided on 04/03/2025]

Negotiable Instruments Act- section 141- cheque dishonour- vicarious liability of director- complaint did not contain specific averments- trial court issued process- High Court refused to quash the process- whether correct-Held, No.

Brief facts:

The appellants were prosecuted along with the accused company for the offence of dishonour of cheque. The appellants filed a petition under 482 of the Cr.P.C. to quash the proceedings against them as they are not vicariously liable for the offence, which petition was dismissed by the High Court. Hence the present appeal before the Supreme Court.

Decision: Allowed.**Reason:**

Upon perusal of the record and submissions of the parties, it is evident that the Appellant(s) neither issued nor signed the dishonoured cheques, nor had any role in their execution. There is no material on record to suggest that they were responsible for the issuance of the cheques in question. Their involvement in the company's affairs was purely non-executive, confined to governance oversight, and did not extend to financial decision-making or operational management.

The complaint lacks specific averments that establish a direct nexus between the Appellant(s) and the financial transactions in question or demonstrate their involvement in the company's financial affairs. Additionally, the CGR(s) and ROC records unequivocally confirm their non-executive status, underscoring their limited role in governance without any executive decision-making authority. The mere fact that Appellant(s) attended board meetings does not suffice to impose financial liability on the Appellant(s), as such attendance does not automatically translate into control over financial operations.

Given the lack of specific allegations and in view of the aforesaid observations, the Appellant(s) cannot be held vicariously liable under Section 141 of the NI Act.

LW 32:04:2025

ENMAS GB POWER SYSTEMS PROJECTS LTD v. MICRO AND SMALL ENTERPRISES FACILITATION COUNCIL & ORS [KANT]

Writ Petition No. 29610 of 2017 (GM-RES)

Suraj Govindaraj, J. [Decided on 19/03/2025]

Micro Small and Medium Enterprises Development Act- Section 18- dispute as to payment- MSFC conducted conciliation proceedings – failure of settlement- MSFC passed the award without referring the parties to arbitration- whether the award tenable-Held, No.

Brief facts:

The Respondent No.2 filed a complaint before the Respondent No.1 Council for the recovery of dues relating to the supplies made by it to the Petitioner herein. The matter was taken up by the Council and several meetings held by the Council and finally an award was passed on 14.03.2017 directing the Petitioner to make payment of sum of Rs.11,88,756/- towards the Principal outstanding dues along with interest at three times of the bank rate notified by the Reserve Bank of India.

Decision: Allowed.**Reason:**

The short question that would arise for consideration is whether the Micro and Small Enterprises Facilitation Council could have passed an award on account of conciliation having failed without referring the matter to arbitration?

In the present case, on receiving a reference under Section 17, the Council did not make further reference to any other institution but took up conciliation proceedings by itself and has conducted conciliation between the petitioner and respondent No.2 on several occasions. In the meeting held on 08.02.2017, the council held that the petitioner and the 2nd respondent failed to reconcile the account despite sufficient time having been granted and further held that the fact that the petitioner had made payment of a sum of Rs.12,69,643/- indicated that the 2nd respondent was entitled to receive balance payment from the petitioner herein. On the basis of the affidavit, memorandum, delivery challans etc., came to a conclusion that there is no reason to disbelieve or discard the claim of the 2nd respondent, observing that there was a time limit for the Council to decide the reference passed the aforesaid award. Thus, essentially the Council has passed the award on account of conciliation between the petitioner and 2nd respondent having failed and at the same time concluding that there is no reason to disbelieve the claim of 2nd respondent.

In terms of Sub-Section (3) of Section 18, which is reproduced herein above, it is clear that when the conciliation initiated under sub-section (2) of Section 18 is not successful i.e. there is no settlement arrived at between the parties then the conciliation proceedings would have to be terminated and thereafter the Council shall either take up the dispute for arbitration or refer it to any institution or centre providing alternate dispute resolution services for such arbitration under the provisions of the Arbitration and Conciliation Act, 1996 as if the arbitration was in pursuance of an arbitration agreement referred to in sub-section (1) of section 7 of that Act.

In the present case as could be seen upon the conciliation having failed neither the Council terminated the proceedings nor did it take up the matter for arbitration or refer the matter for arbitration to any institution. Once the conciliation had failed, it was the duty and obligation on part of the Council to terminate its proceedings and refer the matter to arbitration or take up the matter for arbitration, which would require the Arbitration and Conciliation Act, 1996 to apply to the Arbitral proceedings. None of them having occurred, the Council could not have on its own come to a conclusion that there is no reason to disbelieve or discard the claim of the petitioner allegedly supported by the documents without providing an opportunity to the petitioner to file its detailed objections to lead evidence and contest the matter.

In that view of the matter, it is clear that award has been passed contrary to sub-section (3) of Section 18 by the Council there being no jurisdiction vested with the Council to pass any such award after the conciliation has failed. The award having been passed suffering from jurisdictional error i.e. to say there being no jurisdiction at all. The decision of Hon'ble Apex Court in the case of *Whirlpool Corporation v. Registrar of Trademarks, Mumbai & Ors (1998) 8 SCC 1* would be applicable for this Court to exercise its jurisdiction under Article 226 to intervene where such injustice has occurred by passing or orders by an authority having no Jurisdiction. Hence, the writ petition is allowed.



**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)

Empanelment of General Observers (GO) for CS Examinations June, 2025

The Institute conducts Company Secretary Examinations twice in a year in the month of June and December at various Examination Centres across India and abroad. Local Members of the Institute in the cities of Examination Centres are deputed as General Observer to oversee and ensure smooth conduct of the CS Examinations.

The Institute invites interested eligible members to empanel themselves as General Observers for the CS Examinations, June, 2025 scheduled to be held from **1st June 2025 to 10th June 2025** at various Examination Centres across India and abroad.

Eligibility Criteria for Empanelment:

- i. Applicant must be a member of the Institute as on date and none of his/her relative(s)* as defined below, is appearing in the Company Secretaries Examinations - June 2025 at any examination centre(s) in India or Abroad.
- ii. Applicant's age, as on date, shall be more than 25 years and not more than 65 years on the date of application and his/her membership in Institute should be more than 3 years old without any break.
- iii. None of his/her trainee(s) is appearing for CS Examination – June 2025 from the examination centre(s) where the applicant is desirous to be appointed as General Observer.
- iv. Applicant should not be appearing in any of the Examinations conducted by ICSI including Post Membership Qualification Examinations.
- v. Applicant should not be associated with the Institute as a member of Council / Regional Council / Managing Committee of the Chapter(s) of the ICSI.
- vi. Applicant should not be associated in any manner with Oral Tuition Classes conducted by Regional offices/Chapters of the Institute for the CS examinations.
- vii. Applicant should not be associated with any private coaching centre(s) conducting classes of CS course or Study Centre(s) of ICSI.
- viii. Applicant should not be a Counsellor/ CS Mitra of the Institute.

Honorarium of Rs.1400 (Rs. One Thousand Four Hundred only) per day will be paid for the duty as General Observer.

Tentative Schedule

Opening of General Observer Portal for Empanelment	7th April, 2025 (Monday)
Closing of General Observer Portal for Empanelment	28th April, 2025 (Monday)
Allotment of General Observer duties to eligible members	2nd week of May 2025

Interested members of ICSI fulfilling the eligibility criteria may empanel themselves for General Observer duty for CS Examinations, June, 2025 through ICSI Observer Portal i.e. <https://observer.icsi.edu>

***DEFINITION OF RELATIVE:** THE TERM "RELATIVE" FOR THE PURPOSE OF EXAMINATION SHALL INCLUDE IN RELATION TO AN INDIVIDUAL, THE WIFE, HUSBAND, SON, DAUGHTER, FATHER, MOTHER, DAUGHTER-IN-LAW, SON-IN-LAW, GRANDSON, GRAND DAUGHTER, BROTHER, BROTHER'S WIFE, BROTHER'S SON, BROTHER'S DAUGHTER, SISTER, SISTER'S HUSBAND, SISTER'S SON, SISTER'S DAUGHTER, WIFE'S BROTHER, WIFE'S SISTER, HUSBAND'S BROTHER, HUSBAND'S SISTER AND THEIR CHILDREN AND ANY OTHER DEPENDENTS/PERSON RESIDING WITH HIM/HER INCLUDING THE TRAINEE STUDENT UNDERGOING TRAINING UNDER HIM/HER.

4

FROM THE GOVERNMENT



- INDUSTRY STANDARDS ON “MINIMUM INFORMATION TO BE PROVIDED FOR REVIEW OF THE AUDIT COMMITTEE AND SHAREHOLDERS FOR APPROVAL OF A RELATED PARTY TRANSACTION”
- FACILITATING EASE OF DOING BUSINESS RELATING TO THE FRAMEWORK ON “ALIGNMENT OF INTEREST OF THE DESIGNATED EMPLOYEES OF THE ASSET MANAGEMENT COMPANY (AMC) WITH THE INTEREST OF THE UNITHOLDERS”
- DISCLOSURE OF HOLDING OF SPECIFIED SECURITIES IN DEMATERIALIZED FORM
- ONLINE FILING SYSTEM FOR REPORTS FILED UNDER REGULATION 10(7) OF SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011
- HARNESSING DIGILOCKER AS A DIGITAL PUBLIC INFRASTRUCTURE FOR REDUCING UNCLAIMED ASSETS IN THE INDIAN SECURITIES MARKET
- FRAMEWORK ON SOCIAL STOCK EXCHANGE (“SSE”)
- FASTER RIGHTS ISSUE WITH A FLEXIBILITY OF ALLOTMENT TO SPECIFIC INVESTOR(S)
- RELAXATION IN TIMELINE FOR REPORTING OF DIFFERENTIAL RIGHTS ISSUED BY AIFs
- SPECIAL CLEARING OPERATIONS ON MARCH 31, 2025
- GENERAL NOTIFICATION FOR SALE AND ISSUE OF GOVERNMENT OF INDIA SECURITIES (INCLUDING TREASURY BILLS AND CASH MANAGEMENT BILLS)
- GOLD MONETIZATION SCHEME (GMS), 2015 - AMENDMENT
- MASTER DIRECTION – RESERVE BANK OF INDIA (PRUDENTIAL NORMS ON CAPITAL ADEQUACY FOR REGIONAL RURAL BANKS) DIRECTIONS, 2025
- MASTER DIRECTIONS - RESERVE BANK OF INDIA (PRIORITY SECTOR LENDING – TARGETS AND CLASSIFICATION) DIRECTIONS, 2025
- PRIORITY SECTOR LENDING CERTIFICATES
- REVIEW OF PRIORITY SECTOR LENDING (PSL) TARGET – URBAN CO-OPERATIVE BANKS (UCBs)
- CURRENCY CHEST OPERATIONS ON MARCH 31, 2025
- TREATMENT OF RIGHT-OF-USE (ROU) ASSET FOR REGULATORY CAPITAL PURPOSES
- AMORTISATION OF ADDITIONAL PENSION LIABILITY - IMPLEMENTATION OF PENSION SCHEME IN REGIONAL RURAL BANKS WITH EFFECT FROM NOVEMBER 1, 1993 - PRUDENTIAL REGULATORY TREATMENT
- RESERVE BANK OF INDIA (FINANCIAL STATEMENTS - PRESENTATION AND DISCLOSURES) DIRECTIONS, 2021: CLARIFICATIONS
- ASIAN CLEARING UNION (ACU) MECHANISM – INDO-MALDIVES TRADE
- ANNUAL CLOSING OF GOVERNMENT ACCOUNTS – TRANSACTIONS OF CENTRAL / STATE GOVERNMENTS – SPECIAL MEASURES FOR THE CURRENT FINANCIAL YEAR (2024-25)
- IMPLEMENTATION OF SECTION 51A OF UAPA, 1967: UPDATES TO UNSC's 1267/1989 ISIL (DA'ESH) & AL-QAIDA SANCTIONS LIST: AMENDMENTS IN 12 ENTRIES



Corporate Laws

Securities and Exchange Board of India

01 Industry Standards on "Minimum information to be provided for review of the audit committee and shareholders for approval of a related party transaction"

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/37 dated 21.03.2025]

1. SEBI Circular dated February 14, 2025 (link) ("the Circular") required listed entities to follow the Industry Standards on "Minimum information to be provided for review of the audit committee and shareholders for approval of a related party transaction" ("Industry Standards") with effect from April 1, 2025.
2. SEBI has received feedback from various stakeholders requesting extension of timeline for applicability of the Industry Standards. Accordingly, it has been decided that the effective date of the Circular shall be July 1, 2025.
3. The Industry Standards Forum ("ISF") comprising of representatives from three industry associations, viz. ASSOCHAM, CII and FICCI, which had formulated the Industry Standards, shall take into consideration the feedback received for simplification of the Industry Standards and release the same in a time-bound manner to meet the revised timelines.
4. The Stock Exchanges are advised to bring the contents of this Circular to the notice of their listed entities.
5. This Circular is issued in exercise of the powers conferred under Section 11(1) and 11A of the Securities and Exchange Board of India Act, 1992 read with regulation 101 of LODR Regulations.
6. This Circular is available on SEBI website at www.sebi.gov.in under the category: 'Legal → Circulars'.

RAJ KUMAR DAS
Deputy General Manager

02 Facilitating ease of doing business relating to the framework on "Alignment of interest of the Designated Employees of the Asset Management Company (AMC) with the interest of the unitholders"

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/IMD/IMD-PoD-1/P/CIR/2025/36 dated 21.03.2025]

1. With an objective to facilitate ease of doing business for Mutual Funds, amendments to SEBI (Mutual

Funds) Regulations, 1996 ('MF Regulations') were carried out to relax the regulatory framework relating to 'Alignment of interest of the Designated Employees of the AMCs with the interest of the unitholders' (hereinafter referred to as 'skin in the game requirements'). The amendments have been notified vide notification dated February 14, 2025 (link to the Gazette notification) and March 04, 2025 (link to the Gazette notification). The said amendments shall be applicable from April 01, 2025.

2. Accordingly, in terms of Regulation 25 (16B) of MF Regulations, the Master Circular for Mutual Funds dated June 27, 2024 ('Master Circular') has been modified as under:

PETER MARDI

Deputy General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.sebi.gov.in

03 Disclosure of holding of specified securities in dematerialized form

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/35 dated 20.03.2025]

1. Regulation 31 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), deals with the disclosure of shareholding pattern and manner of maintaining shareholding in dematerialized format.
2. Accordingly, SEBI vide Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/0155 dated November 11, 2024 (as amended) ("the Circular"), prescribed formats for disclosure of holding of specified securities and shareholding pattern under Annexure 2 of section II-A of chapter II to the Circular.
3. Based on the requests received from Depositories, Stock Exchanges and in the interest of providing further clarity & transparency in the disclosure of shareholding pattern to the investors in the securities market, the Annexure 2 of section II-A of chapter II to the Circular is being partially modified as under:
 - a. Table I-IV of the shareholding pattern has been amended as under:
 - i. details of Non-Disposal Undertaking ('NDU'), Other encumbrances, if any and total number of shares pledged or otherwise encumbered including NDU shall be disclosed by the listed entities.
 - ii. It is clarified that underlying outstanding convertible securities also includes ESOPs i.e. the existing header of column X as "No. of Shares Underlying Outstanding convertible securities (including Warrants, ESOP etc.)"
 - iii. adding one additional column in the existing shareholding pattern format to capture the details of total number of shares on fully diluted basis (including warrants, ESOP, Convertible Securities etc.)

- b. Table II of the shareholding pattern has been amended as under:
 - i. A footnote has been added to the table II that provides the details of promoter and promoter group with shareholding “NIL”.

The revised formats of the aforementioned are placed at Annexure A.

4. Accordingly, the Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/0155 dated November 11, 2024 stands modified to the extent as stated at paragraph no. 3 above.
5. The Stock Exchanges are accordingly advised to:
 - a. bring the provisions of this circular to the notice of all the companies whose securities are listed in the exchange and also to disseminate the same on the website of the stock exchange.
 - b. make amendments to the relevant bye-laws, rules and regulations for the implementation of the terms of this circular, if necessary.
6. The Depositories are also directed to update their systems to capture the abovementioned changes.
7. This Circular shall come into force with effect from the quarter ending June 30, 2025.
8. This Circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulation 31 and 101(2) of Listing Regulations.
9. A copy of this Circular is available at www.sebi.gov.in under the categories “Legal Framework→Circulars”.

RAJ KUMAR DAS

Deputy General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.sebi.gov.in

04 Online Filing System for reports filed under Regulation 10(7) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/CFD/DCRI/CIR/P/2025/0034 dated 20.03.2025]

1. As per Regulation 10(7) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (“Takeover Regulations”), an acquirer is required to submit a report along with supporting documents and non-refundable fee to SEBI in respect of any acquisition of or increase in voting rights pursuant to certain exemptions provided for in Regulation 10. Presently, these reports are submitted through email at cfddcr@sebi.gov.in.
2. In order to facilitate ease of operations in terms of submission and processing of these reports, it has been decided to introduce an online system for filing of these reports through SEBI Intermediary Portal (SI Portal) at <https://siportal.sebi.gov.in>.

3. Accordingly, in the first phase, it has been decided to enable filing of two reports under Regulation 10(7), in respect of exemptions provided for in Regulation 10(1)(a)(i) and Regulation 10(1)(a)(ii) of Takeover Regulations, through SI Portal.

Filing of reports in respect of other exemptions provided for in Regulation 10 shall continue as per the existing system of filing, i.e., through email.

