

# CHARTERED SECRETARY

THE JOURNAL FOR GOVERNANCE PROFESSIONALS

**GST:**  
Altering Economic  
Dynamics  
Sustainably

₹



**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)  
[www.icsi.edu](http://www.icsi.edu)





## WHY LEADING BOARDS ARE EMBRACING DESS DIGITAL MEETINGS?

ONE STOP DIGITAL  
MEETINGS SOLUTION

“

*We have been using Dess Digital Meetings for Board and Committee meetings. Our Board of Directors and Company Secretarial team have found it to be very easy to use and feature rich.*

Mr. Gorav Arora, Company Secretarial, Apollo Tyres Ltd.

”

LET'S CONNECT TO TRANSFORM  
YOUR BOARD MEETINGS

+91 97029 28562 | [info@dess.digital](mailto:info@dess.digital) | [www.dess.digital](http://www.dess.digital)

## President

- CS Manish Gupta

## Vice-President

- CS B. Narasimhan

## Members

(in alphabetical order)

- CS Ashish Karodia
- Dr. Ashok Kumar Mishra (Govt. Nominee)
- CS Dhananjay Shukla
- CS Dwarakanath C.
- Sh. Inder Deep Singh Dhariwal (Govt. Nominee)
- Sh. MP Shah (Govt. Nominee)
- Sh. Manoj Pandey (Govt. Nominee)
- CS Manoj Kumar Purbey
- Ms. Mithlesh (Govt. Nominee)
- CS Mohankumar A.
- CS NPS Chawla
- CS Pawan G. Chandak
- CS Praveen Soni
- CS Rajesh Chhaganbhai Tarpara
- CS (Ms.) Rupanjana De
- CS Sandip Kumar Kejriwal
- CS Suresh Pandey
- CS Venkataramana R.

## Secretary

- CS Asish Mohan

# 07

## Editorial Advisory Board

### Chairman

- CS Ashish Karodia

### Members

(in alphabetical order)

- CS Bimal Jain
- CS (Dr.) D. K. Jain
- CS Dhananjay Shukla
- CS Manoj Kumar Purbey
- CS Mohan Kumar A.
- CS NPS Chawla
- CS Nitin Somani
- CS P. Sivakumar
- CS Pawan Dubey
- CS Praveen Soni
- CS Punit Handa
- CS (Dr.) R.P. Tulsian
- CS (Prof.) Rabi Narayan Kar
- Dr. Ranjith Krishnan
- CS Rohit Gupta
- CS Sachin Khurana
- CS Sumit Kumar

### Editor & Publisher

- CS Asish Mohan

### Legal Correspondent

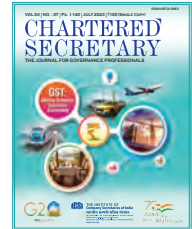
- T. K. A. Padmanabhan



# CHARTERED SECRETARY

[ Registered under Trade Marks Act, 1999 ], Listed in UGC – CARE

Vol. : LIII ■ No.07 ■ Pg 1-140 ■ July - 2023



## 04 - EDITORIAL

## 07 - FROM THE PRESIDENT

## 10 - RECENT INITIATIVES TAKEN BY ICSI

## 15 - INTERVIEW

- CS R Krishnan, PAST PRESIDENT OF ICSI

## 18 - ICSI EVENTS

- 24<sup>th</sup> National Conference of Practising Company Secretaries, 2023
- ICSI Southern India Region Convocation, 2023

## 39 - ARTICLES

- GST: Altering Economic Dynamics Sustainably

## 87 - LEGAL WORLD

## 97 - FROM THE GOVERNMENT

## 117- NEWS FROM THE INSTITUTE

## 126 - GST CORNER

## 127 - ETHICS IN PROFESSION

- Professional Misconduct By The Members Under Part II of The Second Schedule to The Company Secretaries Act, 1980

## 128 - CG CORNER

- International Sustainability Standards Board (ISSB)- IFRS S1 and IFRS S2

## 131 - BEYOND GOVERNANCE

- Case Study
- Crossword

## Printed & Published by

**Printed & Published by: Asish Mohan** on behalf of: The Institute of Company Secretaries of India, 'ICSI House', 22, Institutional Area Lodi Road, New Delhi - 110 003, **Printed at:** SAP Print Solutions Pvt Ltd at Plot No. 3 and 30, Sector II, The Vasai Taluka Industrial Co-Op. Estate Ltd, Gauripada, Vasai (E), District Palghar-401208, [sapprints.com](http://sapprints.com) and **Published** from Lodhi Road.

**Editor : Asish Mohan**

**The Institute of Company Secretaries of India**

'ICSI House', 22, Institutional Area

Lodi Road, New Delhi - 110 003

Phones : 41504444, 45341000

Grams : 'COMPSEC'

Fax : 91-11-24626727

E-Mail : [journal@icsi.edu](mailto:journal@icsi.edu)

Weblink : <http://support.icsi.edu>

Website : <http://www.icsi.edu>

Mode of Citation: CSJ (2023)(07/--- (Page No.)

QR Code/Weblink of Chartered Secretary Journal

<https://www.icsi.edu/home/cs/>



Printed at

**SAP PRINT SOLUTIONS PVT. LTD.**

Plot No. 3 & 30, Sector II, The Vasai Taluka Industrial Co-op. Estate Ltd., Gauripada Vasai (E), Dist. Palghar - 401 208 [www.sapprints.com](http://www.sapprints.com)

## Annual Subscription

'Chartered Secretary' is generally published in the first week of every month. ■ Non-receipt of any issue should be notified within that month. ■ Articles on subjects of interest to company secretaries are welcome.

■ Views expressed by contributors are their own and the Institute does not accept any responsibility. ■ The Institute is not in any way responsible for the result of any action taken on the basis of the advertisements published in the journal. ■ All rights reserved.

■ No part of the journal may be reproduced or copied in any form by any means without the written permission of the Institute.

■ The write ups of this issue are also available on the website of the Institute.



# EDITORIAL

The month of July begins with its 1<sup>st</sup> day being commemorated as Goods and Services Tax (GST) Day, to honour the successful implementation of the GST regime in the country. GST, which is a comprehensive indirect tax, revolutionised India's taxation system with its destination-based approach, simplifying the tax structure and ensuring transparency and efficiency.

Since its inception, GST has brought about significant changes in the tax system, leading to an increased demand for professionals with expertise in GST compliance and advisory services. Businesses are seeking qualified professionals who can navigate the complexities of GST regulations, assist in tax planning, ensure compliance, and provide valuable insights on optimizing tax positions and this is where the role of Company Secretaries as GST professionals has also rendered itself crucial in helping businesses adapt to the ever-evolving tax landscape.

The spectrum of GST is wide and most of the industrial and corporate entities are exposed to GST as a service provider, service / goods receiver, importer, exporter of service / goods or otherwise. Since these assesses come from a heterogeneous background (rural, urban, corporates, individuals, etc.), presenting legal opinions on delicate issues of tax, interpretation of judicial pronouncements and suggesting the course of action are some of the advisory and consulting services that professional like Company Secretaries are offering for better compliance and this month's issue of the Journal is dedicated to the Theme: 'GST : Altering Economic Dynamics Sustainably' to touch upon critical aspects of GST.

This issue of the Journal also has the honour of carrying the interaction of CS R. Krishnan, the Past President of the Institute of Company

Secretaries of India. It has views of the Past President of ICSI who at an age of 35 years took the reins of Leadership in his hands and turned it into best of developmental years for the Institute.

The Journal encapsulates the essence of the GST and also other prominent areas with deliberations on critical aspects through various articles by authors .

While the month of June focused on exploring and deliberating on Practising Company Secretaries stepping beyond boundaries, the highly successful 24<sup>th</sup> National Conference of Practising Company Secretaries became a highlight with intense and reflective deliberations and efficacious key takeaways. This month the Institute is organising its 4<sup>th</sup> National Conference of Corporate CS at Goa. The conference, a confluence of professionals from across India brings forth a formidable platform for the deliberations on several significant aspects of professionals serving the Corporates.

While wishing the 4<sup>th</sup> National Conference of Corporate CS all the success I also uphold our Institute's untiring efforts to develop a much needed perspective with impetus on enhancement of the roles and responsibilities of Company Secretaries which in all its purpose propels Institute's contribution to India's dream of becoming a 5 trillion dollar economy.

**Happy reading !**

**CS Asish Mohan**  
(Editor - Chartered Secretary)





1. ICSI delegation led by CS Manish Gupta, President, The ICSI met Shri Rajnath Singh, Hon'ble Defence Minister & General Manoj Pande, Chief of the Army Staff to present the cheque under Shaheed Ki Beti initiative of ICSI.
2. ICSI delegation led by CS Manish Gupta, President, The ICSI, met Hon'ble Minister of Finance & Corporate Affairs, Smt. Nirmala Sitharaman and assured ICSI's support in all the initiatives of the Government aimed at providing ease to the stakeholders for Nation Building.
3. ICSI delegation led by CS Manish Gupta, President, The ICSI met Dr. Pramod Sawant, Hon'ble Chief Minister of Goa.





4. ICSI delegation led by CS Manish Gupta, President, The ICSI, met Shri Rajesh Verma, IAS, Secretary to Hon'ble President of India.
5. CS Manish Gupta, President, The ICSI met Shri Rajiv Mani, Additional Secretary, Department of Legal Affairs, Ministry of Law and Justice to apprise on ICSI's role in policy formulation & of CS in Alternate Dispute Resolution.
6. ICSI delegation led by CS Manish Gupta, President, The ICSI, participated in the Meeting of the MCA Coordination Committee to deliberate upon the issues faced by the stakeholders.
7. CS Manish Gupta, President, The ICSI, met Shri Prasad Lolayekar, Secretary, Department of Higher Education, Government of Goa, to apprise him & seek support in creating awareness amongst the students about the CS Course & Profession.
8. ICSI inks MoU with NEDFi, a Public Financial Institution, for mutual capacity building and knowledge sharing.
9. 1<sup>st</sup> Meeting of the Secretarial Standards Board (SSB) of ICSI.



अज्ञानतिमिरान्धस्य ज्ञानाञ्जनशलाकया।  
चक्षुर्मुनीलितं येन तस्मै श्रीगुरवे नमः॥

Salute to the guru who, with the brush of knowledge, opened the eyes of people who were blinded by the darkness of ignorance.



Dear Professional Colleagues,

**M**ore than once in the past few days, did I come across the quote that “Everything good, everything magical happens between the months of June and August”. I was indeed reluctant to share it at first for the fear of portraying favoritism even in months, but the activities and achievements, both made in the month gone by and about to be relished in the times ahead.

The Institute of Company Secretaries of India has been continuously endeavouring to create avenues of expanding the bandwidth of its members and students by way of our capacity building initiatives and mining of opportunities.

The month of June and July is a reminder of the passage of time and to make the most of the time at our hands. It is at this juncture that we pause for a while to celebrate the achievements made and gear up ourselves to make way for more...

Since the month of July begins with the note of celebrations itself, I take this opportunity to congratulate our fellow Professional Institution, the **Institute of Chartered Accountants of India** on accomplishing 75 years of their journey.

I would also like to extend on my own behalf, on behalf of the entire professional fraternity and the Institute, our heartiest appreciations, commendations and congratulations to the Ministry of Finance, as well as the Government of India, Smt. Nirmala Sitharaman, Hon’ble Minister of Finance and Corporate Affairs and the Hon’ble Prime Minister, Shri Narendra Modi, on the completion of 6 accomplished years of the Goods and Services Tax or GST. Having played the role of India’s GST partner for the past 6 years has indeed been both fulfilling and invigorating. Catering to the educational and professional needs of such a vast base of stakeholders has been a vitalizing experience.

And it is for this partnership that the ICSI has been proudly celebrating the day with much fanfare across the Chapters and Regional Councils of the Institute, holding deliberations, sharing responsibilities and mutual guidance; so as to perfect ourselves in serving the nation in the best way possible. This year, going a step further, the July edition of the Chartered Secretary has



been dedicated to **GST: Altering Economic Dynamics Sustainably**; to reflect upon the past present and future of this regime of taxation and its overall role play in the growth story of the nation.

If I am to take an account of the month gone by I would begin by thanking Smt. Nirmala Sitharaman for according us an opportunity of meeting in person, sharing our future plans as professionals, our combined achievements and our shared concerns. It was indeed a great delight to have a patient ear hear through all of it and guide us in the best manner possible. The stakeholders' meetings held across cities of the nation are a true portrayal of the fact that the resolution of our issues is their prime concern. Our heartfelt gratitude to the entire Team of the Ministry.

Another momentous achievement was gained in the form of our greetings with Shri Rajnath Singh, the Hon'ble Minister of Defence and General Manoj Pande, Chief of the Army Staff to present the cheque for Rs. 5,00,000 under the Shaheed ki Beti initiative of the ICSI.

I am also thankful to Shri Rajesh Verma, IAS, Secretary to Hon'ble President of India, Shri Rajiv Mani, Additional Secretary, Department of Legal Affairs, Ministry of Law and Justice for conferring upon us the opportune moments to share our thoughts, our roles in policy making and our visions for the future and requests for them to be a part of our events.

In the same breath, I am equally gratuitous towards Hon'ble Mr. Justice Mohammed Shaffiq, Judge, High Court of Tamil Nadu for presiding over as the Chief Guest and Prof. S. Arumugam, Vice Chancellor, Tamil Nadu Open University, Chennai as the Guest of Honour at the ICSI bi-annual Convocation for Southern Region. The wisdom bestowed upon by them and the enthusiasm of the young members has left a lasting impact for a long-time.

All these meetings have been not only gratifying but have boosted our morale to perform to our best of capabilities in the light of heightened expectations and trust in our abilities.

## PCS DAY: REAFFIRMING TRUST, RECOGNIZING CREDIBILITY

15 June 1988, a total of 3 and a half decades, and the recognitions, the accomplishments still warms our hearts. But at the same time, it is a reminder of the trust and faith placed in the credibility of the profession - one that we all need to guard with all our might. It is days like these which reaffirm our belief that true professionalism is much greater than the qualification but is a resultant of the consistent efforts over time. And this celebration of being humbled by recognition is made at a Pan-India level by all our Regional Councils and Chapters. My heartiest congratulations to the entire practising fraternity.

Let us continue our efforts to grow, to develop and more importantly to serve the nation.

## PCS CONFERENCE: SHARING KNOWLEDGE, FOSTERING RELATIONSHIPS

More than 2 decades- a year away from celebrating its silver jubilee, the National Conference of PCS is an event that practising fraternity looks forward to - for its deliberations - for the offerings in the form of collaborations - for the meeting of minds and for the sharing of love amongst the entire brethren.

What better way to celebrate this achievement of recognitions than to pick the city being the home to the oldest Shipyard in the entire country. For it is these docks, that are a reminder of stability and safe harbour that an Institute provides to its members and for members to think of themselves as ships who find themselves capable to sail through whatever turbulence the waters might bring.

Neither the ships stay with the docks forever, nor the docks hold them back and so is the relationship between an Institution and its members. It is the Institute which provides the members the opportunity to hone their skills, sharpen the axes of their knowledge and stay at the forefront of the profession and their arenas both with dedication & passion. I feel extremely humbled to have the presence of Shri Gudivada Amarnath, Hon'ble Minister for Industries, Infrastructure, Investment & Commerce, Information Technology, Handlooms & Textiles, Government of Andhra Pradesh, the Chief Guest at the PCS Conference. Having presented him with the representation to create educational facility and receiving his assurance to extend all the necessary support has opened a new door of opportunity in the historic state of Andhra Pradesh.