4. The mechanism for filing reports under Regulation 10(7) in respect of exemptions provided for in Regulation 10(1)(a)(i) and Regulation 10(1)(a)(ii) of Takeover Regulations shall be as follows:
 - 4.1. Filing of reports through SI Portal in respect of exemptions provided for in Regulation 10(1)(a)(i) and Regulation 10(1)(a)(ii) of Takeover Regulations shall run in parallel with the existing system of filing these reports through email;
 - 4.2. The simultaneous filing of these reports through e-mail and SI Portal shall commence from the date of issuance of this circular and the same shall continue till May 14, 2025;
 - 4.3. With effect from May 15, 2025, only the online system for filing these reports through SI Portal shall be the permissible mode for compliance with aforesaid Regulations;
 - 4.4. From the date of issuance of this circular, payment of fees in respect of these two reports shall be enabled through SI Portal and the process of filing these two reports shall be complete only upon payment of fees through SI Portal.

Accordingly, payment of fees through the link available on SEBI website (<https://eservices.sebi.gov.in/paymentmodule>) shall not be available in respect of these two reports;

- 4.5. In case of any queries or clarifications regarding filing of these reports or related fees, Portal Helpline may be contacted at +9122-2644-9364 or portalhelp@sebi.gov.in.
5. The provisions of this circular shall come into effect from the date of this circular.
6. This circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with the aforementioned regulations of Takeover Regulations, to protect the interests of investors in securities and to promote the development of and to regulate the securities market.
7. This circular is available on SEBI website at www.sebi.gov.in under the category “Legal → Circulars”.

SRISHTI AMBOKAR

Deputy General Manager

05 Harnessing DigiLocker as a Digital Public Infrastructure for reducing Unclaimed Assets in the Indian Securities Market

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/OIAE/OIAE_IAD-3/P/CIR/2025/32 dated 19.03.2025]

1. In line with its core mandate of investor protection and safeguarding investor interests, SEBI has directed its efforts towards minimizing the creation of Unclaimed Assets (UA) in the securities market. To address this issue in the Indian securities market, SEBI has implemented several measures, including:
 - a) stipulation of norms for inactive / dormant accounts and folios,
 - b) mandating furnishing of contact and bank details by investors,
 - c) mandating investors to either provide nomination or expressly opt-out from making a nomination,
 - d) simplification of norms for transmission,
 - e) centralized mechanism for reporting demise of investor
2. With a view towards reducing unidentified UA1 in the Indian securities market, it is proposed to harness the prowess of digital public infrastructure (specifically Digital Locker mechanism i.e. 'DigiLocker') and of the KRAs registered with the Board.
3. DigiLocker
 - 3.1. DigiLocker is digital document wallet of the Government of India (GoI), facilitating citizens in obtaining and storing documents like Aadhaar, PAN, Driving Licence, Death Certificate, etc. 'Issued documents' in DigiLocker are deemed to be at par with originals as per Section 9 A of Information Technology Act, 2000. The functionalities, features and benefits of DigiLocker are enumerated in Annexure – A to this circular.
 - 3.2. GoI, vide office memorandum dated December 28, 2020, has stipulated that Entities / Institutions delivering citizen services shall integrate their system with DigiLocker. Bank account statement, insurance policy and statement of New Pension Scheme (NPS) are already available in the DigiLocker.
 - 3.3. The inclusion of MF and demat holding statements within DigiLocker, can make available the entire financial holdings of individuals in a single account - DigiLocker.
4. DigiLocker Nominee/s DigiLocker also provides nomination facility to its users. The nominee/s

specified by the user is/are authorised to access the digital information of the user upon the demise of the user. While specifying the nominee, the user is required to provide the mobile number and e-mail address of the nominee.

S. MANJESH ROY

General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.sebi.gov.in

06

Framework on Social Stock Exchange ("SSE")

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/CFD/PoD-1/P/CIR/2025/33 dated 19.03.2025]

1. SEBI vide its circular SEBI/HO/CFD/PoD-1/P/CIR/2022/120 dated September 19, 2022 notified the detailed framework on Social Stock Exchange. The same was amended vide Circular SEBI/HO/CFD/PoD-1/P/CIR/2023/196 dated December 28, 2023.
2. Based on recommendations of the Social Stock Exchange Advisory Committee and public comments received in respect of the Consultation paper in the matter, it is decided to review the existing minimum application size for subscribing to Zero Coupon Zero Principal Instruments from Rs. 10,000 (Rupees ten thousand only) to a lower amount i.e. Rs. 1,000 (Rupees one thousand only).
3. Accordingly, the minimum application size in respect of issuance of Zero Coupon Zero Principal Instruments, prescribed under Paragraph 1, subparagraph AC, point (4) of the aforementioned Circular shall read as under:

"(4) The minimum application size shall be rupees one thousand."
4. This Circular is issued in exercise of the powers conferred under Section 11 and Section 11A of the Securities and Exchange Board of India Act, 1992 read with Regulation 299 of SEBI ICDR Regulations, to protect the interests of investors and to promote the development of, and to regulate the securities market and shall come into effect immediately.
5. A copy of this circular is available on SEBI website at www.sebi.gov.in under the categories "Legal → Circulars".

YOGITA JADHAV

Chief General Manager

07

Faster Rights Issue with a flexibility of allotment to specific investor(s)

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/CFD/CFD-PoD-1/P/CIR/2025/31 dated 11.03.2025]

1. The new framework for Rights Issue process has been introduced vide notification of SEBI

(Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2025, with Gazette ID CG-DL-E-08032025-261516 published in the Official Gazette on March 08, 2025. The same is available at this link.

- As part of the new framework, in terms of amended Regulation 85 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (SEBI ICDR Regulations), it is being specified that Rights Issues shall be completed within 23 working days from the date of Board of Directors of the Issuer approving the Rights Issue.
- Accordingly, the revised timelines for completion of the various activities involved in Rights Issue process from the date of Board of Directors of the Issuer approving the Rights Issue till the date of closure of Rights Issue are placed at Annexure I.
- If the Issuer is making a Rights Issue of convertible debt instruments, wherein shareholders' approval is required, then the timelines for Rights Issue would be adjusted accordingly owing to shareholders' approval as mentioned in Annexure I.
- In terms of Regulation 87 of SEBI ICDR Regulations and in view of the revised timelines, it is being specified that Rights Issue shall be kept open for subscription for a minimum period of seven days and for a maximum period of thirty days.

System for Validation of Bids

- Validation of application bids received for subscribing to the shares in Rights Issue and finalization of basis of allotment shall also be carried out by the Stock Exchanges and Depositories along with the Registrar to the issue.
- A system for automated validation of applications by the investors shall be developed by the Stock Exchanges and Depositories within a period of six months from the date of applicability of this Circular.

VIMAL BHATTER

Deputy General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.sebi.gov.in

08

Relaxation in timeline for reporting of differential rights issued by AIFs

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/AFD/AFD-POD-1/P/CIR/2025/29 dated 03.03.2025]

- Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 ("AIF Regulations") have been amended and notified on November 18, 2024, with respect to maintaining pro-rata and pari-passu rights of investors in a scheme of an AIF.
- Subsequently, SEBI Circular dated December 13, 2024 on 'Pro-rata and pari-passu rights of investors of AIFs'

prescribed, inter-alia, the framework with respect to differential rights that may be offered by AIFs to select investors without affecting the rights of other investors.

- In terms of para 17.1. of the aforesaid SEBI circular, a one-time reporting requirement has been mandated for AIFs/schemes of AIFs whose PPMs were filed with SEBI on or after March 01, 2020, and have issued differential right(s) which do not fall under the implementation standards formulated by Standard Setting Forum for AIFs. Such information was to be submitted to SEBI in the prescribed format, on or before February 28, 2025.
- Based on representation received from the AIF industry requesting additional time to meet the aforesaid reporting requirement, it has been decided to extend the said timeline to March 31, 2025, for ease of compliance.
- This circular shall come into force with immediate effect.
- This circular is issued with the approval of the competent authority.
- This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992, read with Regulations 20(22) and 36 of AIF Regulations, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
- The circular is available on SEBI website at www.sebi.gov.in in under the categories "Legal framework - Circulars" and "Info for - Alternative Investment Funds".

SANJAY SINGH BHATI

Deputy General Manager

Reserve Bank of India

09

Special Clearing Operations on March 31, 2025

[Issued by the Reserve Bank of India vide RBI/2024-25/134 CO.DPSS. RPPD.No.S1278/03-01-002/2024-2025 dated 28.03.2025]

A reference is invited to the circular issued by Department of Government and Bank Accounts (DGBA) vide CO.DGBA.GBD.No.S1003/42-01-029/2024-2025 dated March 17, 2025 addressed to all the agency banks on Annual Closing of Government Accounts – Transactions of Central/State Governments – Special Measures for the Current Financial Year (2024-25).

- Normal clearing timings under Cheque Truncation System (CTS) as applicable to any working "Monday" shall be followed on March 31, 2025. Further, to facilitate accounting of all the Government transactions for the current financial year (2024-25) by March 31, 2025, it has been decided to conduct Special Clearing under CTS exclusively for Government Cheques on March 31, 2025 as detailed below:

Date	Presentation Session	Return Session
March 31, 2025 (Monday)	17:00 Hours to 17:30 Hours	19:00 Hours to 19:30 Hours

- It is mandatory for all banks to participate in the special clearing operations on March 31, 2025. All the member banks of CTS are also required to keep their inward clearing processing infrastructure open during the Special Clearing hours and maintain sufficient balance in their clearing settlement account to meet settlement obligations arising out of the Special Clearing.
- Member banks are advised to adhere to the instructions contained in this circular as well as instructions issued by the President of the National Grid Clearing House. Member banks may also be guided by the circular NPCI/2016-17/CTS/Circular No.32 dated October 3, 2016 issued by NPCI regarding clearing type for instruments to be presented in Special Clearing sessions.

SUDHANSHU PRASAD

Chief General Manager

10 General Notification for Sale and Issue of Government of India Securities (including Treasury Bills and Cash Management Bills)

[Issued by the Reserve Bank of India vide RBI/2024-25/133 Ref. No.IDMD.2320/08.01.01/2024-25 dated 27.03.2025]

Please refer to our circulars IDMD.2592/08.01.01/2017-18 dated April 09, 2018, forwarding therewith a copy of the General Notification F.No.4(2)-W&M/2018 dated March 27, 2018 issued by the Government of India for sale of Government of India Securities, and IDMD. 2593/08.01.01/2017-18 dated April 09, 2018, forwarding therewith a copy of the General Notification F.No.4(2)-W&M/2018 dated March 27, 2018 issued by the Government of India for sale of Government of India Treasury Bills/Cash Management Bills by auction.

- Government of India have now issued the General Notification F.No.4(2)-B(W&M)/2018 dated March 26, 2025, for sale and issue of Government of India Securities (including Treasury Bills and Cash Management Bills) in supersession of the above-mentioned General Notifications, a copy of which is enclosed.

DR. SUDARSANA SAHOO

General Manager

11 Gold Monetization Scheme (GMS), 2015 - Amendment

[Issued by the Reserve Bank of India vide RBI/2024-25/132 DoR.AUT. REC.71/23.67.001/2024-25 dated 25.03.2025]

Government of India, vide its press release ID 2115009 dated March 25, 2025 regarding Gold Monetization Scheme (GMS) has decided to discontinue the Medium

Term and Long Term Government Deposit (MLTGD) components of GMS with effect from March 26, 2025. Accordingly, any gold deposits tendered at the designated Collection and Purity Testing Centre (CPTC) or GMS Mobilisation, Collection & Testing Agent (GMCTA) or the designated bank branches towards MLTGD component of GMS shall not be accepted after March 25, 2025. The designated banks, at their discretion, may offer Short Term Bank Deposits (STBD) under GMS. The MLTGD mobilized till March 25, 2025 shall continue till redemption as per the extant guidelines.

- Accordingly, in exercise of the powers conferred on the Reserve Bank of India under Section 35A of the Banking Regulation Act, 1949, the Master Direction No.DBR.IBD.No.45/23.67.003/2015-16 dated October 22, 2015 on Gold Monetization Scheme, 2015 is being amended. The amended provisions of the Master Direction are enclosed in the Annex to this circular.
- Frequently Asked Questions relating to the provisions contained in the Master Direction are also being updated.

Commencement

- The amended provisions contained in this circular shall come into effect from March 26, 2025. The Master Direction is hereby updated to reflect the changes effected by the amendments to the Scheme.

Applicability

- This circular is applicable to all Scheduled Commercial Banks (other than Regional Rural Banks).

MANORANJAN PADHY

Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

12 Master Direction – Reserve Bank of India (Prudential Norms on Capital Adequacy for Regional Rural Banks) Directions, 2025

[Issued by the Reserve Bank of India vide RBI/DOR/2024-25/129 DOR. CAPREC.No.70/21.06.201/2024-25 dated 25.03.2025]

The Reserve Bank of India has, from time to time, issued several guidelines / instructions / directives on Prudential Norms on Capital Adequacy for Regional Rural Banks (RRBs).

- To enable RRBs to have current instructions at one place, a Master Direction incorporating all the existing guidelines / instructions / directives on the subject has been prepared for reference. This Direction also incorporates suitable modifications to and rationalisation in existing guidelines.
- This Direction has been issued by RBI in exercise of its powers conferred under Section 35A of the Banking Regulation Act, 1949, and of all the powers enabling it in this behalf.

USHA JANAKIRAMAN

Chief General Manager-in-Charge

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

13 Master Directions - Reserve Bank of India (Priority Sector Lending – Targets and Classification) Directions, 2025

[Issued by the Reserve Bank of India vide RBI/FIDD/2024-25/128 Master Directions FIDD.CO.PSD.BC.13/04.09.001/2024-25 dated 24.03.2025]

The Reserve Bank of India has, from time to time, issued a number of instructions/ guidelines to banks relating to Priority Sector Lending (PSL). The Master Directions enclosed incorporate the updated instructions/guidelines on the subject.

- These Directions shall come into effect on April 01, 2025 and shall supersede the earlier Directions on the subject, namely, the Reserve Bank of India (Priority Sector Lending – Targets and Classification) Directions, 2020 (Ref. FIDD.CO.Plan. BC.5/04.09.01/2020-21) dated September 04, 2020 (updated from time to time). All loans eligible to be categorised as Priority Sector Lending under the erstwhile Master Directions on PSL dated September 04, 2020 (updated from time to time) shall continue to be eligible for such categorisation under these Directions, till maturity.

NISHA NAMBIAR

Chief General Manager-in-Charge

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

14 Priority Sector Lending Certificates

[Issued by the Reserve Bank of India vide RBI/2024-25/131 FIDD.CO.PSD. BC.No.12/04.09.001/2024-25 dated 24.03.2025]

Please refer to para (v) of the Annex to circular RBI/2015-16/366/ FIDD.CO.Plan.BC.23/04.09.01/2015-16 dated April 07, 2016 on the captioned subject.

- The item at serial no. 2 of the table in the above para may be read as follows:

S. No.	Type of PSLCs	Representing	Counting for
2.	PSLC - SF/MF	All eligible loans to small/ marginal farmers	Achievement of SF/MF sub-target, Weaker Sections sub-target, NCF sub-target, agriculture target and overall PSL target

- Other contents of the circular shall remain the same.

NISHA NAMBIAR

Chief General Manager-in Charge

15 Review of Priority Sector Lending (PSL) Target – Urban Co-operative Banks (UCBs)

[Issued by the Reserve Bank of India vide RBI/2024-25/130 DOR.CRE. REC.69/07.10.002/2024-25 dated 24.03.2025]

In terms of paragraph 3 of the circular DOR (PCB). BPD.Cir No.10/13.05.000/2019-20 dated March 13,

2020, read with paragraph 2 of the circular DOR.CRE. REC.18/07.10.002/2023-24 dated June 8, 2023, UCBs are required to achieve an overall PSL target of 75 per cent of ANBC¹ or CEOBSE², whichever is higher, by FY2025-26, with interim targets of 60 per cent (FY2023-24) and 65 per cent (FY2024-25).

- On a review, it has been decided that the overall PSL target for UCBs shall stand revised, FY2024-25 onwards, to 60 per cent of ANBC or CEOBSE, whichever is higher. The other provisions contained in the circular DOR.CRE.REC.18/07.10.002/2023-24 dated June 8, 2023, shall remain unchanged.
- Instructions contained in this circular supersede the extant relevant instructions as given in Annex to this circular.

VAIBHAV CHATURVEDI

Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

16 Currency Chest operations on March 31, 2025

[Issued by the Reserve Bank of India vide RBI/2024-25/129 DCM (CC) No.S3811/03.51.001/2024-25 dated 24.03.2025]

In terms of instructions contained in circular DOR.CO.SOG(Leg)No.59/09.08.02 4/2024-25 dated February 11, 2025, all branches of the banks dealing with Government receipts and payments are to be kept open for transactions on March 31, 2025 (Monday-Public Holiday), so as to account for the Government transactions in FY 2024-25 itself. Since such transactions might necessitate operations at CCs, the banks are advised to keep their CCs open on March 31, 2025, akin to a normal working day.

- The CC holding banks shall keep the linked branches suitably informed.