The Conference has been fruitful on various fronts. The wholehearted participation of our members, the time taken out and efforts placed by the Experts, the presence of council colleagues & former presidents has not only added the event into the history books of the Institute but my personal memories too.

My heartfelt thanks & gratitude to each one of you !!!

## GOA CONNECT: CURATING EXCELLENCE

From one beach State to another, the ICSI is treading waters and scaling seas in the truest of senses...

It was at the 24<sup>th</sup> National PCS Conference that we had extended our first formal invitation to the members urging them to block their diaries and join us in the bright city of Goa - the city of Sand, Sun and Sea - the city with so much uniqueness and hidden treasures to it.

It was our profound pleasure to have had the opportunity meet Dr. Pramod Sawant, Hon'ble Chief Minister of Goa and share the presence of ICSI and its members in the corporate arena. And it was our extreme delight to build a lifelong connect with the state and sign an MOU with Shri Prasad Lolayekar, Secretary, Department of Higher

Education, Government of Goa so as to create awareness about the profession and roles in the State – all in our attempt to build GOA-CONNECT.

What better way to learn on the concept of Governance for Sustainability: Curating Excellence, than to look at a State which is equal shades of culture, heritage and history as much as it is of modernity and futuristic perspective - a true epitome of Sustainability... With open arms and great warmth in my heart, I invite all our members - both in practice as well as in employment to join us at the 4<sup>th</sup> National Conference of Corporate CS in curating a common path, one where the entire profession achieves pinnacles of Excellence.

## STUDENT MONTH: CELEBRATING JULY YOUTHFULLY

The beauty of being a student is that the word is a direct portrayal of learning.

Any academic institution finds its true brand ambassadors in its students pursuing the academic qualification, undergoing the course and undertaking trainings. And more than the pride an Institute takes in its students, it is the pride felt by the students to be a part of the Institute that goes a long way in strengthening the bonds between the alma mater and its direct beneficiary - the students. For us at the Institute of Company Secretaries of India, we have always considered it our prime priority to dedicate our efforts towards the holistic development of our Soon-to-be Company Secretaries, the future Governance Professionals.

The celebration of the month of July as the Student Month is a reiteration of our commitment towards the students, an opportunity to foster lifelong relationships and a relishment of the talent hidden deep inside these young minds and hearts.

Each activity planned through these 30 days is a platform to build up a sensitization towards the environment encasing, an understanding of the roles and responsibilities that await ahead and a reminder of the conduct expected at every moment.

I am sure that the Students of the Institute shall utilise this basket of opportunities to showcase their true selves, while talking away learnings of being a Student at heart for their entire life.

## HITTING ROADBLOCKS: THE JOURNEY GOES ON

The Institute has always taken immense pride in its transition towards digital means and modes, for it is the online modes which have brought us much closer to our stakeholders in the deepest roots of the nation and helped us in expanding our shoots globally. However, it is saddening to share that the past few weeks have been a bit tumultuous on account of technical glitches encountered. Although our Teams have been working on a war footing

to bring everything back up; I am thankful to every single one of our members, students, would-be students and all our stakeholders who have held on to their reins of patience and have supported us immensely through this turbulence. It is for this reason that the last date for both CPE Credits and payment of annual membership fees has been extended to 31<sup>st</sup> July, 2023. I am sure that this additional time shall provide sufficient recourse to our members and I assure you that we would be back to providing all the services to the best of our capabilities in no time.

We at the ICSI are truly grateful for all the support... Thank You !!!

## THE ROAD AHEAD: WHAT'S NEXT

The profession of Company Secretaries is as unique as it is diverse. Not only have our presence in almost all spheres of corporate activity, but our bigger perspective and vision of governance allows us to explore avenues further wherein we can sprawl our feet and render our support to the country in one way or the other.

At the same time, our unceasing focus on our members and students has guided us to undertake initiatives for our core stakeholders. If publications were rolled out for the members to stay abreast with the most recent developments, the CSEET Guides were launched for the youngest entrants to the CS Course. In a unique endeavor, just as we have ties for our male members, the ICSI has also launched scarves in varied shades to be worn as insignia by our female members.

The launch of the Master Knowledge Series : EEE shall cater to the knowledge enhancement and updation needs of both the sides and the formation of Boards and Task Forces comprising area Experts dedicated towards formulating plans and executing them relentlessly shall open many more opportunities of both capacity building and brand building. What better way to celebrate Guru Poornima than to pursue academic, personal and overall development – all our life...

All in all, the Institute is working relentlessly towards solidifying the foundations of the Institute and the profession. At the behest of sounding dramatic, while the months gone by have been fulfilling, there's more where that came from...!!!

Happy reading !!!

Yours Sincerely



**CS Manish Gupta**  
President, ICSI

# INITIATIVES UNDERTAKEN DURING THE MONTH OF JUNE, 2023

## INITIATIVES FOR MEMBERS

### MEETINGS AND GREETINGS

During the month, ICSI delegation met with the following dignitaries:

- Shri Rajnath Singh, Hon'ble Minister of Defence
- Smt. Nirmala Sitharaman, Union Minister of Finance and Corporate Affairs
- General Manoj Pande, Chief of the Army Staff
- Shri Rajesh Verma, IAS, Secretary to Hon'ble President of India
- Shri Rajiv Mani, Additional Secretary, Department of Legal Affairs, Ministry of Law and Justice
- HE Sunjay Sudhir, Ambassador of India to UAE

### 4<sup>TH</sup> NATIONAL CONFERENCE OF CORPORATE CS

The Institute is pleased to announce that the 4<sup>th</sup> National Conference of Corporate CS is set to take place in the state of Goa during July 27 -28, 2023. The theme of the Conference is “**Governance for Sustainability: Curating Excellence**” which recognizes the critical importance of effective governance structures in promoting and achieving sustainable outcomes within organizations.

### ICSI CORPORATE TAX CONFERENCE, DUBAI, UAE

The ICSI organised a Corporate Tax Conference in Dubai, UAE on June 3, 2023 in association with ICSI Middle East (DIFC) NPIO on the theme **UAE Corporate Tax – A New Paradigm towards Transparency and Good Governance**. Mr. K. Kalimuthu, Consul (Economic, Trade & Commerce) Consulate General of India, Dubai, graced the occasion as the Chief Guest. Dr. Ram Buxani, Chairman, ITL Cosmos Group, Dubai and Mr. Suresh Kumar, Chairman, IBPC, Dubai, were the Guest (s) of Honour.

### 24<sup>TH</sup> NATIONAL CONFERENCE OF PRACTISING COMPANY SECRETARIES

The Institute organised the 24<sup>th</sup> National Conference of Practising Company Secretaries on the theme **Company Secretary: Stepping Beyond Boundaries** during 16<sup>th</sup> & 17<sup>th</sup> June, 2023 at Hotel Novotel, Varun Beach, Visakhapatnam. The conference was inaugurated by Shri Gudivada Amarnath, Hon'ble Minister for Industries, Infrastructure, Investment & Commerce, Information Technology, Handlooms & Textiles, Government of Andhra Pradesh. Eminent speakers from the Government, Regulators, Industry and the profession shared their knowledge and practical experiences with the

delegates during the Technical Sessions. The Conference was attended by around 3,400 delegates present in-person and connected virtually. The releases at the occasion included:

- Conference Souvenir
- ICSI Social Audit Standards
- Ready Reckoner for Private Companies
- FAQs on Section 8 Companies
- Information Booklet on Insolvency Professional Entities
- CSEET Guide I & II
- Flyer of Master Knowledge Series: EEE
- Flyer of 4<sup>th</sup> National Conference of Corporate CS
- Flyer of ICSI Leadership Development Programme with IIM Sambalpur
- Scarf for female members of the Institute.

### READY RECKONER OF PRIVATE COMPANIES (REVISED EDITION)

Private companies have been granted numerous relaxations and exemptions by lawmakers, especially in the Companies Act, 2013. However, understanding the onus of governance on them and to create a one-stop destination for all company law legislations applicable to Private companies, the ICSI had rolled out the **Ready Reckoner for Private Companies** in January 2023. In view of the overwhelming response received from the members, the ICSI has rolled out the **Revised Edition** of this publication incorporating the recent amendments till date. The publication is expected to serve as a handy guide to the professionals in their day-to-day work.

### ICSI SOCIAL AUDIT STANDARDS

The Institute had incorporated a section 8 company namely 'ICSI INSTITUTE OF SOCIAL AUDITORS' on 4<sup>th</sup> October, 2022 with the objective to develop guidelines, rules and standards for the effective impartial assessment of impact made by Social Enterprises. In this direction, the Institute has formulated the ICSI Social Audit Standards (ICSI-SAS) covering all the sixteen areas from ICSI- SAS 1 to ICSI SAS 16 for the purpose of providing guidance to conduct Social Audit of a Social Enterprise engaged in any of the activities as enumerated under Regulation 292E(2)(a) of SEBI (ICDR), Regulations, 2018. The same were released at the 24<sup>th</sup> National Conference of Practising Company Secretaries.



## MASTER KNOWLEDGE SERIES: EEE

The ICSI, with the intent of reviving, refreshing and sharpening the knowledge of its members on the Companies Act, 2013 and SEBI Regulations is launching a Master Knowledge Series: EEE: Enable, Evaluate, Excel. The capacity building initiative is an attempt to keep members abreast of the various amendments in these laws and to enable them to brush up their knowledge on the subjects. Starting July, the Knowledge Series will be conducted in the form of weekly Webinars on topics of professional interest under the aegis of EEE.

## BEST REGIONAL COUNCIL AND BEST CHAPTER AWARDS FOR THE CALENDAR YEAR 2021

The Best Regional Council Award and Best Chapter Award were instituted with the intent of honoring the efforts made and the achievements gained by Regional Councils and Chapters, as well as to stimulate and create a competitive spirit amongst them. Following were the recipients of the Awards for the year 2021:

Category of Awards	Winners
Best Regional Council	Southern India Regional Council of ICSI
National Best Chapter	Hyderabad Chapter of SIRC of ICSI
Best Chapter in "Diamond" Grade	Hyderabad Chapter of SIRC of ICSI
Best Chapter in "Platinum" Grade	Indore Chapter of WIRC of ICSI
Best Chapter in "Gold" Grade	Bhubaneswar Chapter of EIRC of ICSI
Best Chapter in "Silver" Grade	Mysuru Chapter of SIRC of ICSI
Emerging Chapter	Palakkad Chapter of SIRC of ICSI

The Awards were conferred upon the winners at the hands of Shri Gudivada Amarnath, Hon'ble Minister of Industries, Infrastructure, Investment & Commerce, Information Technology, Handloom & Textiles, Govt. of Andhra Pradesh who was grace the occasion as Chief Guest at the 24<sup>th</sup> National Conference of Practising Company Secretaries, organized at the Hotel Novotel Varun Beach, Visakhapatnam, during 16-17 June, 2023.

## ICSI SOUTHERN REGION CONVOCATION HELD IN CHENNAI

The Institute has successfully organized the big annual Convocation of FY 2022-23 of the Southern Region on June 24, 2023 at Tamil Nadu Open University Auditorium, Saidapet, Chennai. Hon'ble Mr. Justice Mohammed Shaffiq, Judge, High Court of Tamil Nadu presided as the Chief Guest and Prof. S. Arumugam, Vice Chancellor, Tamil Nadu Open University, Chennai was the Guest of Honour. Membership certificates

were handed over to 106 Associate members and 9 Fellow members. Three PMQ members and one meritorious student were also felicitated on the occasion.

## LAUNCH OF NEW BATCHES OF CERTIFICATE AND CRASH COURSES

The Institute has launched new Crash Course on the topic "Social Audit" whose classes were conducted between 12<sup>th</sup> and 16<sup>th</sup> June 2023. Around 425 members registered for this course. The First online assessment of the course is scheduled on 30<sup>th</sup> June and 1<sup>st</sup> July 2023. A new Certificate Course on the topic "BRSR and ESG" has been announced whose classes will commence from 10<sup>th</sup> July 2023 with a view to equip the members with the necessary knowledge and skills in this upcoming area of practice. The Institute has also re-opened admissions to fresh batches in 4 Certificate Courses on the subjects like IPR, Independent Directors, POSH and Contract Compliance Management, the classes of these courses will start in second week of July 2023.

## PMQ COURSE EXAMINATION

The Institute conducted examinations of PMQ course in Corporate Governance, Internal Audit and Arbitration for June 2023 session on Saturday, 17<sup>th</sup> June 2023 in remote proctored mode.

## ONLINE ASSESSMENT FOR EMPANELMENT OF PEER REVIEWERS

First attempt of Online assessment for Empanelment of Peer Reviewers was conducted on 9-10 June, 2023. The second attempt same was given to the candidates who could not appear in the first attempt, on 30<sup>th</sup> June – 1<sup>st</sup> July, 2023. It was the first of its kind of assessment for Empanelment of Peer Reviewers.

## MEMORANDUM OF UNDERSTANDING WITH LEMON TREE HOTELS LIMITED

The Institute has entered into MoU on June 26, 2023 with Lemon Tree Hotels Limited – a chain of 88 hotels across 54 destinations across India (under its various brands viz. Aurika Hotels & Resorts, Lemon Tree Premier, Lemon Tree Hotels, Red Fox Hotels, Keys Prima, Keys Select and Keys Lite) to provide 15% discount on best available rates to the professional/business/personal bills of members, employees and students of the ICSI during peak season also.

## FORMATION/RENEWAL OF 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 June, 2023 for the Financial Year 2023-24 was as under:

- Chennai North Study Circle of ICSI (SIRC)

## EXTENSION OF LAST DATE FOR OBTAINING MANDATORY CPE CREDITS FOR THE YEAR 2022-23

The Institute, in view of the technical difficulties and critical maintenance activities at the portal of the Institute has further facilitated the members in fulfilling the mandatory requirement of CPE Credits for the year 2022-23 by extending the last date for obtaining the mandatory CPE credits for the year 2022-23 by the members till July 31, 2023. (Proposed for approval please)

### WEBINARS CONDUCTED

During the month, Webinar was conducted as follows:

Date	Topic
June 13, 2023	DPT-3 and LLP Forms (New Excel Functionality)

### 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 shortlisted Resumes of Members and Students are sent to them.

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

Company Secretary Trainees and Members requirement at various Government Offices/PSUs/Banks/Corporates		
Sl. No.	Department / Organization	Designation
1.	C-DAC	Project Officer
2.	Central Electronics Limited	Company Secretary
3.	Chennai Metro Rail Limited	Assistant Manager
4.	CIDCO	Company Secretary
5.	Delhi Development Authority	Assistant Accounts Officer
6.	Delhi Transco Limited	Company Secretary
7.	ICSI	Multiple Positions
8.	NICDC Logistics Data Services Limited	Company Secretary
9.	Power Grid Corporation of India Limited	CS Trainee
10.	Sagarmala Development Company Limited	Company Secretary

### TRAINEE DRIVE

The Trainee Drive of the Institute provides training opportunities to its students to place them in corporates

to enhance their professional understanding. Following Trainee Drives were conducted in the month of June 2023:

- Rashtriya Ispat Nigam Limited
- Bharat PetroResources Limited

### ICSI INSTITUTE OF INSOLVENCY PROFESSIONALS

#### Workshops

Date	Topic
June 5-9, 2023	Perspectives on IBC - An Array (Series V)
June 13-14, 2023	Rising Haircuts under IBC

#### Webinars

Date	Topic
June 9, 2023	Information Utility services for the IPs
Every Wednesday	Series on Reviewing Regulations notified under Insolvency and Bankruptcy Code, 2016

#### Pre-Registration Education Course

- 61<sup>st</sup> Batch of Pre-Registration Education Course jointly organised by all the three IPAs from 7<sup>th</sup> June, 2023 to 13<sup>th</sup> June, 2023.