SANJEEV PRAKASH

Chief General Manager-in-Charge

17 Treatment of Right-of-Use (ROU) Asset for Regulatory Capital Purposes

[Issued by the Reserve Bank of India vide RBI/2024-25/128 DOR.CAPREC. No.68/21.01.002/2024-25 dated 21.03.2025]

- Paragraphs 5.1.25 and 107.2 of the Master Direction - Reserve Bank of India (Non-Banking Financial Company (NBFC) – Scale Based Regulation) Directions, 2023 - (definition of Owned Fund and Common Equity Tier 1 (CET 1) capital)
- Paragraph 4.1.28 of the Master Direction - Non-Banking Financial Company - Housing Finance Company (HFC) (Reserve Bank) Directions, 2021 – (definition of Owned Fund)

- c) Paragraph 3.(1)(xxii) of the Core Investment Companies (Reserve Bank) Directions, 2016 – (definition of Owned Fund)
- d) Paragraph 3(a)(xxv) of the Mortgage Guarantee Companies (Reserve Bank) Directions, 2016 – (definition of Owned Fund)
- e) Paragraph 3.1(xi) of the Master Direction – Reserve Bank of India (Asset Reconstruction Companies) Directions, 2024 – (definition of Owned Fund)
- f) Paragraph 3(iv) of the Master Direction - Standalone Primary Dealers (Reserve Bank) Directions, 2016 – (definition of Tier 1 capital)

The instructions cited above require deducting the book value of intangible assets while calculating Owned Fund/ CET 1 capital/ Tier 1 capital.

- 2. In terms of Indian Accounting Standard (Ind AS) 116 - Leases, most leases will be reflected on a lessee's balance sheet as an obligation to make lease payments (a liability) and a related ROU asset (an asset). We have received references from various NBFCs (in their capacity as lessees) on the treatment of ROU assets for calculation of regulatory capital/ Owned Fund.
- 3. In this regard, it is clarified that regulated entities shall not be required to deduct an ROU asset (created in terms of Ind AS 116-Leases) from Owned Fund/ CET 1 capital/ Tier 1 capital (as the case may be), provided the underlying asset being taken on lease is a tangible asset. The ROU asset shall be risk-weighted at 100 per cent, consistent with the risk weight applied historically to the owned tangible assets.
- 4. The above revisions/changes have been incorporated in the respective Master Directions, as detailed in Annexure 1 to Annexure to 6 below.

Applicability

- 5. This circular is applicable, with immediate effect, to all NBFCs (including HFCs) and Asset Reconstruction Companies implementing Companies (Indian Accounting Standards) Rules, 2015.

USHA JANAKIRAMAN

Chief General Manager-in-Charge

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

18

Amortisation of additional pension liability - Implementation of Pension Scheme in Regional Rural Banks with effect from November 1, 1993 - Prudential Regulatory Treatment

[Issued by the Reserve Bank of India vide RBI/2024-25/127 DOR.ACC. REC.No.67/21.04.018/2024-25 dated 20.03.2025]

In terms of NABARD circular NB.DoS.Pol. HO/2533/J-1/2019-20 dated December 12, 2019, Regional Rural Banks (RRBs) were earlier permitted to amortise their pension liability on account of RRB (Employee) Pension Scheme 2018 over a period of five years, beginning

with financial year ending March 31, 2019. RRBs are now required to implement the pension scheme with effect from November 1, 1993. However, in view of the difficulties expressed in absorbing the increased liability in a single year, it has been decided that RRBs may take the following course of action in the matter:

- a) The liability on account of applicability of pension scheme shall be fully recognised as per the applicable accounting standards.
- b) The expenditure, on account of revision in the pension, may, if not fully charged to the Profit and Loss Account during the financial year 2024-25, be amortised over a period not exceeding five years beginning with the financial year ending March 31, 2025, subject to a minimum of 20 per cent of the total pension liability involved being expensed every year.
- c) Appropriate disclosure of the accounting policy followed in this regard shall be made in the 'Notes to Accounts' to the financial statements. Banks shall also disclose the amount of unamortised expenditure and the consequential net profit if the unamortised expenditure had been fully recognised in the Profit & Loss Account.
- d) Pension related unamortised expenditure would not be reduced from Tier 1 Capital of the RRBs.

Applicability

- 2. This circular is applicable to all the RRBs with effect from financial year 2024-25.
- 3. The Reserve Bank of India (Financial Statements - Presentation and Disclosures) Directions, 2021 shall be updated suitably to reflect these changes.

USHA JANAKIRAMAN

Chief General Manager-in-Charge

19

Reserve Bank of India (Financial Statements - Presentation and Disclosures) Directions, 2021: Clarifications

[Issued by the Reserve Bank of India vide RBI/2024-25/126 DOR.ACC. REC.No.66/21.04.018/2024-25 dated 20.03.2025]

The Reserve Bank has received queries and suggestions from banks and Indian Banks' Association (IBA) on certain aspects of disclosures in the notes to accounts to the financial statements as well as on the notes and instructions for compilation of balance sheet specified in the Annex II Part A of the Reserve Bank of India (Financial Statements - Presentation and Disclosures) Directions, 2021.

- 2. The queries and suggestions received, and the clarifications thereof are enclosed in the Annex.

Applicability

- 3. These instructions are applicable to all commercial and cooperative banks for preparation of financial

statements for the financial year ending March 31, 2025 and onwards.

4. The Reserve Bank of India (Financial Statements-Presentation and Disclosures) Directions, 2021 shall be updated suitably to reflect these changes.

USHA JANAKIRAMAN

Chief General Manager-in Charge

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

20 Asian Clearing Union (ACU) Mechanism – Indo-Maldives trade

[Issued by the Reserve Bank of India vide RBI/2024-2025/125 A.P. (DIR Series) Circular No. 22 dated 17.03.2025]

Attention of Authorised Dealer Category – I (AD Category-I) banks is invited to Subclause (a)(ii) of Clause (I) of Sub regulation 2 of Regulations 3 of Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2023 in terms of which trade transactions between ACU member countries are to be routed through the ACU mechanism or as per the directions issued by the Reserve Bank of India.

2. In the wake of signing of Memorandum of Understanding (MoU) between RBI and Maldives Monetary Authority in November 2024 for establishing a framework to promote the use of local currencies i.e., Indian Rupee (INR) and Maldivian Rufiyaa (MVR) for bilateral transactions, it has been decided that India's bilateral trade transactions with Maldives may also be settled in INR and/or MVR in addition to the ACU mechanism, as hitherto.
3. The above instructions shall come into force with immediate effect. AD Category-I banks may bring the contents of this circular to the notice of their constituents concerned.
4. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

N. SENTHIL KUMAR

Chief General Manager

21 Annual Closing of Government Accounts – Transactions of Central / State Governments – Special Measures for the Current Financial Year (2024-25)

[Issued by the Reserve Bank of India vide RBI/2024-25/124 CO.DGBA. GBD.No.S1003/42-01-029/2024-2025 dated 17.03.2025]

All Government transactions done by agency banks for the Financial Year 2024-25 must be accounted for within the same financial year.

Accordingly, the following arrangements are put in place to report and account for Government transactions for March 31, 2025:

- (a) All agency banks should keep all branches dealing with Government receipts and payments open for over the counter transactions related to Government transactions up to the normal working hours on March 31, 2025.
 - (b) Special clearing will be conducted for collection of Government cheques on March 31, 2025 for which the Department of Payment and Settlement Systems (DPSS), RBI will issue necessary instructions.
 - (c) Regarding reporting of Central and State Government transactions to RBI, including uploading of GST/ TIN 2.0/ ICEGATE/ State e-receipts luggage files, the reporting window of March 31, 2025, will be kept open till 1200 hours noon on April 1, 2025.
2. Agency banks may take note and give adequate publicity to the special arrangements made as above.

INDRANIL CHAKRABORTY

Chief General Manager

22 Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1267/1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Amendments in 12 Entries

[Issued by the Reserve Bank of India vide RBI/2024-25/123 DOR. AML. REC.65/14.06.001/2024-25 dated 15.03.2025]

Please refer to Paragraph 51 of the RBI Master Direction on Know Your Customer dated February 25, 2016 as amended on November 06, 2024 (MD on KYC), in terms of which "Regulated Entities (REs) shall ensure that in terms of Section 51A of the Unlawful Activities (Prevention) (UAPA) Act, 1967 and amendments thereto, they do not have any account in the name of individuals/entities appearing in the lists of individuals and entities, suspected of having terrorist links, which are approved by and periodically circulated by the United Nations Security Council (UNSC)."

2. In this connection, Ministry of External Affairs (MEA), Government of India has informed about the UNSC press release SC/16017 dated March 12, 2025 wherein the Security Council Committee pursuant to resolutions 1267 (1999), 1989 (2011) and 2253 (2015) concerning ISIL (Da'esh), Al-Qaida and associated individuals, groups, undertakings and entities enacted the amendments specified with strikethrough and/or underline in the entries below on its ISIL (Da'esh) and Al-Qaida Sanctions List of individuals and entities subject to the assets freeze, travel ban and arms embargo set out in paragraph 1of Security Council resolution 2734 (2024), and adopted under Chapter VII of the Charter of the United Nations.

VEENA SRIVASTAVA

Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in



**THE INSTITUTE OF
Company Secretaries of India**
भारतीय कम्पनी सचिव संस्थान
IN PURSUIT OF PROFESSIONAL EXCELLENCE
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Mission
"To develop high calibre
professionals facilitating
good corporate governance"

PREVENTION OF MONEY-LAUNDERING ACT, 2002

Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) Guidelines

Prevention of Money-laundering Act, 2002 casts certain obligations on the reporting entities and Financial Intelligence Unit- INDIA have implemented AML & CFT Guidelines effective from June 19, 2023 for Professionals including Company Secretaries in Practice to establish an efficient reporting mechanism to prevent money laundering, terrorist financing and proliferation financing.

Reporting Entity

(As notified by Ministry of Finance vide its notification dated May 03, 2023)

Company Secretaries in Practice, carrying out the following Financial Transactions in the course of his/her profession would be termed as 'Reporting entity' under PMLA and Rules made thereunder:

- buying and selling of any immovable property
- managing of client money, securities or other assets
- management of bank, savings or securities accounts
- organisation of contributions for the creation, operation or management of companies
- creation, operation or management of companies, limited liability partnerships or trusts, and buying and selling of business entities



Applicable Laws/Rules/Regulations

- Prevention of Money-Laundering Act, 2002 (PMLA, 2002)
- Recommendations 24 to 26 & 28 of Financial Action Task Force
- PML (Maintenance of Records) Rules, 2005
- AML & CFT Guidelines For Professionals with Certificates of Practice from ICAI, ICSI and ICMAI
- Section 12A of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 [applicable to all Company Secretaries]

Registration of Reporting Entities

Company Secretaries in Practice falling under the definition of Reporting Entity as per AML/CFT Guidelines need to register as "Reporting Entity".

Do's for Reporting Entities

- Appointment of Designated Director and Principal Officer
- Reporting of Suspicious Transaction Reports to Financial Intelligence Unit-INDIA
- Maintenance of Records
- Adoption of appropriate policies and procedures to prevent money laundering, terrorist financing and proliferation financing
- Performing Client Due Diligence (CDD) / Enhanced Due diligence (EDD)
- Appropriate training to its employees on the procedures for KYC, CDD, sanction screening and record keeping

ICSI PMLA Portal

ICSI PMLA Portal accessible at <https://www.icsi.edu/home/money-laundering-prevention/> and consists of following: -

- FAQs on AML & CFT Guidelines for Professionals
- Designated List (Amendments): Section 12A of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005:
- List of individuals, designated as terrorist, under UAPA, 1967
- Notifications of Ministry of Finance
- Weblinks of Documents related to Targeted Financial Sanctions Related to Terror Financing and Proliferation Financing

Steps to Register

- Click on the URL: <https://stimulate.icsi.edu/>
- Click on the tab "Reporting Entity"
- Click on the option "Register as a Reporting Entity"

For queries e-mail at: pmla@icsi.edu

CS Dhananjay Shukla
President, The ICSI

CS Pawan G Chandak
Vice President, The ICSI

CS Asish Mohan
Secretary, The ICSI

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5

NEWS FROM THE INSTITUTE



- MEMBERS RESTORED DURING THE MONTH OF FEBRUARY 2025
- CERTIFICATE OF PRACTICE SURRENDERED DURING THE MONTH OF FEBRUARY 2025
- NEW ADMISSIONS
- UPLOADING OF PHOTOGRAPH AND SIGNATURE
- OBITUARIES
- CHANGE / UPDATION OF ADDRESS
- PAYMENT OF ANNUAL MEMBERSHIP AND CERTIFICATE OF PRACTICE FEE FOR FY 2025-2026
- PAYMENT OF ANNUAL LICENTIATE SUBSCRIPTION FOR THE YEAR 2025-2026



Institute News

MEMBERS RESTORED DURING THE MONTH OF FEBRUARY 2025

SL. NO.	NAME	MEMB NO.	REGION
1	CS KRITIKA TIBREWAL	ACS - 68267	EIRC
2	CS KEYUR VAIDYA	ACS - 54166	WIRC
3	CS REESHA HOSHANG RATANPAL	ACS - 58695	WIRC
4	CS AMRISH HARIHAR VAIDYA	ACS - 67350	NIRC
5	CS ARCHNA GUPTA	ACS - 16563	WIRC
6	CS EKTA KHURANA	ACS - 57890	NIRC
7	CS SHYAM SUNDER CHAUDHARY	ACS - 9594	NIRC
8	CS SHWETA KAMNANI	ACS - 47865	NIRC
9	CS S SENTHIL RAJA	ACS - 44472	SIRC
10	CS RADHIKA BAHETI	ACS - 55018	NIRC
11	CS SHUBHAM JAIN	ACS - 64060	NIRC
12	CS MEENU AGGARWAL	ACS - 30120	NIRC
13	CS RAJENDRA SINGH	ACS - 55912	NIRC
14	CS RAJESH KUMAR	ACS - 16821	NIRC
15	CS PURNA ARUNKUMAR UPADHYAYA	ACS - 18972	WIRC
16	CS NAMRATA SURANA	ACS - 44826	SIRC
17	CS MANDIRA MATHUR	ACS - 47085	NIRC
18	CS RAKESH ROSAN DALMIA	ACS - 11750	EIRC
19	CS APARNA G LAMBORE	ACS - 15448	WIRC
20	CS SHRADDHA JAIN	ACS - 54788	SIRC
21	CS ABHIJITH KODLU RAMAKRISHNA	ACS - 58770	SIRC
22	CS KULBIR SINGH DHIMAN	ACS - 19965	NIRC
23	CS ABHIJITH KODLU RAMAKRISHNA	ACS - 58770	SIRC
24	CS ANUJA ATUL KUMAR SHAH	ACS - 20510	WIRC
25	CS SULEKHA SHAW	ACS - 49172	NIRC
26	CS SMRITI PRIYA	ACS - 55003	EIRC
27	CS VANITA PANDE	ACS - 38442	WIRC

28	CS IFFAT FATMA HOSSAIN	ACS - 30715	EIRC
29	CS TINKU RANKA	ACS - 22082	NIRC
30	CS SHIVANI BHARDWAJ	ACS - 22800	NIRC
31	CS RACHITA BIKASH TARAFDAR	ACS - 49994	WIRC
32	CS DINESH AGGARWAL	ACS - 28513	NIRC
33	CS DEEPALI HARSHAL MANDALKAR	ACS - 37068	WIRC
34	CS SEEMA SHRI B K	ACS - 50915	SIRC
35	CS SUNAINA SANDEEP JAIN	ACS - 42368	WIRC

CERTIFICATE OF PRACTICE SURRENDERED DURING THE MONTH OF FEBRUARY 2025

SL. NO.	NAME	MEMB NO	COP NO.	REGION
1	CS S SHIVA PRIYAA	ACS - 72088	26777	SIRC
2	CS ANURADHA MALIK	ACS - 60626	27205	NIRC
3	CS GOUTAM MINUKUMAR ROTE	ACS - 71254	26608	WIRC
4	CS HARSH BAID	ACS - 60784	27555	SIRC
5	CS M ANUSHA	ACS - 70934	26521	SIRC
6	CS AMAL TRIPATHI	ACS - 16912	26044	WIRC
7	CS RINKU GOYAL	ACS - 37422	25688	NIRC
8	CS HASSAN SRIDHAR NARASIMHA	FCS - 12333	27757	SIRC
9	CS VENKATA SUBRAMANYA RAVI KUMAR GANNAVARAPU	FCS - 8529	27196	SIRC
10	CS DHANANJAY SHARMA	ACS - 68703	25615	NIRC
11	CS RAJENDRA SINGH BEDI	FCS - 6608	18982	NIRC
12	CS ABHIK JAIN	ACS - 37412	20056	NIRC
13	CS ALOK KUMAR	ACS - 73618	27795	NIRC
14	CS ASHWIN M	ACS - 59896	25771	SIRC
15	CS SRINIVAS SITHARAM APPIKATLA	ACS - 21173	19282	SIRC
16	CS SUNITA BHARGAVA	ACS - 53488	21018	NIRC
17	CS AMITA SANDEEP DESAI	FCS - 4180	2339	WIRC
18	CS ARCHANA SAPRA	ACS - 22550	27467	NIRC
19	CS MANISHA ARORA	FCS - 7026	11377	NIRC
20	CS NEHA GYANCHAND JAIN	ACS - 43694	16101	WIRC
21	CS ARTI KABRA	ACS - 30790	15569	WIRC
22	CS KAMAL KISHOR PAUL	ACS - 25583	25990	NIRC

23	CS PRIYANKA	ACS - 48941	25107	NIRC
24	CS SHIPRA GOYAL	ACS - 43738	24398	NIRC
25	CS SMRITI GOYAL	ACS - 35207	13081	EIRC
26	CS SHAMBHAVI MISHRA	ACS - 51217	25001	NIRC
27	CS VRUSHIKESH VASANT SALVI	ACS - 37052	13879	WIRC
28	CS ADITI PITY	ACS - 56821	21449	NIRC
29	CS ISHA JAIN	ACS - 36458	23088	NIRC

30	CS RAHUL DHANANJAY DANTKALE	ACS - 73397	27777	WIRC
31	CS SARWAN KUMAR	ACS - 26574	27772	NIRC
32	CS ABHAY VIJAY KADAM	ACS - 33688	27560	WIRC
33	CS ANIL SINGH	FCS - 7563	8295	NIRC
34	CS JAISHREE BHANDARI	ACS - 63774	27339	NIRC
35	CS SHIVALI	ACS - 69570	26819	NIRC

NEW ADMISSIONS

For latest admission of Associate and Fellow Members, Life Members of Company Secretaries Benevolent Fund (CSBF), Licentiates and issuance of Certificate of Practice, kindly refer to the link <https://www.icsi.edu/member>



UPLOADING OF PHOTOGRAPH AND SIGNATURE

Members are requested to ensure that their latest scanned passport size front-facing colour photograph (in formal wear) and signature in .jpg format (each on light-colored background of not more than 200 kb file size) are uploaded on the online portal of the Institute.

Online Steps for Uploading of photo and signature.

- Use ONLINE SERVICES tab on www.icsi.edu
- Select Member Portal from dropdown
- Login using your membership number e.g. A1234/F1234
- Enter your password
- Under My Profile --- Click on View and Update
- Upload/update the photo and signature as required
- Press Save button

OBITUARIES

Chartered Secretary deeply regrets to record the sad demise of the following members:

CS Sundaram Vasudevan (14.03.1942 - 20.02.2025), a Fellow Member of the Institute from Mumbai.

CS S Baskarasubramanian (15.07.1943 - 24.12.2024), a Fellow Member of the Institute from Coimbatore.

CS Harbans Lal (01.04.1939 - 13.03.2024), a Fellow Member of the Institute from Delhi.

CS U R Deshmukh (08.11.1953 - 17.02.2025), a Fellow Member of the Institute from Navi Mumbai.

CS Bharat Kanaiyalal Shah (25.07.1953 - 23.11.2024), an Associate Member of the Institute from Pune.

May the Almighty give sufficient fortitude to the bereaved family members to withstand the irreparable loss.

May the departed souls rest in peace.

CHANGE / UPDATION OF ADDRESS

The members are requested to check and update (if required) your professional and residential addresses ONLINE only through Member Login. Please indicate your correspondence address too.

The steps to see your details in the records of the Institute:

1. Go to www.icsi.edu
2. Click on **MEMBER** in the menu
3. Click on **Member Search** on the member home page
4. Enter your membership number and check
5. The address displayed is your Professional address (Residential if Professional is missing)

The steps for online change of address are as under:

1. Go to www.icsi.edu
2. On the Online Services ----select **Member Portal** from dropdown menu
3. Login using your membership number e.g. A1234/F1234
4. Under **My Profile** --- Click on View and update option and check all the details and make the changes required and save
5. To change the mobile number and email id click the side option "**Click Here to update Mobile Number and E-mail Id**"
6. Check the residential address and link the Country-State-District-City and check your address in the fields Add. Line1/Add. Line2 & Add. Line3 (Click Here to change residential address)
 - a) Select the Country[#]
 - b) Select the State
 - c) Select the City
 - d) Submit the Pincode which should be 6 digits without space.
 - e) Then click on "Save" button.
7. Select the appropriate radio button for Employment Status and check your address in the fields Add. Line1/ Add. Line2 & Add. Line3 click the link on the right (Click Here to change Professional address)
 - a) Select the Country[#]
 - b) Select the State
 - c) Select the City
 - d) Submit the Pincode which should be 6 digits without space.
 - e) Then click on "Save" button.
8. Go back to the Dashboard and check if the new address is being displayed.

[#]in case of Foreign Country and State is not available in options then Select "**Overseas**" – A pop-up will open and you can add the "City, District, State" of that Country alongwith Zipcode

Members are required to verify and update their address and contact details as required under Regulation 3 of the CS Regulations, 1982 amended till date

For any further assistance, we are available to help you at <http://support.icsi.edu>

PAYMENT OF ANNUAL MEMBERSHIP AND CERTIFICATE OF PRACTICE FEE FOR FY 2025-2026

The Annual Membership Fee and Certificate of Practice Fee for the Financial Year 2025-26 have become due for payment w.e.f. 1st April, 2025. The last date for payment of Annual Membership Fee and Certificate of Practice Fee is **30th June, 2025**.

Details of fee payable are as under :

Fee* Particulars	ACS	FCS
Annual Membership fee	Rs. 2950/-	Rs. 3540/-
Annual Membership fee. (Opting out to receive physical copy of Chartered Secretary Journal)	Rs. 2360/-	Rs. 2950/-
Annual Fee for Certificate of Practice	Rs. 2360/-	Rs. 2360/-

* All Fee inclusive of 18% GST.

A Member who is of the age of Seventy years and above is eligible for 75% concession in Annual Membership Fee.

A Member, who is Divyangjan, can avail 50% concession in Annual Membership Fee subject to submission of medical certificate issued by competent authority.

Mode of Remittance of Fee:

Fee can be remitted through **ONLINE** mode only as per steps given below :

1. Use ONLINE SERVICES tab on www.icsi.edu
2. Select Member Portal from dropdown
3. Login using membership number e.g. A1234/F1234
4. Enter password
5. Click on renew link under “Announcements”
6. Fill the KYM Form and proceed to pay the fee

The online KYM (Know Your Member) Form is required to be filled before making online payment of Annual Membership Fee.

For more information, kindly refer **FAQs** available on home page of www.icsi.edu or write at <http://support.icsi.edu>

Team ICSI

PAYMENT OF ANNUAL LICENTIATE SUBSCRIPTION FOR THE YEAR 2025-2026

The annual Licentiate subscription for the year 2025-2026 has become due for payment w.e.f. 1st April, 2025. The last date of making payment is 30th June, 2025. The Licentiate subscription payable is Rs.1180/- inclusive of applicable GST@18%. The subscription will be paid ONLINE only using the link - <http://stimulate.icsi.edu/> with your student login credentials.

Log in to the link - <http://stimulate.icsi.edu/> with your student credentials.

Username – Will be your registration number.

You may reset the new password at <https://smash.icsi.in/Scripts/GetPassword.aspx> and login at <https://smash.icsi.in/Scripts/login.aspx> and <https://stimulate.icsi.edu/>.

Click Renew option and make the payment.

For any further queries, please write to member@icsi.edu or raise query at <http://support.icsi.edu>



**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। इष्टं कुरु त्वत्कर्म: कस्येदं ह्यु कुरु।

Mission

"To develop high calibre professionals facilitating good corporate governance"

ICSI BLOOD Bank Portal



**Dedicated to
the Service
of the Nation**

The ICSI Blood Bank Portal has a huge database of blood donors with information on Blood Groups with their location

To find a donor near you or
to register as a donor visit
<https://www.icsi.in/bloodbank/>

Connect with ICSI

www.icsi.edu



Online helpdesk : <http://support.icsi.edu>



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Documents downloadable from the DigiLocker Platform

The National Digital Locker System, launched by Govt. of India, is a secure cloud based platform for storage, sharing and verification of documents and certificates. In the wake of digitization and in an attempt to issue documents to all the members in a standard format and make them electronically available on real-time basis, the Institute of Company Secretaries of India had connected itself with the DigiLocker platform of the Government of India. The initiative was launched on 5th October, 2019 in the presence of the Hon'ble President of India.

In addition to their identity cards and Associate certificates, members can also now access and download their Fellow certificates and Certificates of Practice from the DigiLocker anytime, anywhere.



How to Access:

- Go to <https://digilocker.gov.in> and click on Sign Up
- You may download the DigiLocker mobile app from mobile store (Android/iOS)

How to Login:

- Signing up for DigiLocker with your mobile number.
- Your mobile number is authenticated by an OTP (one-time password).
- Select a username & password. This will create your DigiLocker account.
- After your DigiLocker account is successfully created, you can voluntarily provide your Aadhaar number (issued by UIDAI) to avail additional services.

How to Access your Documents digitally:

Members can download their digital ID Card / ACS / FCS / COP certificate(s) by following the steps given below:

1. Log in to <https://www.digilocker.gov.in> website
2. Go to Central Government and select Institute of Company Secretaries of India
3. Select the option of ID card / Membership Certificate / Practice Certificate
4. For ID Card, enter your membership number e.g. ACS 12345 / FCS 12345.
5. For membership certificate, Enter your membership and select ACS / FCS from drop down.
6. For COP certificate enter your COP number e.g. 12345 and select COP.
7. Click download / generate.
8. The ID Card / Membership certificate / Practice Certificate can be downloaded every year after making payment of Annual Membership fees.



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Quick Response & Resolution Time (QRRT) and ICSI Service Charter



Benefits

- Transparent and Trackable Resolution System for Queries and Grievances raised by Members & Students of ICSI
- Resolution of Queries and Grievances as per Defined Timelines in the ICSI Service Charter

Key Features

- Definite Timelines
- Hassle-free Solution
- Acknowledgment on same working day (if received before 5.00 pm)
- Service Request ID provided to track Query/Grievance

QRRT Service Applicability Domains

✉ academics@icsi.edu
✉ member@icsi.edu

✉ cpe@icsi.edu
✉ store@icsi.edu

✉ dss@icsi.edu
✉ training@icsi.edu

✉ journal@icsi.edu
And many more

6

MISCELLANEOUS CORNER



- GST CORNER
- ETHICS IN PROFESSION
- CG CORNER
- MARITIME CORNER
- ESG CORNER
- GIST OF ROC & RD ADJUDICATION ORDERS

ADVISORY: ENHANCEMENTS IN BIOMETRIC FUNCTIONALITY - ALLOWING DIRECTORS TO OPT FOR BIOMETRIC AUTHENTICATION IN THEIR HOME STATE

As per the latest development, GST registration applicants who opt for Aadhaar authentication are required to undergo the process either through OTP verification or Biometric Authentication at a designated GST Suvidha Kendra (GSK), based on system-driven data analysis. To facilitate a seamless process, a slot booking facility is provided and a link is shared by intimation email to the applicant.

As per the existing system, applicants opting for Biometric Authentication must visit the designated GSK mapped to their jurisdiction. However, an additional facility is introduced allowing certain Promoters/Directors to complete their Biometric Authentication at any GSK in their Home State.

This facility applies to individuals listed in the Promoter/ Partner tab for the following types of businesses:

- Public Limited Company
- Private Limited Company
- Unlimited Company
- Foreign Company

Under this enhancement, such Promoters/Directors can now choose any available GSK within their Home State in India (as per REG-01) for Biometric Authentication.

Key points:

1. Eligible Promoters/Directors will be given the option to select any GSK in their Home State through this email.
2. The selection of a GSK in the Home State is a one-time facility and cannot be changed once selected.
3. This facility is currently available in 33 States/UTs where Biometric Authentication has been enabled.
4. The Promoter/Director will receive an email confirmation, along with a new slot booking link upon selection of a Home-State GSK.
5. If the Promoter/Director and the Primary Authorized Signatory (PAS) are the same person, the Home-State GSK selection option will not be available. The PAS must visit the designated jurisdictional GSK for the required process, including document verification.
6. Opting for Biometric Authentication at a GSK in the home state is not mandatory. Promoters/Directors can visit their designated jurisdictional GSK if preferred.

Source: <https://services.gst.gov.in/services/advisoryandreleases/read/587>

ADVISORY FOR BIOMETRIC-BASED AADHAAR AUTHENTICATION AND DOCUMENT VERIFICATION FOR GST REGISTRATION APPLICANTS OF UTTAR PRADESH

This advisory outline key updates regarding the GST registration process in Uttar Pradesh. Please take note of the following:

1. **Amendment to Rule 8 of CGST Rules, 2017:** GST applicants may now be identified on the common portal based on data analysis and risk parameters, requiring biometric-based Aadhaar authentication, a photograph, and verification of original documents uploaded with the application.
2. **Implementation in Uttar Pradesh:** This functionality, developed by GSTN, was implemented in Uttar Pradesh on March 15th, 2025.
3. **Authentication and Document Verification Process:** Upon submission of Form GST REG-01, applicants will receive an e-mail with one of the following links:
 - OTP-based Aadhaar Authentication – Applicants can proceed with Aadhaar authentication as per the existing process.
 - Appointment Booking for Biometric Authentication – Applicants must visit a designated GST Suvidha Kendra (GSK) for biometric Aadhaar authentication and document verification, as per the details provided in the e-mail.
4. **Appointment Booking:** Applicants receiving the appointment booking link must schedule a visit to the designated GSK using the provided e-mail link. This feature is now available for applicants in Uttar Pradesh.
5. **Confirmation and visit to GSK:** After booking an appointment, applicants will receive a confirmation e-mail. They must visit the designated GSK at the scheduled time and carry the following:
 - A copy (hard/soft) of the appointment confirmation e-mail.
 - Jurisdiction details as mentioned in the intimation e-mail.
 - Original Aadhaar Card and PAN Card.
 - Original versions of documents uploaded with the application, as specified in the intimation e-mail.
6. **Completion of Biometric Authentication:** The biometric authentication and document verification will be conducted at the GSK for all the required individuals as per the GST application Form GST REG-01.



7. **Timeframe for Biometric Authentication:** Applicants must complete biometric verification within the timeframe specified in the intimation e-mail. ARNs will be generated only after successful biometric authentication and document verification.
8. **GSK Operating Hours:** GSKs will function as per the operational guidelines set by the state administration.

Source: <https://services.gst.gov.in/services/advisoryand-releases/read/588>

ISSUE IN FILING APPLICATIONS (SPL 01/SPL 02) UNDER WAIVER SCHEME

Taxpayers have faced difficulties while filing the waiver applications in form SPL 01/SPL 02. Following are the issues which were faced by the applicants:

1. Order number is not available in dropdown for selection in SPL 02.
2. Order details are not getting auto populated after selection of a particular order in SPL 02.
3. Payment details are not getting auto populated in Table 4 of SPL 02.
4. After filing the SPL 02 for a demand order, the taxpayer is not able to make payment using "Payment towards Demand" for that order. Also, taxpayer is not able to adjust the amount paid through DRC 03, against the same demand order, using DRC 03A.
5. Not able to withdraw the Appeal applications (APL 01) filed before First Appellate authority against a particular order.

As per Rule 164(6) of CGST Rules, 2017, the taxpayers have to file waiver applications within a period of three months from the notified date. Therefore, the taxpayers can file waiver applications in SPL 01/02 till 30.06.2025.

Further, as per Notification 21/2024-CT dated 8.10.2024, the due date for **payment of tax** payable for availing waiver scheme is 31.03.2025. Therefore, the taxpayers are advised to pay the requisite amount within due date using "Payment Towards Demand" functionality in GST portal.

In case of any difficulty the taxpayers can make a Voluntary Payment using Form DRC-03 under category 'Others'. After completing the payment, they can submit the Form DRC-03A to link the payment made in DRC-03 with the relevant demand order.

In case the payment details are not auto populated in Table 4 of SPL 02, it is advised to verify the same in electronic liability ledger on GST portal. Then the taxpayer can proceed for filing waiver application. The navigation path to access the electronic liability ledger is Login>> Services>> Ledgers>> Electronic Liability Register

Source: <https://services.gst.gov.in/services/advisoryand-releases/read/589>

Due Diligence encompasses completeness of information



A member of the Institute in practice shall be deemed to be guilty of professional misconduct under Clause (7) of Part I of the Second Schedule to the Company Secretaries Act, 1980, if he does not exercise due diligence, or is grossly negligent in the conduct of his professional duties.

As per Section 22 of the Company Secretaries Act, 1980, “*professional and other misconduct*” shall be deemed to include any act or omission provided in any of the Schedules, but nothing in this section shall be construed to limit or abridge in any way the power conferred or duty cast on the Director (Discipline) under sub-section (1) of Section 21 to inquire into the conduct of any member of the Institute under any other circumstances.

Company Secretaries in Practice are expected to check completeness of information in any given Form including its attachments, as required, before its certification.

CASE STUDY:

1. A complaint of professional or other misconduct was received against one Practicing Company Secretary (hereinafter referred to as ‘the Respondent’). The Complainant has *inter-alia* stated/ alleged that an inquiry u/s 206(4) of the Companies Act, 2013 was conducted against a public limited company (hereinafter referred to as ‘the Company’). Upon examination of the Annual Returns (Form MGT-7) of the company from F. Y. 2017-18 to F.Y. 2019-20, it is noticed that list of shareholders and share transfers list are not attached to MGT-7. Instead of the list of shareholders and share transfer list, plain sheets as annexures are attached with these forms on the MCA portal in order to hide the name of the owners of the company. The Respondent who has certified these forms MGT-7 with incomplete attachments are liable for professional misconduct for concealing material facts/ information in these forms.
2. The Respondent has submitted that he had visited and verified the documents of the company. He has admitted that he has failed to check the attachments in the impugned MGT-7 certified by him.
3. The Disciplinary Committee considered the matter and observed that the Respondent has certified Form MGT-7 of the company for the F. Y. 2017-18, 2018-19 and 2019-20. The company was having total 14 shareholders (body corporates other than promoters). It is observed that in place of list of shareholders, plain sheet has been attached with the forms. Plain sheet containing words “*AS PER ANNEXURE*” has been attached and uploaded with the forms MGT-7 for F.Y.2017-18 and 2018-19 and a plain sheet containing the words “*AS PER LAST RETURN*” is attached and uploaded with the form MGT-7 for the F.Y. 2019-20. Further, instead of list of shares/ debentures transfer sheet, plain sheet containing the words “*AS PER ANNEXURE*” is attached and uploaded with form MGT-7 for the F.Y.2017-18.
4. The Disciplinary Committee held the Respondent ‘Guilty’ of Professional Misconduct under clause (7) of Part I of the Second Schedule to the Company Secretaries Act, 1980.
5. After giving an opportunity of being heard to the Respondent, the Disciplinary Committee passed an order of ‘Reprimand’ and Fine of ₹ 50,000/- (Rupees Fifty Thousand) under Section 21B (3) of the Company Secretaries Act, 1980.