#### Round-table (Virtual) Discussion

- Round-table (Virtual) Discussion on "IBBI Discussion paper - Measures for increasing the possibility of resolution, value of resolution plan and enabling timely resolution" held on 16<sup>th</sup> June, 2023.

### ICSI REGISTERED VALUERS ORGANISATION

#### Continuous Educational Programme (CEP)

- The Company has conducted one Continuing Professional Education Programme (CPE) on June 24, 2023 on the topic *Valuation under Income Tax Act 1961 including recent Amendments and Ingredients of good Valuation Report*.

### INITIATIVES FOR EMPLOYEES

- *Webinar on "Diabetes and Kidney Health" by Dr. Reddy's Foundation*

A webinar was organized on June 23, 2023 on the topic "Diabetes and Kidney Health" by Dr. Reddy's Foundation for the benefit of the employees and pensioners. All employees participated in the webinar presented by Dr. Ashwini Khandekar, Nephrologist.

- *Service Camp by ICICI and Axis Bank*

A service camp was organized by Axis Bank and ICICI bank simultaneously at Lodi Road Office and Noida Office from 23<sup>rd</sup> June to 28<sup>th</sup> June, 2023 for the benefit of the employees, who are interested to open

Salary Accounts (Zero Balance Account) and avail the services on offer.

- *2-days Non-Residential Training Program on “Prevention of Sexual Harassment of Women at Workplace”*

A two days Non Residential Training Program on “Prevention of Sexual Harassment of Women at Workplace” was organised by The Institute of Good Governance on 12<sup>th</sup> -13<sup>th</sup> June, 2023 at India International Centre, New Delhi. The program covered all the aspects of the POSH Act 2013 and the rules made thereunder and beyond. 2 senior employees were nominated to attend the said training program.

- *Three days Residential Programme on “Managerial Effectiveness” by MDI*

Three employees were nominated for 3 days Residential Programme from June 19-21, 2023 on “Managerial Effectiveness” by the Management Development Institute, Gurgaon. The main aim of the programme was to understand and develop the hidden potential of the Executives through understanding the real-life workplace realities.

## INITIATIVES FOR STUDENTS

### ALL INDIA COMPANY LAW QUIZ 2023

The objective of this competition is to enhance the knowledge level of students in Company Law and allied areas and to generate interest among the students for in-depth study of the subject including greater conceptual clarity. All students of the Institute having a valid registration number as on 31<sup>st</sup> May 2023, were eligible to participate in All India Company Law Quiz-2023. The registration for the competition were open from April 20, 2023 till May 31, 2023 through online mode. The Schedule of Rounds of the Competition will be held via Online/ Physical Mode as per the following schedule:

Preliminary Round	June 30, 2023 Online Mode (MCQ Pattern) (10 am to 5 pm)
Quarter Final Round	July 14, 2023
Semi Final Round	August 1, 2023
Final Round	September 2, 2023 (Physical/ Virtual as decided by Institute)

### JUNE 2023 EXAMINATIONS CONDUCTED SUCCESSFULLY

Executive and Professional programme Examination under syllabus 2017 for June 2023 which was scheduled from 1<sup>st</sup> June to 10<sup>th</sup> June 2023 conducted smoothly with zero error. Admit Cards were successfully issued to the students enrolled of June 2023 Exam.

### ICSI SAMADHAN DIWAS

Samadhan Diwas was launched by the Institute on February 27, 2021 with the objective of providing “on-the-spot” resolution to issues/grievances of trainees and trainers. During the Samadhan Diwas, the officials of Directorate of Training interact with the trainees and trainers and provide them the resolution to their grievances.

The 32<sup>nd</sup> Samadhan Diwas was organized on June 14, 2023 through virtual mode in the presence of officials of all designated offices of the Institute. 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.

### 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.

### COMPANY SECRETARY EXECUTIVE ENTRANCE TEST (CSEET)

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

- *CSEET (July 2023 session)*

CSEET July 2023 session will be held on July 30, 2023 through remote proctored mode. For details, click [https://smash.icsi.edu/Scripts/CSEET/Instructions\\_CSEET.aspx](https://smash.icsi.edu/Scripts/CSEET/Instructions_CSEET.aspx)

- *CSEET classes (July 2023 session)*

CSEET Classes are being conducted by Regional/ Chapter Offices for the students appearing in CSEET to be held in July 2023. Details of Regional/Chapter offices conducting classes are available at the following link: <https://www.icsi.edu/media/webmodules/websiteClassroom.pdf>

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

CSEET students can now register directly for the CSEET classes conducted by the 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 [https://smash.icsi.edu/Scripts/CSEET/Instructions\\_CSEET.aspx](https://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 the following categories of students from appearing in CSEET enabling them to take direct admission in CS Executive Programme.

Graduates (having minimum 50% marks) 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.

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

[https://www.icsi.edu/media/webmodules/granting\\_exemption\\_230621.pdf](https://www.icsi.edu/media/webmodules/granting_exemption_230621.pdf)

- **Paper bound CSEET Reading Material to be provided mandatorily to all students**

The Institute has decided that the **CSEET Guide – I** (Business Communication, Legal Aptitude and Logical Reasoning, Economic and Business Environment) and **CSEET Guide – II** (Current Affairs) 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 ₹1000 (CSEET Registration fee).

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

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 ₹1500. The same is available at: <https://www.icsi.edu/reference-reading-material/>

## ACADEMIC INITIATIVES

- **Student Company Secretary, and CSEET Communique**

The Student Company Secretary e-journal for Executive/ Professional programme students of ICSI and CSEET Communique covering the latest update on the subject on the CSEET have been released for the month of **June, 2023**. The journals are available on the Academic corner of the Institute's website at the link: <https://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. As a maiden initiative, a brief research study on 'Exploring Financial Cataclysm of Silicon Valley Bank (SVB) and Analysing Credit Suisse Fiasco Tangentially' is uploaded. The Research Tab can be accessed at <https://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 <https://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 <https://www.icsi.edu/infocapsule/>

## ICSI PARTICIPATED IN MEGA CAREER FAIR AT PRAGATI MAIDAN, DELHI

ICSI participated in a mega Career Carnival at Pragati Maidan on 10-11 June, 2023. Many prominent universities from across India participated in the fair. The footfall of the students was overwhelming. Around 5000 -6000 students, parents and teachers from Delhi and NCR participated in the fair. The ICSI officials sensitized the students, parents and teachers about the CS Profession. Many students showed their interest in CS Course.

## IMPORTANT LINKS FOR STUDENTS

To facilitate and update the students, a list of important links at the website of the Institute has been compiled. Students can go through the links given below to get all important details:

- For Student Services related updates:

[https://www.icsi.edu/media/webmodules/Student\\_Services\\_links.pdf](https://www.icsi.edu/media/webmodules/Student_Services_links.pdf)

- For Academic updates: [https://www.icsi.edu/media/webmodules/Academic\\_links.pdf](https://www.icsi.edu/media/webmodules/Academic_links.pdf)

- For Training related updates:

[https://www.icsi.edu/media/webmodules/Training\\_Links.pdf](https://www.icsi.edu/media/webmodules/Training_Links.pdf)



## CS R. Krishnan

PAST PRESIDENT OF ICSI

A graduate in Commerce from Sriram College of Commerce, University of Delhi, CS R. Krishnan pursued the GDCS (Govt Diploma in Company Secretaryship) and its Examinations were conducted for the first time in the country by the Department of Company Affairs in 1958. CS Krishnan passed the GDCS Examination in the very first batch of successful candidates in 1962. After a stint of five years as the Secretary of Indian Oil Corporation Ltd. which was created by the merger of Indian Refineries Ltd. and Indian Oil Company Ltd., he joined the TATA Group, the largest company in India, as its Group Company Secretary, embracing wide range of functions including Finance & Accounts, Banks & Financial Institutions, Personnel & Industrial Relations, General and Estate Administration, Internal Audit, Buying, Insurance, Legal, coordination with Works, Government and British Steel Corporation etc.

The Govt. of India decided that it must cease conducting the GDCS examination and that it should be entrusted to an autonomous Institute. This led the Govt. to establish The Institute of Company Secretaries of India as a Section 25 Company, on 4<sup>th</sup> October 1968, under the Indian Companies Act and nominated CS R. Krishnan on its Council to represent the interests of the GDCS Members who by now had outnumbered the Members of the UK Institute in India. Govt. directed the Council to conduct elections to the Council by its members in September 1970, where CS R. Krishnan was elected as the FIRST PRESIDENT of ICSI at the age of 35, being the YOUNGEST ever President, he was re-elected for two further consecutive terms, thus holding Presidency for 3 consecutive terms, the longest ever held by anyone as President of ICSI. Mr Krishnan was nominated by MCA on the Naresh Chandra Committee on Corporate Governance as well as on the LLP Committee. He also represented Ministry of Finance on the Indo German Joint Business Council Meetings.

### **You became the President of the ICSI at the age of 35 Years, leading the Institute from the front at such a young age, what was the experience like?**

It was an honour and a formidable challenge. MCA appointed me as their Nominee on the Council of ICSI to represent the interests of GDCS as I was the Senior most Company Secretary in TATAs holding GDCS qualification. It was a formidable task to be confronted with UK dominated Members CS on the Council. MCA then decided to conduct the first elections for the Council. I was elected as the FIRST President of the ICSI in 1970. It was clear to me that the Institute can only survive and flourish if the UK exams conducted in India are discontinued. As the UK Institute President

vehemently opposed my proposal to discontinue their exams in India, I approached Reserve Bank Governor to stop releasing foreign exchange to the UK Institute. This was conceded. That was the beginning of the end of the UK exams in India and heralded the advent of ICSI. Several UK Members approached ICSI seeking our Membership. I convened First conference of CS in Madras in May 1972 followed by the Conference in New Delhi in September 1972. This set the desired impetus to usher in compulsory appointment of CS in the Companies Act Amendment of 1975. It was indeed a unique challenge to take the Institute forward from the precincts of the Ministry of Company Affairs to its own rented premises and then owned at HQ and Premises of the Regional councils, where funding was done by TATAs, my employer.

## **Digital Transformation has impacted the Institute as much as the rest of the nation and the world. How would you word the Growth Journey of the Institute and its transformation from a technological perspective?**

For me, there is limited scope for digital transformation of the profession of Company Secretaries as a Company Secretary caters to a vast area of being in the forefront of running the Businesses and the economies, they have to be very proactive in their managerial roles which involves them in all aspects of company management, which for eg. includes Industrial Relations, Labour Laws, Purchase, Finance and Accounts, Company Secretarial department itself which makes them responsible towards Corporate Governance, Compliance requirements etc. All these areas do not offer much scope and challenge for digital involvement therefore it is imperative that CS should use his own expertise and experience in managing all affairs of the company, most of which may not be involved in digital transformation. Company Secretary has a much more important role to play since the time of the inception of the profession and the Institute. I speak from my experience as I was the First Company Secretary in Tata Group and Indian Oil Corporation Ltd however, I do congratulate our Institute in becoming self-reliant and managing many of its services online.

## **The past 5 decades have witnessed the transition and growth of the profession of the Company Secretaries from Compliance Officers to Governance Professionals and KMPs, not to mention the opening up of opportunities in arenas like ADR and Social Audit. How do you imagine and envision the upcoming decade to be like?**

What you are catering to and is getting outlined is actually not directly connected to the professional, i.e. the Company Secretary, as it is different from what was envisaged right from day one and what was going on in this country at the time of inception of the profession in India. Right from the time East India Company came, a Company Secretary was already designated as a Principal Officer of the company, that is recognized under the Indian Income Tax law. This implies that, if any notice or any explanation has to be called from the company, the notice shall be issued to the Principal Officer i.e. the Company Secretary and has to be dealt by a CS in all its aspects. Therefore, right since times immemorial, since the time of the collaborations between Indian and England entities, the position of Company Secretary has always been encompassing the total managerial functions which was subsequently

recognized in our country in Companies Act 2013, with the introduction of the concept of KMP which in a way is a substitution of the position as the Principal Officer of the company.

## **What should be the next step and new areas which can be explored for rendering of expertise and services by Company Secretaries?**

The Company Secretary does not require any new area as long as the Role of the Company Secretary is concerned, as the Role itself is very vast, this role that has been charted out since the inception of the role and functionality of a Company secretary - that a Company Secretary is the Principal Officer of the company and by virtue is concerned in every aspect of management of company. Therefore nothing new can be added to the Role of CS which is already vast and requires utmost attention and action to fulfil all requirements for the business entities to function seamlessly on compliance front as well as on other major aspects dependent on the roles and responsibilities of the Company Secretaries. Once the company grows and diversifies, the Company Secretary will automatically be the part of the growth and diversification.

## **Your experience of more that 50 years as a Company Secretary has not only been exemplary but one of gaining immense knowledge and wisdom. What would be your words of guidance to the budding governance professional striving to attain perfection and enhances their competency levels?**

The Company Secretary of today must comprehend the board as the Principal Officer of the company. Meanwhile he/she must grasp all aspects of the company management in India and if he does that effectively he/she will be respected as a first-class company administrator, who will be highly demanded by the board of the company.

## **The past 4 Years have witnessed the Institute scaling new heights and sprawling its presence beyond the national boundaries. What expectations do you have from the professionals in stepping beyond boundaries and donning new hats to render the specific services in global arena?**

Company Secretaries have fulfilled appropriately their Role as a Principal Officer of the company where our professionals are involved as a Company Secretary for eg. manufacturing company etc in India as well as abroad.



**The dynamism of the economy is filled with challenges. What challenges can the Company Secretaries convert into opportunities with regard to the current business scenarios in the country?**

Company Secretaries effectively contributed during the MRTP act revamp in 1933. This was a new piece of legislation in the country and everybody was groping in the dark on how to work on it. We as Institute of Company Secretaries of India took upon the challenge and took this MRTP act as our core competency by organizing first ever workshop of eminent Company Secretaries led by Mr. Nani Ardeshir Palkhivala (revered to be one of the most intellectual person in legal profession at that time in our country) in Bombay (now Mumbai) on MRTP Act which was widely acclaimed. The entire hall was overflowing because it was a Mr. Palkhivala who was presiding; and we had a workshop of top Company Secretaries who were involved in the MRTP legislation from all over India in Shimla. We have talked about it in a booklet which became a challenging contribution on MRTP Act so much that the United Nations requested the Government of India that MRTP has been so quickly and effectively implemented in India, therefore we would like to have a report and the research on MRTP Act for the benefit of members of the United Nations. I am proud to inform that when this invitation came from the United Nations Headquarters, the Ministry had sent for me to deliver the TREATISE to the United Nations, where the Ministry asked me to represent India as the President of our august Institute. I did the entire study myself and submitted the observations and suggestions on MRTP to the United Nations. The UN gave a grant of seven thousand U.S. dollars towards the study which I donated to the Institute. Back then, we introduced a book on MRTP Act in the Institute. Based on this exhilarating experience the Ministry also invited us for suggestions, observations, views etc. on the Competition Law. Similarly, in current times, the Institute and its leadership has to find ways to corroborate and deliver substantially on aspects related to our profession, also responsibly deliver on certain areas of expertise which will not only contribute to India's economic progression, but also the world's.