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eCSin

AMNESTY SCHEME, 2025



Generate the eCSin, if not yet generated



Revoke eCSin if employment already ceased



Update information in the eCSin generated



Rectify the eCSin details recorded at the time of generation for appointment



Rectify Professional Address (Place of Posting)



Any Other Practical Difficulty

The member applying under **ICSI - eCSin Amnesty Scheme, 2025** shall be granted immunity from the applicability of the provisions of the ICSI (ECSIN) Guidelines, 2019 in respect of the eCSin for which request under this Amnesty Scheme has been made and disciplinary proceedings shall not be initiated or entertained in this respect.



Only for Active eCSin



No Fees



One Time - Limited Period Opportunity

ECSIN COVERED IN SCHEME

All eCSins generated or to be generated till April 15, 2025

SCHEME OPENS

April 1, 2025

SCHEME CLOSSES

April 15, 2025

CS Dhananjay Shukla
President, The ICSI

CS Pawan G. Chandak
Vice President, The ICSI

CS Asish Mohan
Secretary, The ICSI

For availing the Scheme, login at eCSin portal: <https://stimulate.icsi.edu/ecsins> or Member Portal

Connect with ICSI

www.icsi.edu | | Online helpdesk : <http://support.icsi.edu>

Bucharest Stock Exchange Code of Corporate Governance, 2025

The Bucharest Stock Exchange (BVB), in collaboration with the European Bank for Reconstruction and Development (EBRD), released a revised Corporate Governance Code 2025 (the “Code”), aligning it with recent regulatory changes, updated global standards and stakeholders’ priorities. The purpose of the Bucharest Stock Exchange Code of Corporate Governance is to promote effective governance and accountability in companies whose shares are listed on the regulated market of Bucharest Stock Exchange and the underlying practices in the Code aim to achieve through several means.

It provides the criteria for Independent Directors as an initial assessment of independence. Nomination and Remuneration Committees should assess independence on a case-by-case basis when considering candidates. They should take into account factors such as past experience, their character and their personal values as well as formal criteria. The Code has been written to be applied by companies with one-tier board structures. However, the code also provides for interpretation of code for companies with two tier board.

The Code is divided into five main sections, each of which address a different aspect of Companies’ governance arrangement. Each section is divided into three parts: Purpose, Principles and Provisions. The Code follows the “comply or explain” approach, which provides Companies with the flexibility to decide which practices to adopt in order to ensure the effectiveness of their governance and the format for the same is provided in the Code. The principles are summarized as follows:

Section A – “Governing Bodies”

- A.1. The Board should ensure the Company’s long-term success and sustainability for the best interest of the Company and its shareholders and taking into account the interests of other stakeholders. The Board should clearly define and disclose the full scope of its roles and responsibilities.
- A.2. The Board should have an appropriate balance of skills, experience, gender diversity, knowledge and independence to enable it to effectively perform its duties and responsibilities.
- A.3. The Board should ensure that a formal, rigorous and transparent procedure is put into place regarding the nomination of new members to the Board.

- A.4. The Board should establish committees which should assist the Board in the performance of its key responsibilities, dealing with strategic challenges and in managing sensitive issues with high potential for conflicts of interest.
- A.5. The Board should set up robust Board operating procedures as well as Board evaluation and continuous development mechanisms to improve directors’ skills and their ability to effectively deliver their responsibilities.
- A.6. Executive management is responsible for day-to-day management of the Company. The Board should ensure that the executive management is capable of effectively running the Company and that its composition, competence, roles and management incentives support the successful implementation of Company’s strategy and plans.

Section B – “Risk Management and Internal Control Framework”

- B.1. The Company should have an adequate and effective internal control framework and an enterprise risk management framework, taking into account its strategy, size, complexity of operations and risk profile including potential environmental and social impact of its activities.
- B.2. The Audit Committee should assist the Board with ensuring the integrity of financial and non-financial reporting, establishing an effective risk management and internal control framework and maintaining an appropriate relationship with the Company’s external auditors.
- B.3. The Board should ensure the independence of the internal audit function. Company’s internal audit function should provide independent and objective assurance on the effectiveness of risk management framework and internal control framework.

Section C – “Performance, Motivation and Reward”

- C.1. Members of the Board shall receive remuneration corresponding to the volume and weight of powers and their responsibilities, rather than the performance of management or the Company. The structure and amount of director’s remuneration should enable the Company to attract, retain and motivate the competent and qualified directors.

C.2. The Board shall ensure there is a formal and transparent policy and procedure for determining the remuneration of executive management that aligns with the long-term interests of the Company and the Company's strategy. This policy shall be presented, subject for approval, to the General Meeting of Shareholders (GMS) in line with legal requirements.

Section D – “Disclosure and Investor Relations”

D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.

D.2. The Company should ensure fair and equitable treatment of all its shareholders, as well as availability of all needed tools and information to allow shareholders to exercise their rights in relation to the Company.

Section E – “Sustainability and Stakeholders”.

E.1. The Company should integrate sustainability

aspects in its strategy and mitigate any material negative environmental and social impacts of its operations, to the possible extent.

E.2. The Company should have in place a process for identifying the stakeholders affected by Company's operations. The Board should take into consideration stakeholders' interests and ensure there is active communication between the Company and its stakeholders.

E.3. The Board should adopt a Code of Conduct with adequate scope including guiding principles which reflect the Company's commitment to ethics, integrity and quality of performance.

Companies are expected to comply their practices in line with the Code from January 1, 2025. Every year, BVB will assess the companies' adherence to the Corporate Governance Code, with the assistance of a third party if necessary. It will then compile the findings into an aggregated statement and publicize them.

Source: <https://www.ecgi.global/system/files/2025-02/en-cgc-bvb-2025.pdf>



The ICSI has always committed to explore new areas of opportunity for professionals and to undertake initiatives for their capacity building. The increase in maritime trade over the past three years has significantly boosted employment opportunities across the sector. Growth in cargo handling, expansion of port infrastructure, and rising coastal and inland waterway operations have led to the creation of jobs in logistics, shipping, port operations, shipbuilding, and related industries. In order to create more awareness about the maritime sector amongst the professional fraternity, this “Maritime Corner” is published by the ICSI comprising of key terms and developments in the maritime industry. We hope that this initiative will be useful for professionals in exploring areas of interest and professional opportunities in maritime sector.

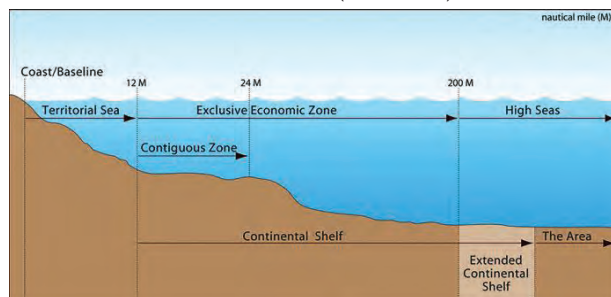
1^{THE UNITED NATIONS CONVENTION ON THE LAW OF THE SEA (UNCLOS)}

Also called the Law of the Sea Convention or the Law of the Sea treaty, UNCLOS is the international agreement that resulted from the third United Nations Conference on the Law of the Sea (UNCLOS III), which took place between 1973 and 1982. The Law of the Sea Convention defines the rights and responsibilities of nations in their use of the world's oceans, establishing guidelines for businesses, the environment, and the management of marine natural resources.

TERMINOLOGY

MARITIME ZONES AND BOUNDARIES

²The maritime zones recognized under international law include internal waters, the territorial sea, the contiguous zone, the exclusive economic zone (EEZ), the continental shelf, the high seas, and the Area. The breadth of the territorial sea, contiguous zone, and EEZ (and in some cases the continental shelf) is measured from the baseline determined in accordance with customary international law as reflected in the United Nations Convention on Law of the Sea (UNCLOS).



Baseline

³The normal baseline for measuring the breadth of the territorial sea is the low-water line along the coast as marked on large-scale charts officially recognized by the coastal State.

¹ <https://imoa.ph/treaties/unclos/unclos-history/>

² <http://noaa.gov/maritime-zones-and-boundaries>

³ Article 5, United Nations Convention on Law of the Sea, 1982

Internal Waters

⁴Internal (or inland) waters are the waters on the landward side of the baseline from which the breadth of the territorial sea is measured. The coastal State has full sovereignty over its internal waters as if they were part of its land territory and may exclude foreign flag vessels from its internal waters subject to the right of entry of vessels in distress.

Territorial Sea

⁵Every State has the right to establish the breadth of its territorial sea up to a limit not exceeding 12 nautical miles, measured from baselines determined in accordance with this Convention. The coastal State exercises sovereignty over its territorial sea, the airspace above it and the seabed and subsoil beneath it.

Contiguous Zone

⁶Each coastal State may claim a contiguous zone adjacent to and beyond its territorial sea that extends seaward up to 24 nm from its baselines. In its contiguous zone, a coastal State may exercise the control necessary to prevent the infringement of its customs, fiscal, immigration, or sanitary laws and regulations within its territory or territorial sea and punish infringement of those laws and regulations committed within its territory or territorial sea.

Exclusive Economic Zone

⁷Each coastal State may claim an Exclusive Economic Zone (EEZ) beyond and adjacent to its territorial sea but it shall not extend beyond 200 nautical miles from the baselines from which the breadth of the territorial sea is measured.

Continental Shelf

⁸The continental shelf of a coastal State is comprised of the seabed and subsoil of the submarine areas that extend beyond its territorial sea throughout the natural prolongation of its land territory to the outer edge of the continental margin, or to a distance of 200 nm from its baselines where the outer edge of the continental margin does not extend up to that distance.

High Seas

⁹The high seas comprise of all parts of the sea that are not included in the exclusive economic zone, the territorial sea or the internal waters of a State, or in the archipelagic waters of an archipelagic State.

⁴ Article 8, United Nations Convention on Law of the Sea, 1982

⁵ Article 3, United Nations Convention on Law of the Sea, 1982

⁶ Article 33, United Nations Convention on Law of the Sea, 1982

⁷ Article 55, United Nations Convention on Law of the Sea, 1982

⁸ Article 76, United Nations Convention on Law of the Sea, 1982

⁹ Article 86, United Nations Convention on Law of the Sea, 1982

MARITIME NEWS

GREEN HYDROGEN PLANT AT KANDLA PORT

In line with the decision to develop Kandla Port as a Green Hydrogen Hub, Deendayal Port Authority (DPA) Kandla initiated action in December 2024 for setting up an operated 1 MW Green Hydrogen Plant (to be subsequently scaled up to 10 MW capacity), marking a pioneering effort towards sustainable energy adoption in India's maritime sector. The primary objective of this plant is to provide engineers and technicians with crucial exposure to the production, storage and handling ecosystem of Green Hydrogen.

Electrolysers are the most crucial component of any Green Hydrogen plant, playing a pivotal role in hydrogen generation. DPA entrusted the manufacturing of these electrolysers to L&T. With the site work already completed at Kandla, these electrolysers will soon be assembled on-site to kickstart operations. The Green Hydrogen Plant is targeted to be fully operational by July 2025. Its estimated production capacity is 18 kg of Green Hydrogen per hour, translating to approximately 80-90 tonnes per year. This will make DPA Kandla the first port in the country to have set up an operational Green Hydrogen plant within the port limits, using indigenous Electrolysers.

The facility's Green Hydrogen will be utilized to generate clean energy through Fuel Cells, paving the way for self-sustaining and eco-friendly power solutions at the port.

Source: <https://www.maritimegateway.com/sonowal-flags-off-lt-made-electrolysers-for-kandla-port/>

ICS AND CMI LAUNCHES CAMPAIGN TO GET MARITIME TREATIES RATIFIED

The International Chamber of Shipping (ICS) and the Comité Maritime International (CMI) have launched an updated campaign to get governments to ratify urgent maritime treaties. In a release by these two organisations, it is stated that for a global industry which is comprehensively regulated by the International Maritime Organization (IMO) and other United Nations bodies, it is critical that the Conventions are widely ratified in order to ensure that the same regulations apply to all ships in international trade during all parts of their voyage.

The international maritime conventions strongly encouraged to be ratified by governments by ICS and CMI as an urgent priority are:

- (i) IMO Nairobi Convention on the Removal of Wrecks (Nairobi WRC), 2007,
- (ii) IMO 2010 Protocol to the International Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substances by Sea (HNS), 1996,
- (iii) IMO Convention for the Safe and Environmentally Sound Recycling of Ships (Hong Kong), 2009, and

- (iv) United Nations Convention on the International Effects of Judicial Sales of Ships, 2023, also known as the Beijing Convention.

The above campaign is for ICS and CMI members, which represent national shipowner associations and national maritime law associations respectively, to engage with their respective governments and urge them to ratify these conventions where they are not currently in force.

Source: <https://splash247.com/campaign-to-get-maritime-treaties-ratified-launches/>

GOVERNMENT OF INDIA UNVEILS ONE NATION-ONE PORT INITIATIVE

Government of India has launched the 'One Nation-One Port Process (ONOP)' an initiative to standardise and streamline operations across India's major ports. The step aims at removing inconsistencies in documentation and processes that led to inefficiencies, increased costs, and operational delays. As a first step through ONOP process, the Government has standardised documentation with Immigration, the Port Health Organisation, and Port Authorities, reducing container operation documents by 33% (from 143 to 96) and bulk cargo documents by 29% (from 150 to 106).

It has also launched "Sagar Ankalan" - the Logistics Port Performance Index (LPPI) for FY 2023-24, as a significant step towards enhancing efficiency and global competitiveness in India's maritime sector. By enhancing port performance and streamlining logistics, these initiatives aim to reduce inefficiencies, cutting carbon footprints, and strengthening India's position in global trade. These reforms mark a significant step towards Maritime Amrit Kaal Vision 2047, ensuring transparency, consistency, and optimised port management.

Source: <https://pib.gov.in/newsite/pmreleases.aspx?min-code=46>

LOK SABHA PASSES BILLS OF LADING BILL MODERNIZING 169-YEAR-OLD COLONIAL SHIPPING LAW

The Bills of Lading Bill, 2024 which aim to modernize India's maritime laws and enhance the country's competitiveness in international shipping has been passed by the Lok Sabha on 10th March, 2025 and will now be presented in the Rajya Sabha before the President of India assents it to be promulgated as the law of the land. The proposed legislation will replace the colonial-era Indian Bills of Lading Act, 1856, providing a more modern and user-friendly approach to maritime shipping. The current law, a brief three-section Act, primarily governs the transfer of rights and confirmation that goods were loaded onto a vessel. With the shipping industry evolving and the global trade landscape changing, there is a pressing need for India to adopt a more comprehensive and understandable law that aligns with international standards.

The Bills of Lading Bill, 2024, will rename the existing law to the Bills of Lading Act, 2025, and include several key reforms. This bill, which replaces the outdated Indian Bills of Lading Act, 1856, eliminates archaic provisions and aligns India's maritime laws with global standards, enabling smoother and more secure shipping practices. It will bring numerous benefits, including streamlined business processes, reduced litigation risks, and improved clarity for carriers, shippers, and lawful holders of goods, ultimately to foster a more efficient and reliable shipping environment.

Source: <https://pib.gov.in/newsite/pmreleases.aspx?mincode=46>

IMO TO DEVELOP GLOBAL STRATEGY FOR MARITIME DIGITALIZATION

During its 49th session in London from 10 to 14 March, IMO's Facilitation Committee (FAL) outlined a work plan for developing the IMO Strategy on Maritime Digitalization, which is set to be adopted by the Organization's highest governing body IMO Assembly by the end of 2027. The IMO Maritime Digitalization Strategy will help integrate vessels and ports, improve logistics and optimize routes, while reducing greenhouse gas emissions. The strategy builds on previous milestones, including the introduction of mandatory Maritime Single Window (MSW) regulations last year, which require ships and ports to use a single digital platform to exchange information and streamline port call procedures.

The success of the IMO digitalization strategy will depend on input from Member States and international organizations, particularly concerning safety and environmental protection considerations.

Source: <https://www.imo.org/en/MediaCentre/PressBriefings/pages/IMO-global-strategy-maritime-digitalization.aspx>

IMO SECRETARY-GENERAL EMPHASIZE ON INDIA'S ROLE IN SUSTAINABLE SHIPPING

International Maritime Organisation (IMO), Secretary-General, emphasized on India's role in sustainable shipping and seafarer welfare; reinforcing maritime cooperation. He acknowledged India's initiatives in maritime sector and highlighted the importance of research and development in emerging maritime technologies and the need for international collaboration to accelerate decarbonization efforts. He also appreciated efforts of Indian Navy in ensuring maritime security in Indian Ocean Region.

The visit of IMO Secretary General, strengthens India-IMO collaboration for a cleaner, safer, and more efficient global shipping industry. The discussions underscored the Government of India's dedication to maritime safety, skill development, eco-friendly port infrastructure, and fostering a resilient and future-ready maritime industry.