ICSI also made a sterling contribution to the Corporate Governance movement in India when I was nominated by MCA on the Naresh Chandra Committee on CG. The recommendations by the Committee are reflected in the several amendments in the Companies Act 2013.

**Last year the Institute rolled out its new syllabus on the lines of the New Education Policy of the**

**Government of India? How do you think it will equip the GenZ students eventually making them into competent professionals?**

I need to bring you back to 1970 itself. It was the good fortune of the Institute that we brought in Professor M C Shukla who was requested to head as the Director of Studies of our Institute. Professor Shukla was also my professor from SRCC and was known as the leading professor of Accounting and Commerce in India. The foundation was laid out for the CS Course, and I am happy to see that the Institute is progressing in a steadfast manner in terms of its enriching Study Material to the cause of the Profession .

**Chartered Secretary Journal has also crossed a journey of 53 years since its first issue. As a President, your messages would have left an impact on the readers. How was the journey with the Journal like?**

This Journal has proved itself to be the number one Professional Journal in the entire corporate sector since its inception and it is widely read not only by our members and students, but all over India by the corporate managers or various professionals. The reputation it has acquired during these years has been established and that it's a very valuable reading and reference material, encapsulating various aspects on corporate law, corporate governance and I would say indeed it's a one stop window for various matters related to corporate governance and professionals.

**Being the President means a role model for many. Not only are you an achiever but your story inspires thousands of the members and lakhs of students. What message would you like to give to those aspiring to reach the highest office of the institute?**

The position of the President of the Institute is very formidable, highly respected world over. Given the fact that we became a statutory Institute and happy to be part of one of the three statutory Institutes of India and cooperating and collaborating very well. It shows that the position of President is the one of responsibility, authority as well as accountability. We have enriched the office of the President during the last 50 years very well and with very capable people, who have made to this position as President, ICSI and each one has been brilliant and outstanding and have contributed singularly to the country. I'm sure future generation will also through very capable Presidents will follow the excellent tradition set by their predecessors and will be instrumental in maintaining dignity and reputation of the Institute.

# 24<sup>th</sup> National Conference of Practising Company Secretaries held on 16-17 June, 2023 at Visakhapatnam

## CHIEF GUEST

Shri. Gudivada Amarnath, Hon'ble Minister for Industries, Infrastructure, Investment & Commerce, Information Technology, Handlooms & Textiles, Govt. of Andhra Pradesh



## TECHNICAL SESSION - I





TECHNICAL SESSION - II



TECHNICAL SESSION - III



TECHNICAL SESSION - IV





TECHNICAL SESSION -V



SPECIAL ADDRESS



OPEN HOUSE SESSION



GROUP PHOTO





# Releases at the 24<sup>th</sup> National Conference of Practising Company Secretaries



# Proceedings of 24<sup>th</sup> National Conference of Practising Company Secretaries held on 16-17 June, 2023 at Visakhapatnam

## Theme - Company Secretary: Stepping Beyond Boundaries

The Institute organized its 24<sup>th</sup> National Conference of Practising Company Secretaries at Hotel Novotel, Varun Beach, Visakhapatnam on the theme "Company Secretary: Stepping beyond Boundaries". The Conference witnessed the presence of over 350 delegates present in person and over 3000 delegates connected virtually 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 Chief Guest, Shri Gudivada Amarnath, Hon'ble Minister for Industries, Infrastructure, Investment & Commerce, Information Technology, Handlooms & Textiles, Government of Andhra Pradesh.

CS G.S. Giridharan, Chairman, Visakhapatnam Chapter, The ICSI welcomed everyone at the Conference and introduced the Chief Guest and other dignitaries on the dais. Expressing his happiness and gratitude towards Central Council of the ICSI for providing opportunity to Visakhapatnam Chapter and the SIRC for organizing this Conference, he mentioned that this Conference encourages the professionals to step beyond the traditional role and explore the abundant opportunities available in new areas of practice emerging in the Indian Corporate Sector.

CS Dwarakanath Chennur, Chairman Conference Organizing Sub-Committee & Council Member, The ICSI, welcomed all to the Conference and conveyed gratitude to Hon'ble Shri Gudivada Amarnath for agreeing to grace the Conference as the Chief Guest. He welcomed one and all in the historic city of Visakhapatnam and mentioned that it is growing as the fastest smart city in India with bright aspects for education and economic development activities. He mentioned that the responsibilities of Company Secretaries have altered dramatically over the last decade and they are making a mark beyond the boundaries of Company Law, in areas such as FEMA, Competition Law, Insolvency, Valuation, Taxation Laws, Arbitration etc. He mentioned that the complexities of modern business have given rise to the growth of newer areas of specialization for the profession.

CS Sandip Kumar Kejriwal, Council Member, The ICSI introduced the theme of the Conference by dividing it's significance into two parts; appreciating the efforts of the ICSI in exploring emerging opportunities for

Company Secretaries beyond the boundaries of India and acknowledging the dedication of Practising Company Secretaries who are stepping beyond their comfort zone and venturing into more challenging areas. He motivated the gathering to follow the less travelled path in pursuance of success. He briefed on each topic of the technical sessions and encouraged the professionals to leverage this opportunity by actively engaging and learning from the expertise and perspectives of the eminent panelists who are experts in their respective fields.

CS B Narasimhan, Vice-President, The ICSI in his address appreciated the idea of organizing the Conference and deliberating on new opportunities available to the Company Secretaries and to deliberate upon various practical challenges. He stated that Company Secretaries are now being considered as Global Professionals and also mentioned that there has been impressive expansion in the position, importance and scope of a Company Secretary from 1980 to 2023 which in itself is a testament portraying the capabilities of the Company Secretary professionals catering the needs of the corporate and the society. He mentioned about recently announced new corporate tax by the Government of United Arab Emirates and underlying plethora of opportunities for Company Secretaries. He also discussed about the several new recognitions accorded to Company Secretaries by SEBI, IFSCA and other regulatory authorities.

CS Manish Gupta, President, The ICSI, commenced his presidential address welcoming the dignitaries and the delegates to the Conference. He thanked Chief Guest for gracing the occasion amidst his busy schedule. Lauding the idea of organising PCS conference in the week in which the PCS Day falls, he appreciated the efforts which gave way for the first recognition accorded to the Profession of Company Secretaries in Practice, in the year 1988. He emphasised the importance of the theme i.e. CS: Stepping beyond Boundaries and also motivated the members to explore the opportunities at international level also. He highlighted the initiatives of the Institute such as opening of Overseas Centres, organization of International Conferences and Corporate Tax Conference, 2023 held at UAE. He also highlighted the importance of diversifying in the opportunities available from exclusive to nonexclusive avenues such as Arbitration, MSME, Labour Laws, FEMA etc. He further mentioned about the ongoing initiatives of the Institute such as setting of an ADR Centre, constitution of various Boards such as ESG and Sustainability Board, Ethical



Standard Board, Governance and Compliance Standard Board, Secretarial Standard Board etc. by the Institute to explore and diversify the Profession. He also discussed about unique initiative of Knowledge on Demand which provides a platform to the professionals to rejuvenate knowledge on multitude of topics shared by experts.

Presidential address was followed by the releases, facilitated at the august hands of the Chief Guest along with other dignitaries present on the dais:

- Souvenir – 24<sup>th</sup> National Conference of Practising Company Secretaries
- ICSI Social Audit Standards
- Revised Edition of Ready Reckoner of Private Companies
- FAQs on Section 8 Companies
- CSEET Guide- I & II as per the ICSI New Syllabus 2022
- Information Booklet on Insolvency Professional Entities (IPEs)
- Flyer of 4<sup>th</sup> National Conference of Corporate CS
- Flyer of “ICSI Leadership Development Programme with IIM Sambalpur”
- Flyer of Master Knowledge Series: Enable, Evaluate and Excel(EEE)
- Scarf for Women Company Secretaries

#### **Presentation of the Best Chapter/Best Region Awards**

The Best Chapter and the Best Region Awards for the year 2021 were presented to the winning Chapters and Regions at the hands of Chief Guest along with other dignitaries present at the dais. The Best Regional Council Award and Best Chapter Award were instituted with the intent of honoring the efforts made and the achievements gained by Regional Councils and Chapters, as well as to stimulate and create a competitive spirit amongst them.

Following were the recipients of the Awards for the year 2021:

1. Best Emerging Chapter Award – Palakkad Chapter of SIRC of ICSI;
2. Best Chapter Award in Silver Grade – Mysuru Chapter of SIRC of ICSI;
3. Best Chapter Award in Gold Grade - Bhubaneswar Chapter of EIRC of ICSI;
4. Best Chapter Award in Platinum Grade - Indore Chapter of WIRC of ICSI;
5. Best Chapter Award in Diamond Grade - Hyderabad Chapter of SIRC of ICSI;
6. National Best Chapter Award - Hyderabad Chapter of SIRC of ICSI;
7. National Best Regional Council Award - Southern India Regional Council of ICSI.

Shri Gudivada Amarnath, Chief Guest, while delivering his address thanked the Institute for organising its 24<sup>th</sup> National Conference at Visakhapatnam. He emphasised on the indispensable role of the Company Secretaries in achieving Hon’ble Prime Minister’s vision of \$5 trillion economy and how Conferences like these play an important role of imparting knowledge upgradation pertinent for professionals. In his address, he mentioned about the important role played by the Company Secretaries in industrial growth through implementation of board decisions in true letter and spirit while acting as an alarm for the protection and furtherance of Corporate India. He also highlighted the growing importance of Company Secretaries in assisting corporates in Corporate Restructuring, Mergers and Amalgamation, Cross border insolvencies, Arbitration, Indirect tax, Dispute Resolution, International Tax Planning. He assured that the Government of Andhra Pradesh will extend its full support to the ICSI in response to the request letter handed over by the President, ICSI for allotment of land to ICSI-Visakhapatnam Chapter. He further gave assurance for educating the children of the State about the Company Secretary Course to encourage them to take up this Profession.

CS Asish Mohan, Secretary, The ICSI proposed the Vote of Thanks and expressed his sincere gratitude and greetings to the Hon’ble Chief Guest, Dignitaries, Past Presidents, Council Members, Regional Council Members, Chairman and Managing Committee Members of the Regions, the Chapters, guest speakers, professionals, students and Team ICSI for igniting the spirit of transformation and diversification at the 24<sup>th</sup> National Conference of Practising Company Secretaries. He spoke about the theme and said that it provides an accurate path to encourage the professionals to step beyond the typical boundaries, equip themselves with knowledge and transform the value of the profession. He concluded with wishing fruitful deliberations during the technical sessions at the Conference.

#### **FIRST TECHNICAL SESSION - EMERGING OPPORTUNITIES: EXPECTATIONS & CHALLENGES**

**Session Coordinators:** CS Mohan Kumar Aravamudhan and CS Rajesh C. Tarpara, Council Members, The ICSI

**Panelists:** CS Ashish Garg, Former President, The ICSI; CS Gopalakrishna Hegde, Former Council Member, The ICSI; CS Sony George Mathew, Partner, Regulatory Advisory & Support, SAS Partners Corporate Advisors and CS Jyoti Vineet Tandon, Senior Adviser, AJCON GROUP, Association of Certified Financial Crime Specialists.

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

CS Ashish Garg in his opening address emphasized on the importance of abidance by the Motto of the ICSI “Satyam Vada, Dharmam Chara” by the Company Secretaries

whether in Employment or in Practice and guided the professionals to follow the same while carrying out any assignment. He discussed the opportunities for PCS and stressed that only talent is not enough, one must possess the right attitude and commitment to work hard with continuous efforts. In his address he referred to the challenges and risks being faced by the Company Secretaries in Practice such as Artificial intelligence, High cost Infrastructure, Attrition of staff, Professional & Segment wise Knowledge Management, Staff Training, Multi-Disciplinary services, Quantity vs. Quality, Disciplinary action, etc. He also spoke of the specialised areas of practice available and advised the professionals to first identify the areas to venture into and thereafter commit towards gaining expertise in the identified area through knowledge updation and professional development programmes.

CS Gopalakrishna Hegde shared his thoughts on PCS Day celebrated pan India on June 15 of every year. He emphasised that success can only be achieved by putting professional knowledge into action for the benefit of stakeholders at large. He mentioned that as a professional one should look for opportunities in every challenge. He also spoke of the abundant opportunities for Company Secretaries in the small scale industries employing nearly 35% of the country's population and contributing 30% to National GDP and 50% to National Exports. While deliberating on expectations of Industry from Company Secretaries, he stated that the Industry expects one-point solutions from Company Secretaries.

CS Sony George Mathew addressed on building a practice area in setting up of Foreign entities in India wherein he shared his experiences on the Foreign Entity perspective and the opportunities for Practising Company Secretary perspective. He explained the major challenges faced by Foreign Entities while setting up in India. He highlighted the opportunity for Practising Company Secretaries in handling the regulatory complexity faced by a foreign company in India which may vary based on the industry, location, size of the company among many other factors. He also said that the Foreign Entity expects the Practising Company Secretary to have a Process-driven approach to work along with a holistic understanding of their business and purpose of setting up in India. He concluded by motivating the Professionals to build wider and newer Practice areas citing India's flawless Growth story in the Service sector and the Manufacturing sector.

CS Jyoti Vineet Tandon addressed on Expectations and Challenges for Company Secretaries due to the recent amendments in Prevention of Money Laundering Act, 2002 (PMLA) that included Company Secretaries, Chartered Accountants and Cost & Works Accountants as Relevant Persons under the PMLA. She highlighted the Basic Requirements, Key Authorities, Scheduled Offences, Importance of the definition of Money Laundering, Obligation and Responsibilities of Reporting Entities, Critical Areas like Identification of Beneficial Owners, Suspicious Transactions, Risk categorizations and the Reporting Obligations. She also mentioned that

it is important for Practising Company Secretaries to understand, align and comply with the requirements of PMLA and PMLA Rules. She concluded by motivating the Professionals to take up the immense opportunities available in India's Journey into the top five global economies.

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 Rajesh C. Tarpara summed up the discussions and proposed the Vote of Thanks. The session concluded with presentation of mementos to the esteemed panelists.

## SECOND TECHNICAL SESSION - SOCIAL STOCK EXCHANGE & SOCIAL AUDIT: NEW HORIZON FOR PCS

**Session Coordinators:** CS Rupanjana De and CS Manoj Kumar Purbey, Council Members, The ICSI

**Panelists:** Ms. Yukti Sharma, Vice-President, NSE; CS Ranjeet Pandey, Former President, The ICSI; Ms. Krutika Shelke, Program Manager, Social Stock Exchange, BSE Limited and CS Nitin Somani, Founder Director, Sundae Capital Advisers Private Limited.

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

Ms. Yukti Sharma highlighted how the Social Stock Exchange in India is different than those in other jurisdictions. She said that the sustainability of Social Stock Exchange in India is ensured since it is housed within the existing Stock Exchanges and that India has adopted to define the Social Enterprise which includes the Not for Profit as well as For Profit Entities demonstrating social intent and meeting the eligibility criteria pre-defined by the Regulator. She also mentioned that there are 33 lakhs NPOs in India out of which 1.68 lakhs are registered with DARPAN and registration with DARPAN is the entry criteria for getting registered or listed on the Social Stock Exchange. She also said that India has identified 16 areas for NPOs to give a broader horizon of social cause and social welfare for the entities to work on.

CS Ranjeet Pandey said that biggest point in India's NGO funding was lack of transparency and accountability and mandating disclosures and reporting through registration and listing on the Social Stock Exchange will ensure accountability and transparency in the workings of Social Enterprises, thus enhancing trust and confidence among the investors. While deliberating on scope for Practising Company Secretaries, he said that Social Enterprises will be the new mantra with immense scope such as entity formation, Registration of Social Enterprises on Social Stock Exchange, Listing of Social Enterprises on Social Stock Exchange, Compliance and Reporting, Social Audit and Gap Analysis to suggest remedial measures for improving the social impact. He also mentioned the 5 focus area for Social Auditors; Assessing the impact

made, Verifying the authenticity of the qualitative and quantitative aspects of Impact created, Identifying the gap which is crucial for further improvement, Suggesting remedial measures and Verifying all the statutory compliances.

Ms. Krutika Shelke highlighted the benefits of listing on Social Stock Exchanges. She said that Social Stock Exchanges will help the Social Enterprises gather funds which are in addition to the CSR funds and may come from the HNIs and philanthropist which does not form part of the existing CSR funds. She said that Listing will also restore the confidence of social investors. She also briefed on the Compliance and Reporting requirements under the SEBI Regulations and mentioned that though the requirements cast an added obligation on the Social Enterprises, the same have been framed mindfully by the policymakers with an intent to keep the Compliance load to the minimum level. She also said that the NISM certification will equip the Social Auditors in advising the Social Enterprises on Qualitative Reporting.

CS Nitin Somani said that the Company Secretaries as Governance Professionals should ensure that the accountability is taken care of by the Social Enterprises, prescribed disclosures are made on time and transparency standards are properly maintained by the Social Enterprises. He said that the Company Secretaries may come across various challenges during the social impact assessment and reporting in terms of assessment of the actual impact. He said that the assessment of actual impact should be cautiously monitored throughout the period of the project and this challenge should be properly addressed in the social impact assessment report. On Social Audit Report, he said that the Practising Company Secretaries should audit of the entire process of where funds have been utilized, assess the social impact or benefit of entire process and how social funds are utilized and returned.

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 Manoj Kumar Purbey summed up the discussions and proposed the Vote of Thanks. The session concluded with presentation of mementos to the esteemed panelists.

### THIRD TECHNICAL SESSION - ARBITRATION & ADR: AUGMENTING PROFESSIONAL SPECTRUM

**Session Coordinators:** CS Pawan G. Chandak and CS Suresh Pandey, Council Members, The ICSI

**Panelists:** CS (Dr.) Pundla Bhaskara Mohan, Advocate of High Court for the State of Telangana, Arbitrator & Conciliator and Former Member (Judicial), NCLT, Jaipur Bench; CS Devendra V. Deshpande, Former President, The ICSI; CS Jayan K., Practising Company Secretary; Mr. Tariq Khan, Registrar, International Arbitration and Mediation Centre, Hyderabad and Dr. Chirag Balyan, Assistant Professor of Law, Maharashtra National Law University, Mumbai.

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

CS (Dr.) Pundla Bhaskara Mohan in his remarks stated that an Alternate Dispute Resolution was first provided back in the year 1780 in Bombay by referring the civil disputes to Arbitration, thereafter he mentioned about the subsequent evolution of mechanism in India on the subject matter. He also highlighted on how and when to choose between the four methods with legal sanctity under the ADR mechanism i.e., Arbitration, Conciliation, Judicial Settlement through Lok Adalat and Mediation. He said that Arbitration method should be chosen for a quick and cost-effective adjudication process by a third person in whom confidence is reposed by the parties. He mentioned about the Permanent Lok Adalat that has been constituted for providing compulsory pre-litigative mechanism for conciliation and settlement of cases relating to Public Utility Services. He then briefed on the Mediation method and said that these vistas are available for Company Secretaries with their knowledge, training and acumen and appreciated how the professionals have started undergoing specialised training programmes on the ADR mechanism.

CS Devendra V. Deshpande in his remarks summarized all the ICSI initiatives in the ADR area and said that the ICSI started focusing on the ADR mechanism and organized webinars for members, started case study-based training session in CCGRT – Hyderabad in the year 2020, and mentioned that Institute has also launched publication on Handbook on Arbitration; a practical guide for Professionals with various case laws and also launched a 6 months PMQ course in Arbitration to equip members with the requisite knowledge and training in this area. He spoke on ADR as a lucrative area for Company Secretaries in the years to come. He said that the Company Secretaries have an extra advantage over other professionals in ADR and settlement of disputes due to their knowledge of business, finance, law and most importantly the interpretation of law. He also mentioned how the ICSI syllabus was changed in the year 2022 to include Arbitration and Alternate Disputes with a vision to create the future torchbearers of Alternate Dispute Resolution Mechanism. He concluded by describing the role and responsibilities of Company Secretaries under the ADR mechanism.

CS Jayan K. in his deliberations stated the importance of Online Dispute Resolution. He said that the importance of Arbitration as a big opportunity for the Professionals in India. He motivated the members to work in the areas of Arbitration and Conciliation. He concluded by mentioning that there are numerous opportunities available to the Professionals and it is up to them to grab those opportunities.

Mr. Tariq Khan in his remarks referring to Mr. Fali Sam Nariman stated that he is a living legend of Law and father of Arbitration in India. He stated that Future of Arbitration is bright and Mediation/Arbitration



are not ADR, it is either affordable dispute resolution or preferred mode of Arbitration. He mentioned that various amendments came up after 2015, and stated that Company Secretaries have bright future as Mediator and Conciliator. He further added that Company Secretaries should undergo training for Mediation, keeping in mind that future is very bright for India as it will have finest Mediators/Arbitrators who will be Company Secretaries.

Dr. Chirag Balyan in his remarks stated that Company Secretaries are expert in interpretation, they understand the timelines better and understand business & process. He mentioned that Arbitration & Mediation is more about core competency, mediation means multiple resolution over a period of time, so that there can be healthy environment in the society and workplace. He stated that Arbitration & Mediation are not just a tool to resolve disputes, they are a tool to enable business. He further stated that Professionals have to keep in mind that they should not be only Arbitrator or Conciliator, one has to create value whatever one is doing. He ended the session by stating that ICSI is doing an excellent job and further there is a continuous need of training for professionals and they should check that an Arbitration Agreement is properly drafted.

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 Suresh Pandey summed up the discussions and proposed the Vote of Thanks. The session concluded with presentation of mementos to the esteemed panelists.

### **SPECIAL ADDRESS - EXPECTATION OF JUDICIARY FROM THE INSTITUTIONS AND THE PROFESSIONALS & PRACTICAL TIPS FOR PROFESSIONAL EXPERTISE**

**Moderator:** CS Praveen Soni, Council Member, The ICSI

**Speaker:** Hon'ble Justice Shri D.V.S.S. Somayajulu, Judge, High Court of Andhra Pradesh

CS Praveen Soni in his introductory remarks highlighted that the role of Company Secretaries has grown leaps and bounds, NCLT has also recognised the role of Company Secretaries. He welcomed the learned speaker and invited him for sharing views and experiences with the delegates.

Hon'ble Justice Shri D.V.S.S. Somayajulu emphasised on the Institute's Motto i.e. "Satyam Vada, Dharmam Chara", "Speak the Truth & Abide by the Law" and also appreciated the city Visakhapatnam as this city very close to his heart and also described it as "The City of Destiny" as coined by Dr. C R Reddy and also mentioned that Honesty, Ethics, Good Practices in Law, Life are worshipped in this city. He further stated that Company Secretaries have an important role as professionals to provide advice aligned with the Law and best practices. He briefly discussed about the concept of Good Governance and its importance in aspiring Indian economy to be one of the fastest growing economy in the world. He categorically discussed about the expectations of the Tribunals, as a regulator, from the Company Secretaries and emphasized upon the

excellence in providing quality services in Secretarial Audit and related services. He also recited the verdict of NCLT about the Company Secretary as "The Company Secretary is the Secretary of the Company; the Secretary of the Company is the Secretary of the Company; he is not the Secretary of shareholders", Needless to mention that he is the Watchdog of protecting the Principles of Corporate Governance as well as the collective interest of all the stakeholders so also the Company; of course he is not a blood hound. He concluded with an expectation from the Company Secretaries for their true contribution in Nation building as they are true Governance Professionals.

CS Praveen Soni summed up the discussions and proposed the Vote of Thanks. The session concluded with presentation of memento to the esteemed speaker.

### **FOURTH TECHNICAL SESSION - MSME & STARTUPS: CATALYST TO ECONOMIC GROWTH**

**Session Coordinators:** CS Venkata Ramana R. and CS Dhananjay Shukla, Council Members, The ICSI

**Panelists:** CS Sudhakar Saraswatula, Former Vice-President (Corporate Secretarial), Reliance Industries Limited and CS Bala Nadar, Practising Company Secretary, Pune.

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

CS Sudhakar Saraswatula addressed on Corporate Governance aspects with respect to MSMEs and Startups. He said that Governance & Compliance are the two foundation pillars for MSMEs and Start-ups and implementation of these two principles, in the formative years helps the MSMEs and Start-ups to Establish, Evolve and Educate in the competitive business environment. He said that Entrepreneurs need to start governing their companies based on a certain set of principles, values and Governance norms, to withstand the calamities of business challenges and opportunities and it is imperative for MSMEs and Start-ups to ensure that their governance structures appropriately correspond to their activities and risks, especially when they are in the growth phase. He concluded that the Company Secretaries are indispensable for the success of MSMEs and Startups and should become a part of their growth and sustainability.

CS Bala Nadar addressed on Challenges and Opportunities in Startups. He said that India is the 2<sup>nd</sup> largest Entrepreneurial country in this world and 98% of the Indian economy business are under unorganized and unscalable business structures i.e., Proprietorships and Partnerships. He said that in the last 13 years of MSME listing platform, only 690 SMEs are listed on the Stock Exchanges. He guided the Company Secretaries to be the representatives MSMEs and to bring at least 50,000 SMEs for listing on the Stock Exchanges for the growth of the economy. He said that out of the 690 SMEs listed on the platform that have raised 1.2 billion dollars. He mentioned that with the support of Practising Company

Secretaries in providing governance and proper legal system to this sector, the Indian economy will be on its way to becoming an economic superpower which will not only enhance the economic value of the nation but will be an opportunity for the Profession of Company Secretaries to have a paradigm shift. He concluded with guiding the Company Secretaries to take it as a duty to tune the law properly in such a balanced manner that it elevates the experience of the entrepreneurs of Indian economy.

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 Dhananjay Shukla summed up the discussions and proposed the Vote of Thanks. The session concluded with presentation of mementos to the esteemed panelists.

### **FIFTH TECHNICAL SESSION - ENHANCING TRAITS OF APPEARANCE BEFORE TRIBUNALS & QUASI-JUDICIAL BODIES**

**Session Coordinators:** CS NPS Chawla and CS Ashish Karodia, Council Members, The ICSI

**Panelists:** Hon'ble Justice Smt. T. Rajani, Member (Judicial), NCLT, Amravati Bench; CS Nagendra D. Rao, Former President, The ICSI; CS (Dr.) K. S. Ravichandran, Practising Company Secretary, Coimbatore and CS K. Gaurav Kumar, Practising Company Secretary, Chennai.

CS NPS Chawla in his introductory remarks briefed about session theme, welcomed the learned panelist and invited them for sharing views and experiences with the delegates.

Hon'ble Justice Smt. T. Rajani in her address deliberated on the skillsets required to be a successful professional while appearing before Tribunals. She discussed the expectations of these Tribunals from professionals and suggested them to enhance their litigation and presentation skills. She guided the Company Secretaries and other professionals to discharge their duties effectively while appearing before Tribunals. She discussed the best & effective methods which a professional should follow while addressing the courts and judicial bodies effectively. She also specified the ways for professionals to curtail the lengthy arguments in courts and to learn the summarization skills while presenting their cases.

CS Nagendra D. Rao in his address stated that establishment of NCLT and NCLAT have offered numerous opportunities to Company Secretaries and various other professionals. He mentioned that Company Secretaries have established their mettle in the Tribunals and are known for their calibre, capacity, knowledge and interpretation skills. He further acknowledged Company Secretaries in discharging their professional responsibilities diligently at these Tribunals. He motivated the Company Secretaries to take up challenging assignments such as Merger, Demerger, IBC etc. with great confidence and suggested that the Company Secretaries should appear before NCLT and NCLAT with full enthusiasm.

CS (Dr.) K. S. Ravichandran in his deliberations shared the importance of Good Presentation Skills and for the growth of Professionals. He discussed the best & effective methods which a professional should follow while addressing the courts and judicial bodies effectively. He also specified the ways for professionals to stick to relevant points when putting forth arguments before the Judicial Bodies and also suggested the professionals to be firm, precise and to be honest.

CS K. Gaurav Kumar motivated and suggested the Company Secretaries and other professionals to take up new roles and appear before the Tribunals with confidence. He encouraged the Company Secretaries to discharge their professional responsibilities diligently specifically w.r.t. presenting before that Tribunals. He also highlighted the various opportunities which are available for Company Secretaries.

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 Ashish Karodia summed up the discussions and proposed the Vote of Thanks. The session concluded with presentation of mementos to the esteemed panelists.

### **OPEN HOUSE SESSION**

24<sup>th</sup> National Conference of Practising Company Secretaries concluded with an Interactive Session of the President, Vice-President and the Council Members, ICSI with the members. CS Manish Gupta, President, ICSI, CS B. Narasimhan, Vice-President, ICSI, CS NPS Chawla, CS Rupanjana De, CS Ashish Karodia, CS Rajesh C. Tarpara, CS Pawan G. Chandak, CS Manoj Kumar Purbey, CS Suresh Pandey, CS Dhananjay Shukla, CS Mohan Kumar Aravamudhan, CS Dwarakanath Chennur, CS Sandip Kumar Kejriwal, CS Praveen Soni, CS Venkata Ramana Council Members, ICSI and CS Asish Mohan, Secretary, ICSI were present on the dais at the session.

CS Manish Gupta, President, ICSI apprised all participants about the initiatives and representations submitted by the Institute to various regulators and answered the queries from the members.

### **VOTE OF THANKS**

CS Asish Mohan, Secretary, ICSI proposed the Vote of Thanks paying deep gratitude to the esteemed Chief Guest and speakers for their kind presence and words of wisdom. He also thanked all the moderators for fruitful deliberations, powerful and thought provoking sessions and insights during the technical and special sessions. He also appreciated and thanked the President, ICSI, Vice-President, ICSI and all Council Members, Conference organizing Committee and Sub Organising Committee, esteemed members, students and team ICSI from Headquarters, SIRC and Visakhapatnam Chapter for successful organization of the Conference. He also conveyed his sincere thanks to the sponsors, advertisers, anchors, volunteers, media and Novotel Visakhapatnam for their support. At the end he thanked one and all for the success of the 24<sup>th</sup> National Conference of Practising Company Secretaries.