Source: <https://pib.gov.in/newsite/pmreleases.aspx?mincode=46>



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THE STANDING COMMITTEE ON FINANCE RECOMMENDED TO CREATE A DEDICATED ESG OVERSIGHT BODY AND ROBUST MONITORING OF CSR SPENDING

To effectively address the challenges associated with ESG and strengthen the impact of India's ESG regulations, the Standing Committee on Finance Chaired by Shri Bhartruhari Mahtab in its tenth report on 'Demands for Grants (2025-26)' of the Ministry of Corporate Affairs recommended the following:

- (i) To strengthen monitoring and enforcement, the Committee proposes the creation of a dedicated ESG oversight body within Ministry of Corporate Affairs. This body would be responsible for monitoring ESG disclosures, ensuring compliance with reporting standards, and introducing penalties for greenwashing.
- (ii) Further, the Committee strongly believe that integrating ESG principle with corporate governance is crucial. They recommend amending the Companies Act, 2013, to include ESG objectives as part of their fiduciary duties of Directors. This would make it mandatory for boards to oversee the integration of ESG considerations into their business strategies.
- (iii) Independent ESG committees, similar to audit committees, should be established within boards to ensure that ESG strategies are effectively implemented and monitored.
- (iv) The Ministry may dedicate a chapter for ESG in their Annual Report, which is currently missing, from the next year i.e., 2025-26 onwards.

On CSR, the Committee recommend that the Ministry should establish a more comprehensive reporting and monitoring framework to ensure greater transparency in CSR spending, especially regarding unspent funds. This should include the regular publication of detailed reports on the impact and outcomes of CSR projects; a more robust system for monitoring ongoing projects, and timely enforcement of penalties for non-compliance. Furthermore, the Ministry should consider strengthening the role of the Implementing Agencies and ensure better tracking of their performance to guarantee that CSR funds are being utilised effectively and for their intended purposes.

Source: https://sansad.in/getFile/lsscommittee/Finance/18_Finance_10.pdf?source=loksabhadocs

G20 ENVIRONMENT AND CLIMATE SUSTAINABILITY WORKING GROUP

The South African Minister of Forestry, Fisheries and the Environment, Dr Dion George, will lead the Group of Twenty (G20) Environment and Climate Sustainability

Working Group (ECSWG) as part of South Africa's Presidency of the G20 which will build upon on the achievements of India (2023 Presidency) and Brazil (2024 Presidency) to ensure continuity in advancing the developmental agenda within the G20.

The priority focus areas for South Africa's Presidency of the G20 ECSWG are:

- (i) **Biodiversity and Conservation** – Implementation of the Global Biodiversity Framework and the Biodiversity Economy;
- (ii) **Land Degradation, Desertification and Drought** – Land Degradation Neutrality targets;
- (iii) **Chemicals and Waste Management** – Sustainable Chemicals Management; Circular Economy; Waste Management; Waste to Energy; Extended Producer Responsibility (EPR) implementation;
- (iv) **Climate Change and Air Quality** – Just Transition; Loss and Damage; Adaptation, including Climate Resilient Development (CRD); Climate Finance and Air Quality;
- (v) **Oceans and Coastal Management** – Marine Spatial Planning – ocean governance; combatting marine plastic pollution.

A total of three G20 ECSWG meetings and one ECSWG Ministerial meeting will be held in South Africa, the first of which is scheduled to take place on 25–28 March 2025 (virtual); the second 14–18 July 2025 (Kruger National Park) and the third in October 2025 (Cape Town). The Ministerial meeting will be held back-to-back with the third ECSWG meeting in October 2025.

Source: <https://g20.org/g20-media/minister-george-leads-the-g20-environment-and-climate-sustainability-working-group/>

CDP, EFRAG ALIGN CLIMATE REPORTING WITH EU'S ESRS E1 STANDARD

Carbon Disclosure Project (CDP), the global environmental disclosure platform, and European Financial Reporting Advisory Group (EFRAG), Europe's leader in corporate reporting, released a detailed correspondence mapping on March 18, 2025, highlighting alignment between CDP's question bank and the European Sustainability Reporting Standard for climate disclosures (ESRS E1). The mapping specifically identifies commonalities in critical areas such as climate change transition plans, emissions targets, gross Scopes 1, 2, and 3 emissions, and internal carbon pricing.

This mapping aims at reducing the reporting burden for companies while supporting global organizations to implement the Corporate Sustainability Reporting Directive (CSRD). By helping companies to identify

synergies in data collected for CDP and ESRS reporting, the mapping will reduce complexity, build reporting efficiency and enhance transparency for stakeholders.

Source: <https://esgnews.com/cdp-efrag-align-climate-reporting-with-eus-esrs-e1-standard/>

ANDHRA PRADESH BAGS NEARLY RS 4 TRILLION GREEN INVESTMENTS IN 8 MONTHS

According to a Central Electricity Authority (CEA) roadmap, of the targeted 500 gigawatts (Gw) generation capacity from non-fossil fuel resources by 2030, 86 Gw of renewable energy potential is in South India. In this direction, Andhra Pradesh has emerged as a leading destination for renewable energy (RE) investments, attracting around Rs. 4 trillion from national and international players in eight months, mainly due to its Integrated Clean Energy Policy which was launched in October 2024 aimed at establishing the state as a green energy hub.

Source: https://www.business-standard.com/economy/news/andhra-pradesh-bags-nearly-rs-4-trillion-green-investments-in-8-months-125032300392_1.html

IIT BOMBAY SIGN PACT WITH JOHN COCKERILL TO ADVANCE GREEN HYDROGEN, STEEL TECH AND DEFENSE PRODUCTION

Indian Institute of Technology (IIT) Bombay and Belgian engineering firm John Cockerill has signed a memorandum of understanding to collaborate on steel decarbonization, green hydrogen technologies, and defense product development. The partnership will drive joint research efforts, combining IIT Bombay's academic expertise with John Cockerill's engineering capabilities to develop sustainable solutions for the global steel industry and clean energy transition. The agreement also envisions the creation of future centers of excellence focused on green hydrogen production, storage and transportation as well as defense technology.

This partnership is aligned with the 'Make in India' initiative and hopes to enable the country to become more self-reliant in defense manufacturing.

Source: <https://www.esgtimes.in/energy/hydrogen/john-cockerill-iit-bombay-partner-to-advance-green-hydrogen-steel-tech/>

INTERNATIONAL MOTHER EARTH DAY 2025 (APRIL 22, 2025)

The United Nations General Assembly proclaimed 22 April as International Mother Earth Day through a resolution adopted in 2009. The Day recognizes the earth and its ecosystems as humanity's common home and the need to protect earth to enhance people's livelihoods, counteract climate change, and stop the collapse of biodiversity. Climate change, man-made changes to nature as well as crimes that disrupt biodiversity, such as deforestation, land-use change, intensified agriculture and livestock production or the growing illegal wildlife

trade, can accelerate the speed of destruction of the planet. It serves as a platform for individuals, organizations, businesses, and governments to advocate for a sustainable future.

Mother Earth is clearly urging a call to action - a need to shift to a more sustainable economy that works for both people and the planet. Protecting the planet is everyone's responsibility.

The theme for Earth Day 2025 is OUR POWER, OUR PLANET, inviting everyone around the globe to unite behind renewable energy, and to triple the global generation of clean electricity by 2030. Switching to renewable energy sources is crucial for reducing greenhouse gas emissions which are primary contributors to global warming. In India, the Earth Day is being celebrated on 22 April 2025 on the theme "This is OUR POWER, OUR PLANET - Renewable Energy"

Source: <https://www.unep.org/events/un-day/international-mother-earth-day-2025>

Source: <https://www.earthday.org/earth-day-2025/>

WORLD DAY FOR SAFETY AND HEALTH AT WORK 2025 (APRIL 28, 2025)

International Labour Organization (ILO), began to observe World Day for Safety and Health at Work in 2003 to promote the prevention of occupational accidents and diseases globally. Occupational health encompasses the physical, mental, and social well-being of workers, while preventing workplace-related hazards. Effective organizational policies, early detection of health issues, health screening, and preventive care contribute to a safety net and increase health awareness for workers. Occupational health must be prioritized in order to achieve sustainable growth, inclusive development, and resilience to climate change vulnerabilities.

This year's World Day for Safety and Health at Work focuses on "Revolutionizing health and safety: the role of AI and digitalization at work". This theme will examine various new technologies through an occupational safety and health lens, including:

- Advanced robots
- Artificial intelligence (AI) and machine learning
- Exoskeletons
- Unmanned aerial vehicles (UAVs)
- Internet of Things (IoT)
- Virtual and Augmented Reality

The campaign will also shed light on new work practices, such as automation of tasks, big data analysis, smart digital systems and workers management through AI.

Source: <https://www.ilo.org/meetings-and-events/world-day-safety-and-health-work-2025>

GIST OF ROC & RD ADJUDICATION ORDERS

GIST OF ROC Adjudication Orders

1. Adjudication Order for violation of Section 90 of the Companies Act, 2013 in the matter of TRISTAR TRANSPORT (INDIA) PRIVATE LIMITED

ROC Ernakulam issued adjudication order dated 27th February, 2025 in the matter of Tristar Transport (India) Private Limited for delay in filing form BEN -2 and in issuing notice in form BEN-4 for identifying the beneficial owner and thus violated the provisions of Section 90(4A) of the Companies Act, 2013. The Adjudicating Authority imposed penalty of ₹5,00,000 upon the company and ₹1,00,000 each upon three directors & ₹68,200 on one director. Penalty of ₹2,00,000 imposed on SBO for such default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=rn%252BMLid4TYPr7MZxK7JG-Ba%253D%253D&type=open>

GIST of RD Adjudication Orders

1. Adjudication order for violation of Section 173 of the Companies Act, 2013 in the matter of WATER AND SANITATION (INDIA) FOR URBAN POOR

In the matter of Water & Sanitation (INDIA) for Urban Poor the RD (SOUTH EAST) vide order dated 31st January, 2025 after considering the facts of the case Reduced the quantum of penalty amount of the RoC order to ₹2,85,000 upon the Company and four directors in default for violation of Section 173 of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=tG%252F991ay45yKmwzPjGf-c%252BA%253D%253D&type=open>

2. Adjudication order for violation of Section 203 of the Companies Act, 2013 in the matter of MECWEL POWER PRIVATE LIMITED

In the matter of Mecwel Power Private Limited the RD (SOUTH EAST) vide order dated 13th March, 2025 after considering the facts of the case rejected the appeal against the RoC order and ordered to pay the penalty of ₹15,00,000 imposed upon the Company and two directors in default for violation of Section 203 of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=RWqdVpOrlEN7MQCHM1g3qA-%253D%253D&type=open>

3. Adjudication order for violation of Section 203 of the Companies Act, 2013 in the matter of BARSANA PHARMA PRIVATE LIMITED

In the matter of Barsana Pharma Private Limited the RD (SOUTH EAST) vide order dated 13th March,

2025 after considering the facts of the case rejected the appeal against the RoC order and ordered to pay the penalty of ₹20,00,000 imposed upon the Company and three directors in default for violation of Section 203 of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=rt5e6yBGVCa10SiSM8xzFg%253D%253D&type=open>

4. Adjudication order for violation of Section 138 of the Companies Act, 2013 in the matter of KANORIA PLASCHEM LIMITED

In the matter of Konoria Plaschem Limited the RD (SOUTH EAST) vide order dated 31st January, 2025 after considering the facts of the case Reduced the quantum of penalty amount of the RoC order to ₹85,000 upon the Company and one director in default for violation of Section 138 of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=%252F4X%252BE3fxAstMJAHgA1MG4w%253D%253D&type=open>

5. Adjudication order for violation of Section 135 & 134 of the Companies Act, 2013 in the matter of SADDLES INTERNATIONAL AUTOMOTIVE & AVIATION INTERIORS PRIVATE LIMITED

In the matter of Saddles International Automotive & Aviation Interiors Private Limited the RD (SOUTH EAST) vide order dated 8th January, 2025 after considering the facts of the case Reduced the quantum of penalty amount of the RoC order to ₹32,72,000 upon the Company and two directors in default for violation of Section 135 & 134 of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=KwsCOowQ8nrJsFVzVcM4jQ%253D%253D&type=open>

6. Adjudication order for violation of Section 149 (3) of the Companies Act, 2013 in the matter of WATER AND SANITATION (INDIA) FOR URBAN POOR

In the matter of Water & Sanitation (INDIA) for Urban Poor the RD (SOUTH EAST) vide order dated 31st January, 2025 after considering the facts of the case Reduced the quantum of penalty amount of the RoC order to ₹60,000 upon the Company and three directors in default for violation of Section 149(3) of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=ed6yNbU06QHkq%252FAJ7pjAA%253D%253D&type=open>

7. Adjudication order for violation of Section 203 of the Companies Act, 2013 in the matter of AADHYASREE SHIPPING AND LOGISTICS PRIVATE LIMITED

In the matter of Aadhyasree Shipping and Logistics Private Limited the RD (*SOUTH EAST*) vide order dated 13th March, 2025 after considering the facts of the case rejected the appeal against the RoC order and ordered to pay penalty of ₹15,00,000 imposed upon the Company and two directors in default for violation of Section 203 of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=ASauYGoy6O8A5o5qafJnKQ%253D%253D&type=open>

8. Adjudication order for violation of Section 203 of the Companies Act, 2013 in the matter of MECWEL CONSTRUCTIONS PRIVATE LIMITED

In the matter of Mecwel Constructions Private Limited the RD (*SOUTH EAST*) vide order dated 10th March, 2025 after considering the facts of the case rejected the appeal against the RoC order and ordered to pay penalty of ₹15,00,000 imposed upon the Company and two directors in default for violation of Section 203 of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=KyvDRBZ79KiEBk0g2dlrzW%253D%253D&type=open>

9. Adjudication order for violation of Section 12 of the Companies Act, 2013 in the matter of STRONG MARKETING PRIVATE LIMITED

In the matter of Strong Marketing Private Limited the RD (*SOUTH EAST*) vide order dated 17th March, 2025 after considering the facts of the case dismissed the appeal against the RoC order and ordered to pay penalty of ₹1,50,000 imposed upon the Company and two directors in default for violation of Section 12 of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=pDQMF50Mc269034JsgEc7A%253D%253D&type=open>

10. Adjudication order for violation of Section 12 of the Companies Act, 2013 in the matter of DEVKRIPA TRADELINK PRIVATE LIMITED

In the matter of Devkripa Tradelink Private Limited the RD (*SOUTH EAST*) vide order dated 17th March, 2025 after considering the facts of the case dismissed the appeal against the RoC order and ordered to pay the penalty of ₹1,50,000 imposed upon the Company and two directors in default for violation of Section 12 of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=8%252Fa69AbJ4XXdERESv8UCIw%253D%253D&type=open>

11. Adjudication order for violation of Section 203 of the Companies Act, 2013 in the matter of XURMO TECHNOLOGIES PRIVATE LIMITED

In the matter of Xurmo Technologies Private Limited the RD (*SOUTH EAST*) vide order dated 17th March, 2025 after considering the facts of the case rejected the appeal against the RoC order, and ordered to pay the penalty of ₹11,09,000 imposed upon the Company and two directors in default for violation of Section 203 of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=rmQRfC1ocXTbsb3obmkBng%253D%253D&type=open>

12. Adjudication order for violation of Section 42, 55 & 62 of the Companies Act, 2013 in the matter of AARYAK JEWELLERY PRIVATE LIMITED

In the matter of Aaryak Jewellery Private Limited the RD (*SOUTH EAST*) vide order dated 24th March, 2025 after considering the facts of the RoC order, the RD (South East) not modified the penal amount imposed by ROC for violation of Section 42 of the Companies Act, 2013. However, RD (South East) modified the penalty amount imposed for violation of section 55 & 62 of the Companies Act, 2013 to ₹2,85,000 imposed upon the Company and four directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=xXICuePHrUFaQAakOFXUg%253D%253D&type=open>

13. Adjudication order for violation of Section 56 (4) of the Companies Act, 2013 in the matter of RIVER MOBILITY PRIVATE LIMITED

In the matter of River Mobility Private Limited the RD (*SOUTH EAST*) vide order dated 26th March, 2025 after considering the facts of the case Reduced the quantum of penalty amount of the RoC order to ₹1,00,000 upon the Company and two directors in default for violation of Section 56 (4) of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=tfgz9R5kwuQVSeUD1cz%252Bwg%253D%253D&type=open>

14. Adjudication order for violation of Section 203 of Companies Act, 2013 in the matter of VINTA LABS PRIVATE LIMITED

In the matter of Vinta Laboratories Private Limited the RD (*SOUTH EAST*) vide order dated 24th March, 2025 after considering the facts of the case rejected the appeal against the RoC order, and ordered to pay the penalty of ₹30,00,000 imposed upon the Company and five directors in default for violation of Section 203 of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=U%252Bzr9FNzGbgJJntxBrOHKQ%253D%253D&type=open>

15. Adjudication order for violation of Section 203 of the Companies Act, 2013 in the matter of PINAKINI INDUSTRIES PRIVATE LIMITED

In the matter of Pinakini Industries Private Limited the RD (SOUTH EAST) vide order dated 24th March, 2025 after considering the facts of the case rejected the appeal against the RoC order, and ordered to pay the penalty of ₹6,00,000 imposed upon the Company and two directors in default for violation of Section 203 of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=LKsQJC5UN5bdjiZnyye4TQ%253D%253D&-type=open>

16. Adjudication order for violation of Section 90 of the Companies Act, 2013 in the matter of YSK DEVELOPERS PRIVATE LIMITED

In the matter of YSK Developers Private Limited the RD (SOUTH EAST) vide order dated 21st March, 2025 after considering the facts of the case rejected the appeal against the RoC order, and ordered to pay the penalty of ₹4,59,900 imposed upon the Company, two directors and the Company Secretary in default for violation of Section 90 of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=aP2PuChH2thuhBte5PYb%252BQ%253D%253D&-type=open>

17. Adjudication order for violation of Section 203 of the Companies Act, 2013 in the matter of CORNERSTONE PROPERTIES PRIVATE LIMITED


In the matter of Cornerstone Properties Private Limited the RD (SOUTH EAST) vide order dated 17th March, 2025 after considering the facts of the case rejected the appeal against the RoC order, and ordered to pay the penalty of ₹25,00,000 imposed upon the Company and four directors in default for violation of Section 203 of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=IDde4clTMFPvQ44cS6asIQ%253D%253D&-type=open>

18. Adjudication order for violation of Section 12 the Companies Act, 2013 in the matter of MAPTECH POLY PRODUCTS PRIVATE LIMITED


In the matter of Maptech Poly Products Private Limited the RD (SOUTH EAST) vide order dated 17th March, 2025 after considering the facts of the case dismissed the appeal against the RoC order and ordered to pay the penalty of ₹1,50,000 imposed upon the Company and two directors in default for violation of Section 12 of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=vNPQxre4GEb%252FTRo%252B2rm-ww%253D%253D&-type=open>


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7

BEYOND GOVERNANCE

Case Study

In order to make the Chartered Secretary Journal (CSJ) more interactive for the members and students, the Case Study section has been introduced from April issue. Each Case Study is followed by question(s) which are to be solved by member(s)/student(s). The answer(s) are to be sent to cs.journal@icsi.edu latest by 25th of each month.

The answer(s) will be reviewed by a Panel of reviewer(s). The winner will be given:

- (i) Certificate of Appreciation.
- (ii) His/Her name will be published in the next issue of the Journal.
- (iii) He/She will be awarded cash award of ₹ 2,500.

Crossword

'Crossword' containing terminologies/concepts from Companies Act, IBC, NCLT and such related areas of profession is introduced. Members/students are to send the answers of Crossword to cs.journal@icsi.edu latest by 25th of each month.

- The answer(s) will be published in the next issue of CSJ.
- The winners will be selected randomly.
- The name of three winners will be published in the next issue of CSJ.

National/International Reports: Analysis

A new Section on 'National/International Reports: Analysis' covering reports on the recent policy initiatives and insights at National and International level is introduced. The purpose is to communicate information amongst professionals on various reports released by National/International organisations, having an impact on the profession.



CASE STUDY

IN THE SUPREME COURT OF INDIA

CIVIL APPELLATE JURISDICTION

CIVIL APPEAL NO.OF

SECURITIES AND EXCHANGE BOARD OF INDIA
.....APPELLANT

Vs.

A.M.N. LIMITED & ORS.RESPONDENTS

Brief Facts:

The company A.M.N. LIMITED (hereinafter referred as “the company”) proposed to enter into a transaction with one NR Private Limited for purchase of 40,000 sq. ft. of residential space. This proposal was treated as a related party transaction and was required to be approved by the shareholders of the Company. Accordingly, a special resolution was approved by “the company” on 15.07.2014.

In terms of Section 188 of the Companies Act, 2013, the related parties abstained from voting on this special resolution. Thereafter, an Extra-Ordinary General Meeting was convened on 16.12.2016 for rescinding the resolution dated 15.07.2014 in which, the related parties also voted.

However, the appellant-SEBI took up the matter on a complaint and issued notice alleging violation of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Adjudicating Officer, ultimately, proceeded to penalise the present respondents with a cumulative sum of Rs. 35 lakhs for the alleged violation of the said Regulation 23.

The Securities Appellate Tribunal has not approved this order passed by the Adjudicating Officer and has allowed the appeal filed by the present respondents while, *inter alia*, holding that the bar of voting as per Section 188 of the Companies Act, 2013 on related parties operated only at the time of entering into a contract or arrangement, i.e., when the resolution dated 15.07.2014 was passed; and therein the said related parties indeed abstained from voting. The Appellate Tribunal found no fault in the said parties voting in the recalling/rescinding of the said resolution.

Hence the appeal lies to the Supreme Court.

On the basis of above arguments decide the following:

Query1: Decide the case in view of verdict held by SEBI and Securities Appellate Tribunal along with explanation of the regulation alleged to be violated in this case.

Query 2: Whether your opinion has an implication in favour of the investor in this case?

Disclaimer: The case study has been framed from the facts and figures available in the public domain with some modifications/assumptions so as to enable members to apply their professional skills to answer the same and hide the identity of the case. Author is not to be held liable for any resemblance of the facts and figures with any case.

Winner of Case Study – March 2025

CS L Krishnamoorthy
FCS 2358

BEST ANSWER - CASE STUDY - MARCH, 2025

Introduction

The facts narrated in the Case Study are similar to those in the Civil Appeal No. 7107 of 2017 decided by the Supreme Court of India, (SC) in *Shakti Yezdani and Anr Vs Jayanand Jayant Salgonkar and others*. The SC has finally settled through this judgement the controversy over the rights of nominees under Section 109A of the Companies Act, 1956 (the Act) and the legal heirs on devolution of shares in a company. The judgement also explains how the issue of rights of nominees vis a vis legal heirs in other enactments such as Insurance Act 1938 EPF and Miscellaneous Provisions Act, 1952, Banking Regulation Act, 1949 and National Savings Certificate Act, 1959, which have provisions more or less similar to Section 109A of the Companies Act, 1956, is settled by the SC.

As the facts in the case study relate to nomination and the rights of nominees under Section 109A of the Companies Act, 1956 and the arguments of the appellants and the respondents focus on interpretation of the said Section, the settled issues are presented under broad headings as explained below:

Nomination under the Companies Act, 1956

Section 109A (*pari materia* to Section 72 of the Companies Act, 2013) was inserted by Companies (Amendment Acts) 1999 in the Act from 31st October 1998. Section 109A(1) enables a shareholder to nominate a person, in the prescribed manner, to whom the shares in debentures of the Company shall “*vest*” on his death.

Section 109A(3) commences with a *non obstante* clause. It provides that once a nomination is made as per prescribed procedure, the nominee, on the death of the nominating share/debenture holder, becomes entitled to all rights in the shares or debentures of the company to the exclusion of legal heirs/representatives and any provision to the contrary in any disposition, whether testamentary or otherwise, will have no effect and will not thus affect the rights of the nominee.

Legislative intent for inserting Section 109A and 109B under the Act

The objective for amendment of the Act by inserting Sections 109A and 109B is to provide the facility of nomination so that the Company Law will be in tune with the economic policies of liberalization and deregulation. This is also intended to promote investors' confidence in capital market and to promote the climate for inter-corporate investment in the country. The nomination facility was provided to ease the cumbersome procedure in obtaining letters of succession from various authorities.

Effect of Nomination facility under other legislations

Acts like Banking Regulation Act, 1949, Depositories Act, 1996, National Savings Certificate Act, 1959, Life Insurance Act, 1938, Employees Provident Fund and Miscellaneous Provisions Act, 1952 provide for nomination. But the SC consistently held in respect of nominations made in these Acts, that the nomination so made would not lead to the nominee attaining absolute title over the property for which

nomination was made. Such nomination will not replace the succession law as applicable and the legal heirs have not been excluded by virtue of such nomination.

Implications of the term “Vest” used in Section 109A of the Act and bye law 9.11.1 under the Depositories Act 1996

Section 109A (1) provides that “Every holder of shares in or debenture of a company may, at any time nominate in the prescribed manner, a person to whom his shares in or debentures of the company shall vest in the event of his death”.

In Vetticherukkuru Viilage Panchayat Vs Nori Venkatarama Deekshitulu, SC held “The word ‘vest’ clothes varied colours from the context and situation in which the word came to be used in a statute or rule.....In Black’s Law Dictionary, the meaning of the word ‘vest’ is given as immediate, fixed right of present or future enjoyment; to

accrue to; to be fixed; to take effect; to clothe with possession; to deliver full possession of land or of an estate; to give seisin; to enfeeoff.....”

In Municipal Corporation of Greater Bombay Vs. Hindustan Petroleum Corporation, it was held by SC that the term ‘vest’ is to be understood in the context in which it is used, the purpose for which it is used and in the situation it operates. The term “vest” has variable meaning and use of this word in a statute does not confer absolute title over the subject matter.

The term “vest” used in Section 109A provides for vesting of shares/debentures of a share/debenture holder, on his death, unto the nominee. Bye law 9.11.1 under the Depositories Act, 1996 also provides for vesting the securities unto the nominee on death of the beneficial owner. The only purpose of this provision is to avoid uncertainty on the part of the company on death of the share/debenture holder. But for this provision, the company would have faced uncertainty on the death of the holder and in the absence of nomination would not know to whom the notices of meetings are to be sent, payment of dividend to be made, rights shares and bonus shares to be allotted and who will exercise voting rights. This would affect the smooth functioning of the Company.

The above proposition would apply mutatis mutandis to the nomination made by the beneficial owner under the Depositories Act, 1996.

Effect of non obstante clause in Section 109A of the Act and bye law 9.1.7 under Depositories Act, 1996

Section 109A(3) of the Act reads as under:

Notwithstanding anything contained in any other law for the time in force or in any dispensation, whether testamentary or otherwise, in respect of such shares in or debentures of the company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the company, the nominee shall on the death of the shareholder or holder of debentures of the company, or as the case may be, on the death of joint holders becomes entitled to all the rights in the

shares or debentures of the company.....to the exclusion of all other persons unless the nomination is varied or cancelled in the prescribed manner.

The appellants contend that the non-obstante clause in Section 109A of the Act confers overriding effect to the nomination over any other law and disposition, testamentary or otherwise, and thus entitles the nominee to absolute rights over the shares/debentures.

It is held by SC in **R S Ranganath V State of Karnataka** that a non obstante clause is to be considered in the light of the context in which it is used. Further, general words and phrases used in a statute, regardless of their wide ambit, must be interpreted keeping in mind the objects of the statute.

The Companies Act, 1956, was amended by providing nomination facility to the share/debenture holder of the company with a view to build investor confidence and bring the Company Law in tune with the process of liberalization and de regulation of Indian economy. Thus the non obstante clause serves the purpose of allowing the company to vest the shares upon the nominee to the exclusion of other persons, i.e. the legal heirs of the deceased share/debenture holder. This enables the company to discharge its liability against diverse claims of the legal heirs of the deceased share/debenture holder. This arrangement is envisaged until the legal heirs have settled the affairs of the testator and are ready to register the transmission of the shares by due process of succession law.

Similar non obstante clause under bye law 9.11.7 of the Depositories Act, 1996 serves the purpose of enabling the depository to deal with the securities on death of the beneficial owner.

The conclusion is that the non obstante clause in both section 109A(3) of the Act and bye law 9.11.7 of the Depositories Act, 1996 was inserted keeping in view the objects and purpose of the said Acts. It can not, therefore, be held that section 109A(3) of the Act overrides the provisions of succession law by excluding the legal heirs from their rightful claims over the securities, as per succession law, against the nominee.

Concept of “statutory testament “ under the Companies Act, 1956

The contention of the appellants is that the nomination under Section 109A of the Act indicates the intention of the share/debenture holder to bequeath to the nominee the right to receive the securities exclusive of legal heirs and thus constitutes a “statutory testament”. This contention has no merit as the Act does not override the provisions of law of succession. The Companies Act, 1956 is merely concerned with the regulation of affairs of the company and has no relation whatsoever with the law of succession. It is beyond the scope of the affairs of the company to facilitate the succession planning of the shareholder.

Conclusion:

- The facility for nomination under Section 109A of the Act was made by the Amendment Act, 1999 with a specific purpose and object, namely, to boost the confidence of the investor in capital market and make the Company Law in tune with the liberalization of Indian Economy at that time. The non obstante clause can not go beyond what the legislature intended to achieve.

- Merely because Section 109A of the Act uses words such as “vest”, “non obstante clause” and “to the exclusion of others”, it does not grant absolute ownership in respect of the securities to the nominee disregarding the provisions of succession law.
- A person who has been nominated under Section 109A of the Act, on the death of the securities holder, does not have absolute right over such securities to the exclusion of all other persons including legal heirs /legal representatives of the deceased shareholder.
- The nominee at the most, holds the securities in a fiduciary capacity and holds them as a beneficiary for the legal heirs/representatives who would inherit them under the law of succession.
- As it is held that nomination made under Section 109A of the Act is not a statutory testament, such nomination shall be subject to Will executed in accordance with Indian Succession Act, 1925. In other words provisions of Indian Succession Act, 1925 regarding Will, will override the provisions of Nomination made under the Companies Act, 1956.



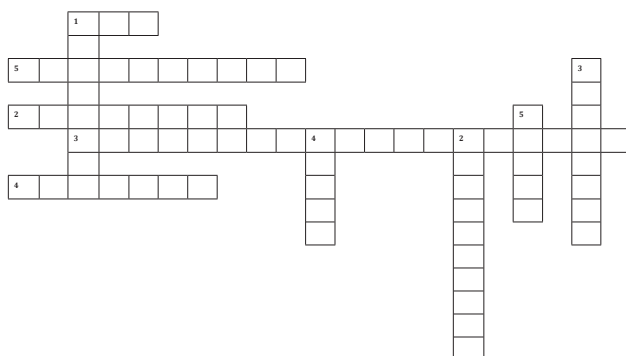
YOUR OPINION MATTERS

‘Chartered Secretary’ has been constantly striving to achieve Excellence in terms of Coverage, Contents, Articles, Legal Cases, Govt. Notification etc. for the purpose of knowledge sharing and constant updation of its readers. However, there is always a scope for new additions, improvement, etc.

The Institute seeks cooperation of all its readers in accomplishing this task for the benefit of all its stakeholders. We solicit your views, opinions and comments which may help us in further improving the varied segments of this journal. Suggestions on areas which may need greater emphasis, new Sections or areas that may be added are also welcome.

You may send in your suggestions to the Editor, Chartered Secretary, The ICSI at cs.journal@icsi.edu

CROSSWORD PUZZLE – COMPANY LAW - APRIL 2025



ACROSS

- Under the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, The performance-linked incentive fee for value maximisation may be paid to the resolution professional at the rate of _____ percent of the amount by which the realisable value is higher than the liquidation value, after approval of the resolution plan by Adjudicating Authority on commencement of payment to creditors by the resolution applicant.
- Under Companies Act, 2013, Every company giving loan or giving guarantee or providing security or making an acquisition of securities shall, from the date of its incorporation, maintain a register in _____ and enter therein separately, the particulars of loans and guarantees given, securities provided and acquisitions made.
- Under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, the cap on the price band, and the coupon rate in case of convertible debt instruments, shall be less than or equal to _____ percent of the floor price.
- Under Companies Act, 2013, a company may pay a sitting fee to a director for attending meetings of the Board or committees thereof, such sum as may be decided by the Board of directors thereof which shall not exceed _____ rupees per meeting of the Board or committee thereof.
- Under Companies Act, 2013, companies having turnover of _____ crore rupees or above shall file their financial statements and other documents under Section 137 of the Act with the Registrar in e-form AOC-4 XBRL.

DOWNWARDS

- Under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, An issuer shall be eligible to make an initial public offer only if it has a net worth of at

least _____ rupees in each of the preceding three full years (of twelve months each), calculated on a restated and consolidated basis.

- Under the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, in cases where quantum of admitted claims are More than Rs.500 crore but less than or equal to Rs.2,500 crore, the Minimum fixed fee payable to the interim resolution professional or the resolution professional shall be Rs. _____, in accordance with Table-1 of Schedule II and is applicable for the period specified in Clause 2 of Schedule II.
- Under the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016, the consultation committee, after recording the reasons, may by a majority vote of not less _____ per cent., propose to replace the liquidator.
- Under the Real Estate (Regulation and Development) Act, 2016 the rate of interest chargeable from the allottee by the promoter, in case of default, shall be _____ to the rate of interest which the promoter shall be liable to pay the allottee, in case of default.
- Under the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017, The liquidator shall file the Status Report with the Board within _____ days of the meeting of contributories.

Winners - Crossword March 2025

1ST

CS Somi Khemsara ACS-71129

2ND

CS Meenu Gupta ACS-34932

3RD

CS Shreya Kamath ACS-63008

Crossword Puzzle – March 2025 Answers

ACROSS

- ONE HUNDRED
- FIFTY
- TWENTY-ONE
- SH-7
- FC-GPR

DOWNWARDS

- THREE
- TWO HUNDRED FIFTY
- TWICE
- DISSOLUTION
- THREE

NATIONAL/INTERNATIONAL REPORTS: ANALYSIS



FROM BORROWERS TO BUILDERS: WOMEN'S ROLE IN INDIA'S FINANCIAL GROWTH STORY

Organisation: A joint Report by Transunion CIBIL, WEP (NITI AAYOG), and Microsave Consulting

Month/Year of Release: March 2025

Source: <https://www.niti.gov.in/sites/default/files/2025-03/From-Borrowers-to-Builders>

INTRODUCTION

India remains one of the fastest-growing economies globally, with an 8.2% GDP growth in FY23/24 (World Bank, 2024). Its real GDP is projected to grow by 6.5–7% in 2024–25, reflecting the economy's resilience and strong domestic demand. By FY24, the economy had expanded by 20% compared to pre-COVID levels in FY20. Structural initiatives like "Make in India" and "Digital India" have supported this recovery, with the services sector leading the way, contributing 54.7% to Gross Value Added (GVA), followed by industry at 27.6% and agriculture at 17.7%.

Amid this robust growth, Women Entrepreneurs (WEs) are playing an increasingly significant role in the economy, contributing to the nation's progress. Over the past 7 years, the Female Labour Force Participation Rate (FLFPR) has steadily increased from 23.3% in 2017-18 to 41.7% in 2023-24. This growth has been largely fueled by the increased economic participation of rural women.