# PCS DAY CELEBRATIONS ACROSS INDIA



ICSI-WIRC



ICSI-EIRC



Gurugram



Agra



Hooghly



Dhanbad



Chandigarh





Navi Mumbai



Nagpur



Bhubaneswar



Siliguri



Rajpur



Rajkot





Noida



Kanpur



Ahmedabad



Bareilly



Amritsar



Bhilwara





Bhayander



Nashik



Lucknow



Bhopal



Dombivli



Modinagar



Jammu



Ghaziabad



# ICSI Southern India Region Convocation Held on 24 June 2023 at Chennai

## CHIEF GUEST

Hon'ble Justice Sh. Mohammed Shaffiq, Judge, High Court of Tamil Nadu

## GUEST OF HONOUR

Prof. (Dr) S. Arumugam, Vice Chancellor, Tamil Nadu Open University Chennai.



## Article Part - I

## Valuation under GST – Reimbursement/Compensation Flowing from Third Party by Way of Credit Notes is Liable to GST

40

Vineet Sodhani, ACS

An analysis in the context of sales-tax law judgment rendered by the Supreme Court Larger Bench in *Tata Motors Ltd. vs. The Deputy Commissioner of Commercial Taxes (SPL) & Anr* [2023] [Civil Appeal No.1822/2007, decided on 15 May, 2023] [Supreme Court – 3-judge Bench]

## GST: A Transformative Force Reshaping India's Economic Landscape

46

Neha Kukrety, Pitresh Kaushik, ACS

The Indian GST categories were divided into the tax slabs: 5%, 12%, 18%, and 28%. Some necessities are GST-free, whereas gold and diamond work is taxed at a lower rate. A compensatory cess is levied on Demerit products and select luxury items. The consolidation of indirect taxes under a single tax framework has simplified tax compliance and facilitated corporate transactions. Businesses had to adjust to the new tax system and enhance their IT infrastructure to meet the electronic filing and reporting requirements during the initial transition phase. Small firms encountered difficulties comprehending and complying with the complex GST regulations.

## ITC Provisions under GST: "Conditions Apply" Mode

53

D.S. Mahajani, ACS

Input Tax Credit (ITC) is heart of the Goods and Service Tax (GST). The very purpose of introduction of GST is not only to bring all indirect taxes into one Tax but also to have seamless flow of ITC across the value chain of business cycle, which should eventually benefit the ultimate customer. However, over a period of six years after introduction of GST, it is seen that stringent conditions for availment of ITC has added cascading effect, which defeat the very purpose of GST in the country. In this article an attempt has been made to interpret ITC provisions based on select cases and highlighting issues and possible actions, which may be taken by Registered Persons to take legitimate ITC under GST laws.

## GST: Transforming Economic Dynamics Sustainably

57

Dolly Lohia, ACS

As the Goods and Services Tax (GST) completes six years of implementation in India, it is essential to reflect on the present landscape and explore the futuristic role of professionals in this tax regime. This article aims to discuss the current scenario and highlight the emerging trends that shape the role of professionals in the GST ecosystem.

## Part - II

## Exploring Opportunities for Sustainable Development and Competitiveness in the Indian and International Business Environment

62

Oscar Kujur, Dr. Sudesh Kumar Sahu

Integrating sustainability practices into business strategies is important for several reasons. The first benefit is that it may assist companies in lessening their negative environmental effects and strengthening their social responsibilities, which can boost their standing and increase consumer loyalty. Second, it can help businesses gain a competitive edge by innovating new products, services, or processes that address the changing needs and preferences of customers and society. Third, it can help businesses reduce costs and risks by improving their resource efficiency, waste management, and compliance with regulations.

## Navigating the Evolving Landscape: An Analysis of Gaming Laws in India

67

Sumit Kochar, Gagandeep Singh Vig, Shivam Gera

This article explores the evolving gaming laws in India, examining the regulations and guidelines introduced by the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Amendment Rules 2023. These amendments aim to address complications associated with online gaming by introducing new definitions, establishing self-regulatory bodies (SRBs), expanding the scope of intermediaries, implementing due diligence measures, and introducing additional compliance requirements for online gaming intermediaries (OGIs).

## Appointment of Additional Director- Some Perspectives

75

Ramaswami Kalidas, FCS

Appointment of an Additional director in a company would appear, prima facie, to be an innocuous process, given that the Board is empowered under the Statute to appoint Additional



Directors by applying the due process as stated in Section 161(1), There are however, certain vexatious issues on the subject which have engaged the attention of the fraternity for long. Besides, where it concerns listed entities, a dichotomy has been created as between the Act and the Listing Regulations through recent amendments therein which has put an end to the conventional period for which the Additional Director can remain in office without the company having to seek the approval of the members. For the above reasons, an introspection is called for in respect of certain critical aspects relating to the appointment of Additional Directors.

## Research Corner

P - 81

### ChatGPT for Education and Learning: Applications and Agenda for Multidisciplinary Research

82

Prof. J. K. Singh, FCS, Dr. Harjit Singh

The recent launch of ChatGPT in teaching, learning, and research has fuelled academia and students' learning. Artificial intelligence (AI) has the potential to transform and make modern education more productive by automating repetitive tasks and personalized learning experiences. AI allows educators to focus on more critical tasks, such as offering one-on-one attention to learners, instead of wasting precious time on maintaining their performance records. Today AI-based tools are employed in various educational endeavors, including research and online e-learning systems that offer the level of content per the learners' IQ, grasping powers, and performance in various assessments. This paper attempts to present the educational implications of artificial intelligence. By appraising some of ChatGPT's competencies, the study evaluates the prospects and limitations of artificial intelligence tools such as ChatGPT for teaching, learning, and research.

## Legal World

P-87

- **LMJ 07:07:2023** In our view once the writ petition was held to be misconceived on the ground that it could not lie against a company which was neither a statutory company nor one having public duties or responsibilities imposed on it by a statute, no relief by way of a declaration as to invalidity of an impugned agreement between it and its employees could be granted.[SC]
- **LW 45:07:2023** The share of workmen dues shall be kept outside the liquidation assets and the concerned workmen / employees shall have to be paid the same, out of such Provident fund, Gratuity Fund, if any available.[NCLAT]
- **LW 46:07:2023** This Tribunal, comes to an inescapable, inevitable and irresistible conclusion that the view arrived at by the Adjudicating Authority in dismissing the main petition filed by the Appellant, for recovering the sum awarded in arbitration proceedings is free from any legal errors. [NCLAT]
- **LW 47:07:2023** On the whole, in the facts, the appellants cannot be described as having acted in a defective or in an unfair manner, in the matter of allotment of further shares particularly when the contention of the respondents about the bona fides of the decision to increase the authorised capital has been found in favour of the appellants. [NCLAT]
- **LW 48:07:2023** We would hold that there is no merit in the contention of the appellants that the Act will not apply to the appellants for the reason that the appellants are governed by the Nationalisation Act and that Nationalisation Act cannot be reconciled with the Act.[SC]
- **LW 49:07:2023** We are of the considered opinion that the appellant Hospital cannot be regarded as established "not for the purpose of profit" as required by section 32(v)(c) of the Payment of Bonus Act and the dominant purpose of the appellant is manifestly to earn the profit.[Del]
- **LW 50:07:2023** A condition of supply requiring the new owner of the premises to clear the electricity arrears of the previous owner as a precondition to availing electricity supply will have a statutory character.[SC]
- **LW 51:07:2023** When the bank guarantee came to be encashed in the year 2016 and the requisite amount stood transferred to the Government account that was the end of the matter. This "Breaking Point" should be treated as the date at which the cause of action arose for the purpose of limitation.[SC]

## From The Government P-97

- Relaxation in paying additional fees in case of delay in filing DPT- 3 for Financial Year ended on 31<sup>st</sup> March 2023 up to 31<sup>st</sup> July 2023-reg
- Bank Guarantees (BGs) created out of clients' funds
- Modifications in the requirement of filing of Offer Documents by Mutual Funds
- Disclosure of Information on Issuers Not Cooperating (INC) with CRAs
- Manner of achieving minimum public unitholding - REITs



- Manner of achieving minimum public unitholding - InvITs
- Investor Service Centres of Stock Exchanges
- Format of Compliance Report on Governance for InvITs
- Format of Compliance Report on Governance for REITs
- Format for Annual Secretarial Compliance Report for REITs
- Format for Annual Secretarial Compliance Report for InvITs
- Trading supported by Blocked Amount in Secondary Market
- Standardised approach to valuation of investment portfolio of Alternative Investment Funds (AIFs)
- Modalities for launching Liquidation Scheme and for distributing the investments of Alternative Investment Funds (AIFs) in-specie
- Issuance of units of AIFs in dematerialised form
- Trading Preferences by Clients
- Adherence to provisions of regulation 51A of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 by Online Bond Platform Providers on product offerings on Online Bond Platforms
- Amendment to Guidelines on Anti-Money Laundering (AML) Standards and Combating the Financing of Terrorism (CFT) /Obligations of Securities Market Intermediaries under the Prevention of Money-laundering Act, 2002 and Rules framed there under
- Amendment to Circular on issue of Certified copies of Orders and Circulars
- Corrigendum to Circular on Participation of Mutual funds in repo transactions on Corporate Debt Securities dated June 8, 2023
- Regulatory framework for Execution Only Platforms for facilitating transactions in direct plans of schemes of Mutual Funds

- Upstreaming of clients' funds by Stock Brokers (SBs) / Clearing Members (CMs) to Clearing Corporations (CCs)
- Participation of Mutual funds in repo transactions on Corporate Debt Securities
- Online processing of investor service requests and complaints by RTAs
- Transactions in Corporate Bonds through Request for Quote (RFQ) platform by Stock Brokers (SBs).
- Reserve Bank of India – Master Direction on Minimum Capital Requirements for Operational Risk
- Status of MIFOR as a Significant Benchmark
- Remittances to International Financial Services Centres (IFSCs) under the Liberalised Remittance Scheme (LRS)
- Sovereign Gold Bond (SGB) Scheme 2023-24
- Agency Commission for collection of indirect taxes through ICEGATE payment gateway
- Priority Sector Lending (PSL) targets / sub-targets and contribution against shortfall in achievement of PSL targets – Primary (Urban) Co-operative Banks (UCBs) - Extension of time
- Guidelines on Default Loss Guarantee (DLG) in Digital Lending
- Framework for Compromise Settlements and Technical Write-offs
- Rationalization of Branch Authorisation Policy for Urban Co-operative Banks (UCBs)
- Reserve Bank of India (Call, Notice and Term Money Markets) Directions, 2021-Review
- Expanding the Scope of Trade Receivables Discounting System
- Risk Management and Inter-Bank Dealings - Non-deliverable derivative contracts (NDDCs)
- Implementation of Section 51A of UAPA,1967: Updates to UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Removal of 02 entries from Sanction List
- Implementation of Section 51A of UAPA,1967: Updates to UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Amendments in 01 Entry

## Other Highlights

P-125

- ❖ NEWS FROM THE INSTITUTE
- ❖ GST CORNER

- ❖ ETHICS IN PROFESSION
- ❖ CG CORNER



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

**Motto**  
सत्यं वद। धर्मं चर। इच्छते चेत् प्रजातेः अस्तेः स्युः चेत् क्वचि।

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

8 CPE Credits  
(Structured)  
and  
16 PDP Hours

Early Bird  
Offer till  
15<sup>th</sup> July 23

4<sup>TH</sup>  
**NATIONAL  
CONFERENCE  
OF  
CORPORATE CS**  
27-28 July, 2023  
Thursday - Friday

REGISTRATIONS  
**OPEN**

**Theme : Governance for Sustainability; Curating Excellence**

**Place : Bogmallo Beach Resort, South Goa, Goa**

**Timings:**

**Registration 02:00 PM onwards on July 27, 2023 | Closing 03:00 PM on July 28, 2023**

**Payment mode :**

**For NEFT/IMPS/RTGS Transactions**

Name of Account : ICSI Members Fee Pooling A/c  
Account No. : 000701227727  
IFSC : ICIC0000007  
Address : 9A Phelps building CP Delhi

**For UPI Transactions**

UPI ID : ICSI-HQ@ICICI

**QR Code:**



Delegate Type (Non-Residential Registration)	*Early Bird (On or before 15th July, 2023)	*Registration (On or after 16th July, 2023)
Member of ICSI	INR 4000	INR 4500
Accompanying Spouse/Child (above 5 years) /Students/ Sr. Member (60 years and above)	INR 3500	INR 4000
Non-Members	INR 5000	INR 6000

\*Plus 18% GST Extra on Non Residential Basis  
Delegate Fee is payable in advance and is non-refundable.  
Delegate Fee for accompanying Spouse and Children does not include Conference Kit.

Registration Link : <https://tinyurl.com/asckmmz>

Certain rooms are blocked for ICSI. All Delegates may contact the Hotel, directly for their individual reservations at email id: [online@bogmallobeachresort.com](mailto:online@bogmallobeachresort.com)

**HOW TO REACH BOGMALLO BEACH RESORT, SOUTH GOA**

The Bogmallo Beach Resort South Goa is 7.5 km from Goa International Airport, Dabolim, 60 kms from Goa Airport, MOPA, North Goa. 10 kms from Vasco-da-Gama Railway station and 30 kms from Madgaon Junction.

**CS Manish Gupta**  
President, The ICSI

**CS B. Narasimhan**  
Vice President, The ICSI

**CS Praveen Soni**  
Programme Director & Council Member, The ICSI

**CS Asish Mohan**  
Secretary, The ICSI

**CS Amrita Nautiyal**  
Chairperson, WIRC, The ICSI

**CS Vinaykumar Prabhu**  
Chairman, Goa Chapter, The ICSI

Connect with ICSI

[www.icsi.edu](http://www.icsi.edu) | [f](#) [t](#) [in](#) [o](#) [e](#) | Online Helpdesk : <http://support.icsi.edu>

# Call for Articles

## Call for Articles for publication in Chartered Secretary Journal – August 2023

### MERGERS AND ACQUISITIONS – STRATEGIES AND EXECUTION

Human activities – the world over have been governed by the ideology of creating synergies. Community culture or building of societies has been a resultant of the same thought only. Creating value much more than the sum of the parts has been the driving force in the corporate world too.

The concept of corporate restructuring, the entering of companies into mergers and alliances to generating win-win situations for all the entities has been an area of both professional as well as academic interest.

With the world shrinking into greater togetherness, it is a befitting thought to weigh the outcomes of such collaborative activities and initiatives. In view of the same and more, we are pleased to inform you that the August 2023 issue of Chartered Secretary Journal will be devoted to the theme “**MERGERS AND ACQUISITIONS: STRATEGIES AND EXECUTION**” covering inter alia the following aspects:

- M&As : The global trends
- Case Study Analysis of recent mergers
- SWOT Analysis : The pros and cons of joining hands and resources
- M&As : The strategic benefits
- M&As : The initial hiccups and their recourses
- M&As : The legal angle
- M&As : The impact on Boards and Succession Planning
- M&As : The procedural side
- M&As : The trigger points for Competition Law
- M&As : Role of Governance Professionals

And many more...

Members and other readers desirous of contributing articles may send the same latest by **Tuesday, July 25, 2023** at [cs.journal@icsi.edu](mailto:cs.journal@icsi.edu) for August, 2023 issue of Chartered Secretary Journal.