With India's working-age population projected to exceed 1 billion in the next decade (World Bank, 2024) job creation through entrepreneurship is vital. Promoting entrepreneurship for women is also one of the best pathways for accelerating equitable growth. To support this transformation, a range of government initiatives and schemes are empowering women to overcome barriers, launch businesses, and contribute meaningfully to the economy. The National Rural Livelihood Mission has enabled 9 million women Self Help Groups (SHGs) to improve their livelihoods through access to formal banking.

NITI Aayog's Women Entrepreneurship Platform (WEP) brings together public and private sector partners to create a supportive ecosystem for women entrepreneurs. It provides a continuum of support across 4 key needs of training, access to finance and markets, mentoring, and support services to women entrepreneurs. WEP's digital platform offers knowledge resources and information on over 70 central and 400+ state-level govt. schemes supporting entrepreneurship. The scheme-wise disbursement of the loan is as given below:

Table 1: Disbursement of Loan

GOI Schemes	Loan Disbursement
Pradhan Mantri Mudra Yojana (PMMY)	INR 2.22 lakh crore were disbursed to 4.24 crore women entrepreneurs in FY2023-24.
PM SVANidhi Yojana	Supported 30.6 lakh women street vendors with Rs. 5,939.7 crore in working capital loans as of December 2024.
UDYAM-registered MSMEs	40% of UDYAM-registered MSMEs are women-owned (UDYAM Registration Data 2025) as on Jan 2025.

While business loans are gaining popularity among women, government initiatives have also substantially enhanced financial access. Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) issued 22% of total guarantees to women for collateral-free loans as of March 2024, while Stand-Up India sanctioned 84% of 2.09 lakh loans to women entrepreneurs by November 2023, reinforcing support for women-led businesses.

SCOPE

This report examines the evolving role of women in India's economic growth, focusing on their untapped potential and the systemic barriers they face. Women constitute nearly half of India's population but contribute only 18% to the GDP.

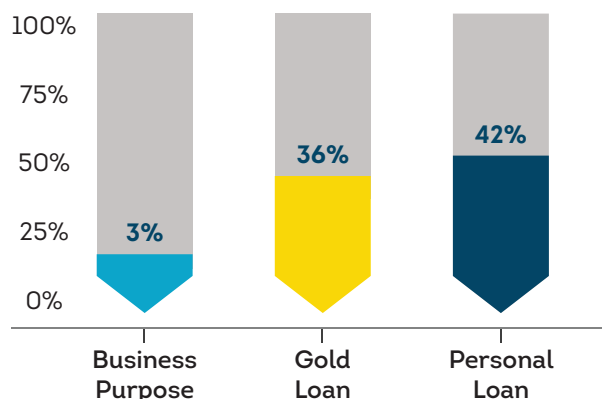
OBJECTIVES

- To present an In-depth analysis of Women's Credit Participation w.r.t:
 - Credit origination
 - Product preferences
 - Role of semi-urban and rural enterprises
 - State-wise growth
- To understand Self-Monitoring behaviour and its impact on Credit Health.
- To examine women credit willingness & readiness.
- Understand challenges faced by Women Business Borrowers.
- To reflect on the Financial Journeys of some of the Emerging women entrepreneurs.

DATA ANALYSIS

A. Women's Credit Participation

Share by Credit Product Type
Loan Originations by Women in 2024



The number of women borrowers availing retail credit in India has increased at a **Compound Annual Growth Rate (CAGR) of 22% between 2019 and 2024**.

This growth reflects a significant shift in financial behavior, with women increasingly leveraging credit to meet personal and professional goals. A closer look at the data reveals key trends in **credit origination, the role of semi-urban and rural enterprises, product preferences, and state-wise growth**.

Credit Origination: The data in the chart reveals share by Credit Product Type Loan Origination by Women in 2024. Though the number of accounts opened for business purposes has grown 4.6 times since 2019, these loans constitute only **3% of overall loans availed by women borrowers in 2024**.

Credit for personal finance needs (personal loans, consumer durable loans, home ownership, vehicle loans) accounted for **42% of all loans availed by women in 2024**.

Gold loans have gained popularity amongst women borrowers and accounted for **36% of all loans availed by women borrowers in 2024**.

Table 2: Percentage of Credit availed

Loan Type	Young women (<=30 years of age)	Women in semi-urban and rural areas
Personal Loans	42%	49%
Gold Loans	17%	70%
Business Loans	18%	65%
Agri Loans	13%	84%

Young women (<=30 years of age) are availing credit for personal finance purposes. However, the share of young women in other credit products remained low for originations in 2024.

Shares of loan originations to women in **Semi-Urban and Rural areas** are higher for agriculture, business purposes,

and gold than for personal finance loans, underscoring the geographical diversity in credit product preferences.

Table 4: Product preferences

Preference	% of Credit Availed
Loan Against Property	36% (+2% increase in share from 2019)
Agriculture Loans	26% (+5% increase in share from 2019)
Business Loans	25% (+2% increase in share from 2019)
Commercial Vehicle Loans	19% (+4% increase in share from 2019)

Women's Credit Product Preferences: Women borrowers are increasingly seeking credit for entrepreneurial growth, as reflected in the high share of women in credit enquiries in 2024.

State-wise growth: Credit participation by women borrowers varies significantly across states, reflecting regional differences in financial inclusion.

LIVE LOANS FOR TOP 7 STATES- DEC '24

State	Overall Growth (5 Years CAGR)	Growth of Women (5 Years CAGR)	Share of Women (2024)
Uttar Pradesh	16%	20%	23%
Maharashtra	9%	13%	30%
Tamil Nadu	8%	10%	44%
Karnataka	12%	16%	34%
Andhra Pradesh	10%	13%	41%
Rajasthan	14%	20%	26%
Madhya Pradesh	15%	19%	25%

Southern states have higher shares of women borrowers with at least 1 live loan in their wallet – Tamil Nadu (44%), Andhra Pradesh (41%), Telangana (35%), Karnataka (34%) as compared to 31% of women at an overall country level as of December 2024. Northern and central states (Rajasthan, Uttar Pradesh and Madhya Pradesh) have witnessed high CAGR in live women borrowers over the last 5 years, but their share of women at an overall country level remains low.

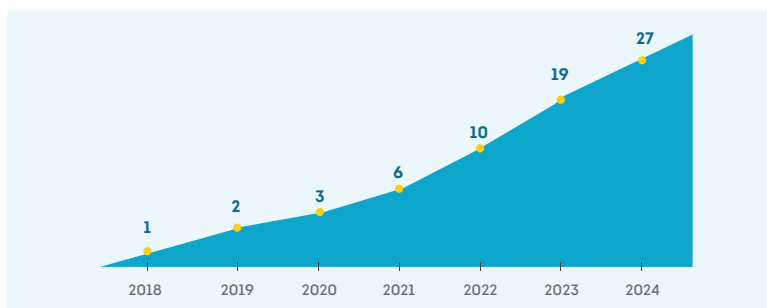
B. Self-Monitoring behaviour and its impact on Credit Health

1. Rise of self-monitoring: Generational and Geographic Shifts: Building on the progress in access to finance, women are increasingly demonstrating financial independence through self-monitoring and credit management. This is a testament to their growing financial acumen.

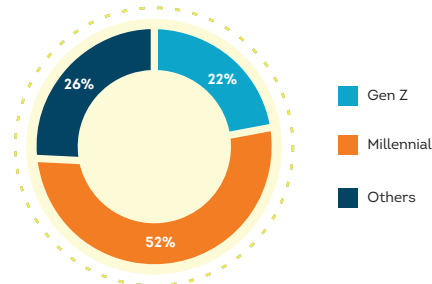
As women take charge of their financial futures, the numbers tell a compelling story. By the end of 2024, nearly 27 million women were actively monitoring their credit—a striking 42% increase from 2023. This shift reflects a broader cultural and economic transformation, with women increasingly viewing credit health as an active tool for shaping their financial futures.

The surge is being driven by the younger generation, with Gen Z women— a generation often characterised by its digital fluency and appetite for self-improvement—leading the way. The number of Gen Z women self-monitoring their credit jumped by 56% YOY, while millennial women followed closely with a 38% rise.

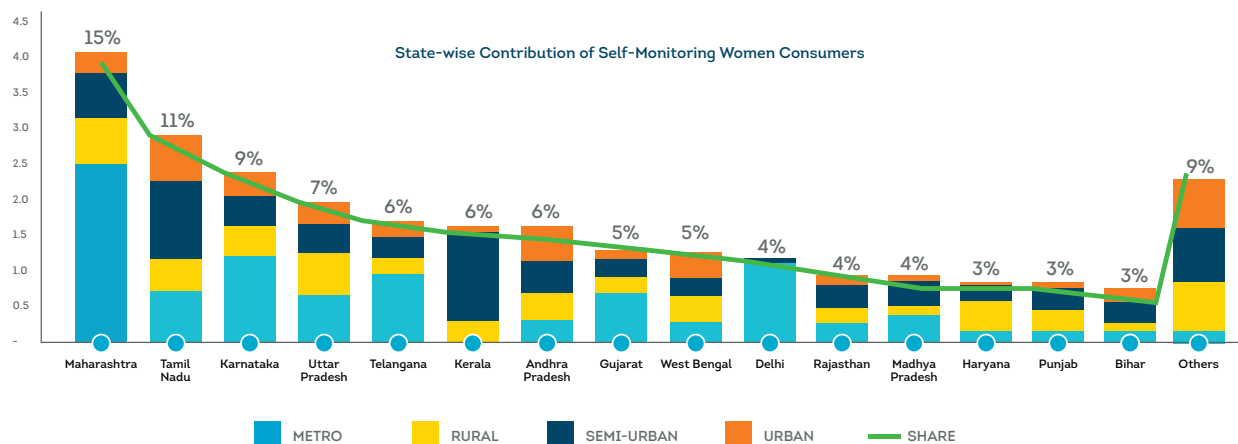
Self-Monitoring Women Borrowers (in Mn.)



Age-Wise Distribution of Self-Monitoring Women Consumers (2024)



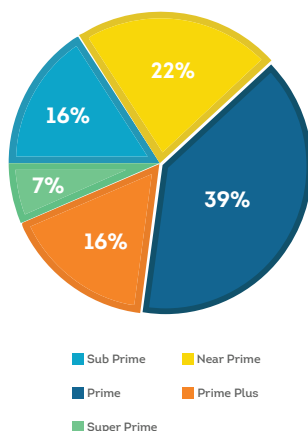
2. States with largest growth in self-monitoring women borrowers



The number of self-monitoring women from metro areas has grown by 30% from December 2023 to December 2024, while those from non-metro areas has grown by 48% during the same period. Maharashtra, Tamil Nadu, Karnataka, Uttar Pradesh, and Telangana were the top five states for women self-monitoring in CY 2024, contributing to 49% of the total women self-monitoring across all states. The southern region has the highest number of women self-monitoring, with 10.16 million women. This region also experienced a growth of 46% from Dec 2023 } till Dec 2024.

- The number of women self-monitoring and classified as Prime and above grew from 8.22 million as of December 2023, to 11.90 million as of December 2024, showing a growth of approximately 45%.
- Nearly 62% of self-monitoring women are in the Prime and above bands. This shows that actively managing your credit by consistently following good credit practices has helped women borrowers remain credit healthy.

Score Distribution of Self-Monitoring Women Consumers



3. Impact of Self-Monitoring: Women achieving credit health

- 44% of the women who engage in self-monitoring see improvements in their credit scores within six months, reflecting the impact of increased financial awareness.
- Among women in the 90+Days Past Due (DPD) category at the time of their credit check, 17.45% moved to a lower delinquency bracket within six months, while 11.37% became standard borrowers.

The rise in financial and credit awareness amongst women—especially younger ones—marks a significant cultural and economic shift. Credit health has now become an active tool for shaping economic independence. It is a reminder that empowerment is rooted in knowledge, and for this generation, credit health is proving to be a powerful starting point.

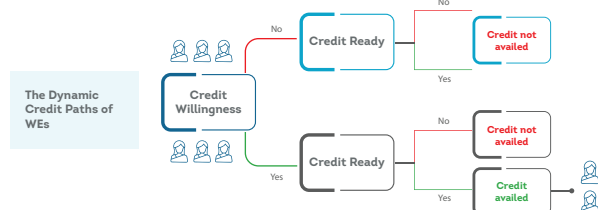
CIBIL Scores: Range from 300-900. Score tiers are: **Subprime** = 300-680 | **Near Prime** = 681-730

Prime = 731-770 | **Prime Plus** = 771-790 | **Super Prime** = 791-900

C. Survey on Women Credit Willingness & Readiness

Understanding women borrowers' credit journeys is crucial to addressing the gender gap in credit and unlocking women's potential in the market. MSC's study (Women and Credit Report) of 40 women-owned enterprises across 10 states led to the creation of personas that capture the non-linear credit journey of women entrepreneurs.

The report has mapped financial journeys of women entrepreneurs through Six Key Personas. These personas highlight that women business borrowers are diverse. Some may be credit-ready but not credit-willing, while others are credit-willing but not credit-ready. Additionally, some face barriers even when they are both credit-ready and credit-willing. Their challenges and motivations vary by life stage, needs, and experience with the credit market.



The following personas, representing real Women Entrepreneurs (WEs) from the field study.

Persona 1: Independent Go-Getter

Credit-willing, credit-ready, and has independently availed credit from a financial service provider.

The WEs studied under this persona type are observed, to be more dependent on traditional loans at the beginning stages of setting up their business and later switch to alternate funding sources such as grants and equity investments from impact investors. They seek financial partnerships that complements their long-term vision for the business expansion. Some WEs also avail secured loans from banks, working capital from an NBFC and women federations for setting up their manufacturing units.

Persona 2: Guided Achiever

Credit-willing and credit ready but has availed credit with the assistance of bridge institutions.

Bridge Institutions provide credit and credit-plus services, such as training and business support, to women. They connect banks with borrowers, maintain long-term relationships, and adopt gender-intentional or gender-transformative lending approaches, (Women and Credit, 2023). Such institutions help WEs overcome cultural barriers that prevent them from taking interest-based loans.

Persona 3: Disappointed Applicant

Credit-willing and credit ready but has been unable to access credit, despite meeting the necessary financial and business requirements.

WEs exhibiting such persona, who have their registered business, inspite of having a positive perception about banks offering loans on low interest rates, and stability making them their preferred option are still denied loans due to non-availability of a guarantor which lead them to withdraw their application.

Persona 4: Hopeful Learner

Credit-willing but not credit-ready due to a lack of business viability, documentation, or credit history.

Such WEs are hesitant to take loans from banks due to their unregistered nature of business and lack of awareness of formal loan procedures and other required documents limit their credit readiness. They are dependent on loans from informal channels and SHGs to finance their business.

Persona 5: Risk Averse Planner

Credit-averse despite having a viable business and meeting financial eligibility criteria, often due to social, economic, or personal concerns.

Such WEs are hesitant to take large bank loans despite their eligibility fearing missed instalments. They take loans from SHGs but do not pursue loans from individual banks. Their cautious nature holds them back from rushing into large scale expansions.

Persona 6: Resource-Limited Striver

Lacking both, the motivation to seek credit and the necessary business or financial prerequisites, to qualify for formal borrowing.

Fearing their family's financial stability may be at risk, such WEs are hesitant to take loans from formalised channels. They manage their financial requirements by relying on collateral-free loans from informal channels like moneylenders and friends. These are usually single owners.

MAJOR FINDINGS

- **Steady rise in Women Borrowers:** Women seeking credit grew 3 times between 2019 and 2024, reflecting increased demand among female borrowers.
- **Women Borrower Demographics:** About 60% of the women borrowers availing credit are from semi-urban or rural areas. Women under 30 years of age, account for only 27% of retail credit uptake by women, compared to 40% for men.
- **Credit Supply Trends:** Women's participation in credit origination has seen notable growth in recent years. Since 2019, their share in Business Loans and Gold Loans has increased by 14% and 6% respectively. By 2024, 42% of loans availed by women were for personal finance, a slight increase from 39% in 2019. While the credit supply to women in business sectors has improved, the majority of loans availed by women continue to be against gold – 36% of all loans availed by women in 2024 were gold loans vs. 19% of loans availed in 2019.
- **Rise in Credit Monitoring and Awareness:** As of December 2024, 27 million women borrowers in India have monitored their credit information report and score with CIBIL. While this is an encouraging trend, this must continue for women to progress from participants to leaders in India's economic story.

RECOMMENDATIONS

- Expand Women's Access to Business Loans
- Develop Gender-Intelligent Financial Products
- Reimagine Credit Risk Assessment
- Boost Credit Readiness of WMSMEs
- Strengthen Support Ecosystems for Women Entrepreneurs
- Increase Gender Balance in Financial Services

CONCLUSIONS

The findings underscore women's growing economic participation and financial inclusion, particularly in rural areas. However, untapped potential among younger women and reliance on traditional credit forms highlight the need for greater empowerment to lead and innovate. Unlocking their potential will drive inclusive and sustainable growth, transforming aspirations into achievements. □

CHARTERED SECRETARY

Advertisement

Tariff



(With Effect from September 2018)

BACK COVER (COLOURED)			COVER II/III (COLOURED)		
Non – Appointment			Non – Appointment		
Per Insertion	₹1,00,000		Per Insertion	₹ 70,000	
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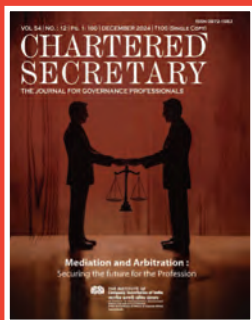
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