The length of the article should ordinarily be between 2,500 - 4,000 words. However, a longer article can also be considered if the topic of discussion so demands. The articles should be forwarded in MS-Word format.

All the articles are subject to plagiarism check and will be blind screened. Direct reproduction or copying from other sources is to be strictly avoided. Proper references are to be given in the article either as a footnote or at the end. The rights for selection/rejection of the article will vest with the institute without assigning any reason.

Regards,

**Team ICSI**



# Articles in Chartered Secretary Guidelines for Authors

1. Articles on subjects of interest to the profession of company secretaries are published in the Journal.
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) 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.
8. The copyright of the articles, if published in the Journal, shall vest with the Institute.
9. The Institute/the Editor of the Journal has the sole discretion to accept/reject an article for publication in the Journal or to publish it with modification and editing, as it considers appropriate.
10. The article shall be accompanied by a summary in 150 words and mailed to [cs.journal@icsi.edu](mailto:cs.journal@icsi.edu)
11. The article shall be accompanied by a 'Declaration-cum-Undertaking' from the author(s) as under:

## Declaration-cum-Undertaking

1. I, Shri/Ms./Dr./Professor..... declare that I have read and understood the Guidelines for Authors.
2. I affirm that:
  - a. the article titled"....." is my original contribution and no portion of it has been adopted from any other source;
  - b. this article is an exclusive contribution for Chartered Secretary and has not been/nor would be sent elsewhere for publication; and
  - c. the copyright in respect of this article, if published in Chartered Secretary, shall vest with the Institute.
  - d. the views expressed in this article are not necessarily those of the Institute or the Editor of the Journal.
3. I undertake that I:
  - a. comply with the guidelines for authors,
  - b. shall abide by the decision of the Institute, i.e., whether this article will be published and/or will be published with modification/editing.
  - c. shall be liable for any breach of this 'Declaration-cum-Undertaking'.

Signature

# 1

## ARTICLES



- VALUATION UNDER GST – REIMBURSEMENT/COMPENSATION FLOWING FROM THIRD PARTY BY WAY OF CREDIT NOTES IS LIABLE TO GST
- GST: A TRANSFORMATIVE FORCE RESHAPING INDIA'S ECONOMIC LANDSCAPE
- ITC PROVISIONS UNDER GST: "CONDITIONS APPLY" MODE
- GST: TRANSFORMING ECONOMIC DYNAMICS SUSTAINABLY
- EXPLORING OPPORTUNITIES FOR SUSTAINABLE DEVELOPMENT AND COMPETITIVENESS IN THE INDIAN AND INTERNATIONAL BUSINESS ENVIRONMENT
- NAVIGATING THE EVOLVING LANDSCAPE: AN ANALYSIS OF GAMING LAWS IN INDIA
- APPOINTMENT OF ADDITIONAL DIRECTOR-SOME PERSPECTIVES



# Valuation under GST – Reimbursement/ Compensation Flowing from Third Party by Way of Credit Notes is Liable to GST

An analysis in the context of sales-tax law judgment rendered by the Supreme Court Larger Bench in *Tata Motors Ltd. vs. The Deputy Commissioner of Commercial Taxes (SPL) & Anr [2023]* [Civil Appeal No.1822/2007, decided on 15 May, 2023] [Supreme Court – 3-judge Bench]



**Vineet Sodhani, ACS**

sodhaniv@gmail.com

## INTRODUCTION

In general, any transaction of goods or services becomes a “supply”, if it is made for a “consideration” [except in few cases]. The valuation under GST is also based on “consideration”.

In the fast changing commercial world, the *modus operandi* of business and business transactions has undergone several technical changes, which also reflects in the mode/method of payment of consideration. A larger bench of the Hon’ble Supreme Court had an occasion to analyse the sales-tax laws and their applicability on transactions involving reimbursement/compensation by manufacturer to dealers for warranty activities carried out on behalf of manufacturer.

This article seeks to :

- analyse said judgment in *Tata Motors Ltd. vs. The Deputy Commissioner of Commercial Taxes (SPL) & Anr [2023]* [Civil Appeal No.1822/2007, decided on 15 May, 2023] [Supreme Court – 3-judge Bench] [for short “*Tata Motors judgment*”]
- analyse the *Tata Motors judgment’s* applicability under GST laws ; and
- explore upon its repercussions under GST laws.

## 2. TATA MOTORS JUDGMENT

### 2.1 Factual Background

- M/s Marudhar Motors [“dealer”] is a dealer of TATA Motors [“manufacturer”].

- Tata Motors sells vehicles and spare parts to Marudhara Motors by charging sales-tax.
- Marudhara Motors sells these goods to customers through invoices collecting sales tax.
- There was a separate warranty agreement between the manufacturer-Tata and the customer where the dealer would provide free replacement of warranty goods sold to the customer in the following manner :
  - first of all, for customer, dealer would collect defective parts/vehicle from customer and replace it with good parts/vehicle from “his own stock” ; and
  - later, dealer would return back defective parts/ vehicle to manufacturer-Tata ; and
  - finally, manufacturer-Tata would satisfy themselves about it being defective and issue credit notes to dealer thereby crediting running account of dealer which is maintained for sale transactions, at the price at which such part/ vehicle was initially sold to dealer.
- The sales-tax departments of various states imposed sales-tax on value of credit notes issued by manufacturer treating it as consideration for sale, relying upon Supreme Court judgment in *Mohd. Ekram Khan & Sons v. CTT, (2004) 6 SCC 183*. In *Mohd. Ekram Khan* case dealer/assessee had received amount under Credit notes from manufacturer for supply of spare parts to the customer as a part of the warranty under warranty agreement between manufacturer and customer and the Supreme Court held such credit notes to be consideration chargeable to tax.
- The dealers and manufacturer argued that since : (a) warranty transaction was “free of cost”; (b) there was no additional consideration coming from the customer; and (c) price paid by the customer had already been charged to tax, hence, there cannot be any further levy.

### 2.3 Issue Involved

Whether a credit note issued by a manufacturer to a dealer of automobiles in consideration of the replacement of a defective part in the automobile sold pursuant to a

warranty agreement being collateral to the sale of the automobile, is exigible to sales tax under the sales tax enactments of the respective States ?

#### 2.4 Extract of Statutory Provisions under the Rajasthan Value Added Tax Act, 2003

- Section 2(35) “sale” with all its grammatical variations and cognate expressions means every transfer of property in goods by one person to another for cash, deferred payment or other valuable consideration and includes–
  - (i) a transfer, otherwise than in pursuance of a contract, of property in goods for cash, deferred payment or other valuable consideration;
  - (ii) a transfer of property in goods (whether as goods or in some other form) involved in the execution of a works contract;
  - (iii) any delivery of goods on hire–purchase or other system of payment by instalments;
  - (iv) a transfer of the right to use goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration;
  - (v) a supply of goods by an unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration; and
  - (vi) a supply, by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink (whether or not intoxicating), where such supply is for cash, deferred payment or other valuable consideration, and such transfer, delivery or supply shall be deemed to be a sale and the word “purchase” or “buy” shall be construed accordingly;

*Explanation.– Notwithstanding anything contained in this Act, where any goods are sold in packing, the packing material in such case shall be deemed to have been sold with the goods;*

- Section 2(36) “sale price” means the amount paid or payable to a dealer as consideration for the sale of any goods less any sum allowed by way of any kind of discount or rebate according to the practice normally prevailing in the trade, but inclusive of any statutory levy or any sum charged for anything done by the dealer in respect of the goods or services rendered at the time of or before the delivery thereof, except the tax imposed under this Act;

*Explanation I. – In the case of a sale by hire purchase agreement, the prevailing market price of the goods on the date on which such goods are delivered to the buyer under such agreement, shall be deemed to be the sale price of such goods;*

*Explanation II. – Cash or trade discount at the time of sale as evident from the invoice shall be excluded from*

*the sale price but any ex post facto grant of discounts or incentives or rebates or rewards and the like shall not be excluded;*

*Explanation III. – Where according to the terms of a contract, the cost of freight and other expenses in respect of the transportation of goods are incurred by the dealer for or on behalf of the buyer, such cost of freight and other expenses shall not be included in the sale price, if charged separately in the invoice;”*

#### 2.5 Judgment

##### 2.5.1 Analysis of various provisions of Sale of Goods Act, 1930

- *Elements of a valid sale* : the following elements must be present to constitute a valid contract of sale, namely, -
  - (1) a contract (as required by the Act and the Contract Act);
  - (2) between two parties, (the one called the “seller” and the other called the “buyer”);
  - (3) to transfer or agree to transfer the property;
  - (4) in goods;
  - (5) from the seller to the buyer;
  - (6) for a price, that is, money consideration.
- *Warranty is a collateral contract* : A contract between two persons may be accompanied by a collateral contract between one of them and a third person relating to the same subject matter.

Contract	Scope
Main contract	When a person buys goods from a dealer and is given a guarantee issued by the manufacturer, the main contract of sale is between dealer and the purchaser or customer
Collateral contract	The guarantee/warranty from the manufacturer is a collateral contract between the manufacturer and the customer.

##### 2.5.2 Treatment of Warranty Transactions under Sales-tax laws

- *For warranty, Dealer acts as intermediary of manufacturer* : The dealer is acting on behalf of the manufacturer or as an intermediary between the manufacturer and customer of the automobile and discharging his obligation under a collateral contract. Hence, it is a warranty given by the manufacturer through the dealer to the customer during the period of warranty.
- *There is ‘Transfer of property’ from dealer to customer* : When the dealer is acting pursuant to



a warranty as an intermediary of manufacturer : (a) firstly, there is transfer of property in the spare part between the dealer and the customer and (b) secondly, for said transfer, the manufacturer issues a credit note to the dealer which is in substance on behalf of the customer owing to warranty with customer.

- **Credit note is a form of money paid by manufacturer on behalf of customer – Amounts to ‘valuable consideration’** : Though the expression “valuable consideration” is not defined in the State Sales statutes, it has a wider connotation and must be monetary in nature and includes all forms of money. Credit note is also a form of money. The definition of “sale price” would include consideration paid by way of credit note and therefore, payment of consideration through the mode of credit note signifies ‘other monetary payment in the nature of a valuable consideration.’ Though the dealer does not receive any consideration from the customer but, the dealer receives a credit note from the manufacturer. The credit note is in order to recompense the dealer for his investment made on the spare part. Thus, the manufacturer issuing a credit note to a dealer is a “valuable consideration” paid by the manufacturer to the dealer, when the dealer is acting under the warranty for transfer of property in goods from dealer to customer.
- **Transaction is ‘sale’ and dealer has to pay sales-tax/VAT** : “Sale”, generally, means any transfer of property in goods by one person to another for cash or deferred payment or for any other valuable consideration. Thus, the credit note issued to the dealer whilst he is discharging his obligation under the warranty is a “sale” and the dealer is liable to pay sales tax on the credit note.

### 2.5.3 Analysis in context of Indian Contract Act, 1872 :

- Section 2(d) defines “consideration” as follows : “when, at the desire of the promisor, the promisee or any other person has done or abstained from doing, or does or abstains from doing, or promises to do or to abstain from doing, something, such act or abstinence or promise is called a consideration for the promise.
- Section 2 (c) states that the person making the proposal is called the “promisor”, and the person accepting the proposal is called the “promisee”; Section 2 (a) states that when one person signifies to another his willingness to do or to abstain from doing anything, with a view to obtaining the assent of that other to such act or abstinence, he is said to make a proposal; Section 2 (b) states that when the person to whom the proposal is made signifies his assent thereto, the proposal is said to be accepted. A proposal, when accepted, becomes a promise; Further, promises which form the consideration or part of the consideration for each other, are called reciprocal promises vide Section 2 (f) of the said Act.

- Applying the aforesaid definitions to the facts of the present case, -
  - ♦ **promisor** : the manufacturer is the promisor who makes the proposal to recompensate the dealer when dealer replaces defective parts from his own stock, pursuant to a warranty clause ;
  - ♦ **promisee** : thus, the dealer is the promisee.
  - ♦ **promisee’s act is a contract** : the promisee (dealer) provides consideration to the promisor (manufacturer) by conferring a benefit on a third party (customer) at the promisor’s (the manufacturer’s) request pursuant to a warranty between manufacturer and customer. Thus, a contract could arise even though the promise is for doing or abstaining from doing something for the benefit of a third party.
  - ♦ **credit note is ‘consideration’ from promisor** : the dealer (promisee) agrees to replace a defective part which is a consideration for the promise and in turn, receives a recompense in the form of a credit note from the manufacturer. Thus, there is an agreement between the manufacturer and the dealer, and it would be in an instance of there being reciprocal promises.

### 2.5.4 Summary of Various Instances

Instance	Treatment under Sales Tax
1. <i>Manufacturer supplies defective part/vehicle for replacement from his factory or by purchasing from market</i>	Since the manufacturer himself has dispatched the spare part to the dealer for the purpose of replacement, there is no investment made by dealer on said part. The dealer merely acts on behalf of manufacturer, pursuant to warranty. Therefore, there is no “sale” by dealer and there is no liability of sales-tax in this case on dealer.  <b>However, the applicability of service tax/other taxes on service portion was left open.</b>
2. <i>Dealer himself purchases spare part from open market and replaces defective part and returns defective part to manufacturer</i>	The credit note issued in the name of the dealer is a valuable consideration for a transfer of property in the spare part made by the dealer to the customer and hence a sale within the meaning of the sales tax laws. The value in the credit note is thus exigible to sales tax.
3. (a) <i>Service portion of aforesaid transaction or (b) where credit note is issued by manufacturer for rendering a service under dealership agreement</i>	The applicability of service tax/ other taxes on service portion was not in issue and therefore, not considered in this case.

### 3. APPLICABILITY UNDER GST LAWS

#### 3.1 Extracts of provisions under Central Goods & Services Tax Act, 2017 (“CGST Act”) :

- **Section 2(31) “consideration”** in relation to the supply of goods or services or both includes-

- any payment made or to be made, whether in money or otherwise, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government;
- the monetary value of any act or forbearance, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government;

**Provided** that a deposit given in respect of the supply of goods or services or both shall not be considered as payment made for such supply unless the supplier applies such deposit as consideration for the said supply;

- **Section 2(75) “money”** means the Indian legal tender or any foreign currency, cheque, promissory note, bill of exchange, letter of credit, draft, pay order, traveller cheque, money order, postal or electronic remittance or any other instrument recognised by the Reserve Bank of India when used as a consideration to settle an obligation or exchange with Indian legal tender of another denomination but shall not include any currency that is held for its numismatic value;
- **Section 7(1)(a). Scope of supply.**- (1) For the purposes of this Act, the expression - “supply” includes- ... (a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;
- **Section 15. Value of Taxable Supply.**-
  - (1) The value of a supply of goods or services or both shall be the transaction value, which is the price actually paid or payable for the said supply of goods or services or both where the supplier and the recipient of the supply are not related and the price is the sole consideration for the supply.
  - (2) The value of supply shall include-
    - any taxes, duties, cesses, fees and charges levied under any law for the time being in force other than this Act, the State Goods and Services Tax Act, the Union Territory Goods and Services Tax Act and the Goods and Services Tax (Compensation to States) Act, if charged separately by the supplier;

- any amount that the supplier is liable to pay in relation to such supply but which has been incurred by the recipient of the supply and not included in the price actually paid or payable for the goods or services or both;
- incidental expenses, including commission and packing, charged by the supplier to the recipient of a supply and any amount charged for anything done by the supplier in respect of the supply of goods or services or both at the time of, or before delivery of goods or supply of services;
- interest or late fee or penalty for delayed payment of any consideration for any supply; and
- subsidies directly linked to the price excluding subsidies provided by the Central Government and State Governments.

**Explanation.**-For the purposes of this sub-section, the amount of subsidy shall be included in the value of supply of the supplier who receives the subsidy.

- **Section 17(5)(h) .... Apportionment of credit and blocked credits.** (5) Notwithstanding anything contained in sub-section (1) of section 16 and sub-section (1) of section 18, input tax credit shall not be available in respect of the following, namely:- .... (h) Goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples.

#### 3.2 Application of Tata Motors judgment under GST Law

##### 3.2.1 Manufacturer’s credit note is a consideration:

Consideration is defined in an inclusive sense under section 2(31) of CGST Act and therefore, it would retain its connotation under section 2(d) of the Indian Contract Act, 1872 viz.

*“When, at the desire of the promisor, the promisee or any other person has done or abstained from doing, or does or abstains from doing, or promises to do or abstain from doing, something, such act or abstinence or promise is called a consideration for the promise”.*

In simple terms ‘consideration’ means everything received or recoverable in return for a provision of service which includes monetary payment and any consideration of non-monetary nature or deferred consideration. Consideration is quid pro quo in a contract and price is the consideration expressed in money terms.

Therefore, **Tata Motors judgment** [see para 2.5.3 of this write-up] is applicable under GST laws also. Therefore, when manufacturer promises issues of a credit note for warranty replacement by dealer, then : (a) manufacturer acts as a promisor ; (b) dealer acts as a promisee ; (c) there are reciprocal promises and (d) accordingly, credit note issued by manufacturer for warranty activity done by dealer is a consideration.



**3.2.2 Consideration may flow from third party :** As held in **Tata Motors judgment** [see para 2.5.2 of this write-up], for transfer of title from dealer to customer, the consideration flowing from third party [manufacturer] is a valid consideration under collateral contract of warranty. In fact, the definition of consideration u/s 2(31) of CGST Act is wide enough to cover consideration arising from recipient of goods/services or any other person.

- *Consideration may flow from third person :* The consideration may flow from third person also [holding company paying for its subsidiary]. For example, in case of service during warranty, the service is provided by authorized dealer to buyer of car. However, payment is not made by buyer but payment is made to authorised dealer by the car manufacturer. This amount is chargeable to tax in the

hands of the car dealer. **In fact, inclusive definition of consideration provides for the same.**

- *Consideration may flow to third person :* The consideration may flow to third person also [service provider asking service recipient to pay charity/dharmada to a trust at service provider's direction, instead of making payment to service provider].

**3.2.3 Credit note by manufacturer note is a form of money :** As held in **Tata Motors judgment** [see para 2.5.2 of this write-up], credit note is a form of money. In fact, **Section 2(75)** of CGST Act defining “**money**” includes “promissory note, bill of exchange, letter of credit, draft, pay order, traveller cheque, money order, postal or electronic remittance or any other instrument”. Therefore, “money” may be paid by way of issuance of credit notes.

### 3.2.4 Free Warranty supply of parts to end-customer through a dealership – Various instances considered in Tata Motors judgment

Instance	Treatment under GST
1. <i>Manufacturer supplies defective part/ vehicle for replacement from his factory or by purchasing from market</i>	<p>(a) <b>No GST on manufacturer :</b> The warranty replacement between ‘Original Equipment Manufacturer’ [OEM] to end customer is not liable to GST because the price for the replacement is built into the price of the equipment originally supplied and therefore tax has already been paid by OEM. As per CBIC FAQs, where parts are provided to the customer without a consideration under warranty, no GST is chargeable on such replacement. Though supply is in course of business, but consideration is missing. The value of supply made earlier includes the charges to be incurred during the warranty period.</p> <p>(b) <b>Warranty charges collected separately are includible in value :</b> Warranty charges recovered separately by manufacturer or dealer are includible in value of such manufacturer/dealer since transaction value includes all elements of the price excluding those that can be specifically excluded u/s 15 of CGST Act.</p> <p>(c) <b>No ITC reversal :</b> Supply of parts under warranty is free supply without consideration, hence, GST is not payable. Further, value of supply made earlier had included charges to be incurred during warranty period. Therefore, assessee who undertakes warranty replacement is not required to reverse input tax credit on parts/components replaced. - Even if Raw materials consumed attract higher tax rate than finished products or parts, then, Supplier/manufacturer is eligible to avail the credit of higher input tax paid subject to condition that such goods or services or both are used or intended to be used in course or furtherance of his business. <b>Saraswathi Metal Works [2018 (18) G.S.T.L. 834 (A.A.R.. GST)]</b></p>
2. <i>Dealer himself purchases spare part from open market or from manufacturer, and replaces defective part and returns defective part to manufacturer</i>	<b>Liable to GST in hands of dealer :</b> The credit note issued in the name of the dealer is a valuable consideration for a transfer of property in the spare part made by the dealer to the customer and hence a “supply” within the meaning of the GST Act. The value in the credit note is liable to GST in the hands of dealer.
3. (a) <i>Service portion of aforesaid transaction or (b) where credit note is issued by manufacturer for rendering a service under dealership agreement</i>	<b>Services also liable to GST :</b> Since GST is a tax on goods and services both, the principles mentioned in points 1 and 2 above, shall apply to “services” also and accordingly, services shall also be liable to GST at applicable rates.

#### 4. WHETHER MANUFACTURER CAN AVAIL ITC OF GST CHARGED IN HANDS OF DEALER


- An interesting question that arises in this case is whether manufacturer can avail of credit of GST paid by dealer ?
- If the question is answered in affirmative, the situation would be revenue neutral for the manufacturer.
- Section 16(1) of the CGST Act provides that every registered person shall, subject to such conditions and restrictions as may be prescribed and in the manner specified in section 49, be entitled to take credit of input tax charged on any supply of goods or services or both to him which are used or intended to be used in the course or furtherance of his business.
- As per section 2(62), “Input tax” in relation to a registered person, means Central tax, State tax, integrated tax or Union territory tax charged on any supply of goods or services or both made to him.
- As per Section 2(93), “recipient” of supply of goods or services or both, means-
  - (a) *where a consideration is payable for the supply of goods or services or both, the person who is liable to pay that consideration;*
  - (b) where no consideration is payable for the supply of goods, the person to whom the goods are delivered or made available, or to whom possession or use of the goods is given or made available; and
  - (c) where no consideration is payable for the supply of a service, the person to whom the service is rendered, and *any reference to a person to whom a supply is made shall be construed as a reference to the recipient of the supply* and shall include an agent acting as such on behalf of the recipient in relation to the goods or services or both supplied;
- In view of section 2(93)(a), since manufacturer is paying consideration for supply of goods/spare parts by dealer, hence, manufacturer is the “recipient” of such goods. Accordingly, as per statutory fiction of section 2(93), manufacturer is the “person to whom supply is made”.
- Accordingly, the dealer will issue a tax invoice naming manufacturer as the recipient and the manufacturer can avail of ITC on the same.

#### CONCLUSION

- 5.1 Credit notes issued by manufacturer providing money’s worth are liable to GST :** When a dealer provides free replacement parts under a warranty agreement from his own stock **and** recovers the value of the parts from the manufacturer by way of credit

The judgment would apply to all forms of transactions where consideration is provided by way of credit notes, for example, by holding company to its subsidiary or vice-versa for some action or inaction or tolerating an act. In view of wide implications, one should exercise due caution while issuing credit notes for money’s worth. The tax authorities may venture into the exercise of finding “supply” wherever they find a “credit note” treating such credit note as a consideration and then, seek to levy GST.

notes, the GST is applicable in view of provisions of GST Act as well as in view of **Tata Motors** judgment.

- 5.2 Part to part replacement – Whether consideration in kind :** The definition of consideration u/s 2(31) of CGST Act includes consideration in kind. The question is whether manufacturer giving “part to part replacement” for dealers stock consumption is also a consideration from manufacturer to dealer ? This question did not arise before the Supreme Court in Tata Motors judgment. It appears that since all the ingredients of supply are present and manufacturer would provide free part to dealer against dealers stock **consumption**, the same would amount to ‘non-monetary consideration’ for dealer and would attract GST.
- 5.3 Judgment applies to services also :** Though the judgment was rendered in context of sales-tax law [“goods” only], however, the principles therein applies to services as well. Therefore, manufacturer issuing credit notes for supply of warranty-services by dealer to end customer would amount to consideration and GST would be leviable in the hands of dealer.
- 5.4 Situation is revenue neutral :** Since GST paid by dealer is available as ITC to manufacturer [as discussed in para 4 of this write-up], hence, the situation is revenue neutral. Further, bar of section 17(5)(h) denying ITC is not attracted, as this is not a case of “gift”. - **Saraswathi Metal Works [2018 (18) G.S.T.L. 834 (A.A.R.. GST)]**
- 5.5 Caution required while issuing credit notes :** The judgment would apply to all forms of transactions where consideration is provided by way of credit notes, for example, by holding company to its subsidiary or vice-versa for some action or inaction or tolerating an act. In view of wide implications, one should exercise due caution while issuing credit notes for money’s worth. The tax authorities may venture into the exercise of finding “supply” wherever they find a “credit note” treating such credit note as a consideration and then, seek to levy GST. 



# GST: A Transformative Force Reshaping India's Economic Landscape

The Goods and Services Tax (GST) has emerged as a major policy reform in India, transforming the country's tax structure and altering its economic environment. GST replaced the complicated web of indirect taxes, the Central and State Governments levied on July 1, 2017, uniting the Indian market under a single tax structure. Thus, GST was a game changer in the Indian economic landscape. By offering a unified tax system, removing barriers caused by discrepancies in state tax laws, and lowering compliance costs for enterprises, GST aided in the formation of a single market.



**Neha Kukrety**

Assistant Professor  
Doon Business School  
Dehradun  
[neha.kukrety@gmail.com](mailto:neha.kukrety@gmail.com)



**Pitresh Kaushik, ACS**

Assistant Professor  
Doon Business School  
Dehradun  
[pitresh@gmail.com](mailto:pitresh@gmail.com)

## INTRODUCTION

**B**ack in the 2000's the Kelkar Task Force on Indirect Taxes recommended a statewide GST aiming to simplify the complicated tax structure and foster economic integration. The Empowered Committee of State Finance Ministers developed a framework and plan, which resulted in the release of the First Discussion Paper in 2009. However, due to worries about state compensation and other related issues, the Constitution Amendment Bill was met with opposition in 2011. The implementation of GST carried the potential to boost India's GDP growth by 1.5 to 2 percentage points per year (World Bank, 2017)

The Constitution (One Hundred and Twenty-Second Amendment) Bill, 2014 amended the Indian Constitution to allow the country to establish the Goods and Services Tax (GST). The proposed constitutional amendments gave Parliament and state legislatures the right to introduce legislation imposing GST on the delivery of goods and services in the same transaction.

The GST Council was established to make decisions on many aspects of GST, including tax rates, exemptions, and administrative procedures. It is made up of delegates from all states and union territories, as well as the Union Finance Minister. The GST regime in India is a shift from the previous fragmented tax structure, which included several taxes such as VAT, excise duties, and service tax, among others. GST is intended to streamline the taxation system, increase the ease of doing business, and support economic growth by combining several taxes into a single tax.

The Goods and Services Tax (GST) has emerged as a major policy reform in India, transforming the country's tax structure and altering its economic environment. GST replaced the complicated web of indirect taxes. The central and state governments levied on July 1, 2017, uniting the Indian market under a single tax structure. Thus, GST was a game changer in the Indian economic landscape. By offering a unified tax system, removing barriers caused by discrepancies in state tax laws, and lowering compliance costs for enterprises, GST aided in the formation of a single market.

The Indian GST categories were divided into the tax slabs: 5%, 12%, 18%, and 28%. Some necessities are GST-free, whereas gold and diamond work is taxed at a lower rate. A compensatory cess is levied on Demerit products and select luxury items. The consolidation of indirect taxes under a single tax framework has simplified tax compliance and facilitated corporate transactions.

Businesses had to adjust to the new tax system and enhance their IT infrastructure to meet the electronic filing and reporting requirements during the initial transition phase. Small firms encountered difficulties comprehending and complying with the complex GST regulations.

## DIGEST OF GST IN INDIA

GST has been a historic indirect tax reform, subsuming more than 17 indirect taxes and 13 cesses levied by the Centre and the States, thus paving the way for the 'One Nation-One Tax-One Market'.

The Goods and Services Tax (GST) "one nation, one tax" was implemented in India to address the complexities and inefficiencies of the old indirect tax structure. GST's primary goals were to simplify the taxation system, decrease tax cascading or double taxation, increase ease of doing business, improve tax compliance, and encourage economic growth. The implementation of GST also resulted in the removal of various inter-state obstacles and the elimination of tax gushing, resulting in lower tax burdens on firms and better supply chain efficiency.

Prior to the implementation of GST, India's tax structure was fragmented, with multiple indirect taxes levied by the central and state governments. These included taxes such as Value Added Tax (VAT), excise duties, service tax, and customs duties, among others. The intricacy has presented difficulties for firms in comprehending and complying with the various tax laws in different states. Multiple tax levies resulted in a complex tax structure, posing compliance issues for enterprises, and impeding the seamless movement of products and services across states.

Taxes were levied at every stage of the supply chain, resulting in the taxing of taxes, which led to higher costs for firms and a pricing distortion. The notion of input tax credit was introduced by GST, allowing firms to claim

credits for taxes paid on inputs used in the production of goods or services. The input tax credit mechanism significantly reduced the tax cascading effect, lessening the tax burden on businesses. It streamlined the supply chain, boosted efficiency, and helped to cut overall prices.

Interstate trade faced several impediments under the old tax structure, including entry levies and multiple state-specific taxes. These impediments to the free movement of commodities and services across state borders hampered economic integration.

The Central Goods and Services Tax (CGST), State Goods and Services Tax (SGST), and Integrated Goods and Services Tax (IGST) are the three key components of the GST regime. On intra-state transactions, the national and state governments levy CGST and SGST, respectively. The federal government collects the IGST, which is imposed on interstate transactions. The IGST replaced a complex web of several state-specific taxes, simplifying the taxation process for interstate trade enterprises.

Due to its complicated design and numerous tax regulations, the prior tax regime frequently encountered tax evasion and non-compliance issues. Tax officials determined that accurately tracking and monitoring transactions was difficult. Since 2017, GST has increased transparency and improved compliance through its technology-driven approach. The implementation of an online platform for GST registration, return filing, and refund claims improved the tax administration procedure increasing transparency and decreasing the potential for tax evasion, resulting in improved tax compliance.

### ANNEXURE

#### Revenue from taxes subsumed in GST

Rs. in crore

Sr. No.	Name of State/UT	2012-13	2013-14	2014-15	2015-16 (AG certified)	2016-17	2017-18 (till 30 <sup>th</sup> June)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Andhra Pradesh	26828.6	28338.52	28034.39	13873.3	15935.33	4456.2
2	Arunachal Pradesh	*	*	*	256.03	*	*
3	Assam	4467.12	4878.21	5244.91	5985.5	6970.97	1961.14
4	Bihar	7670.67	9496.19	9874.81	12620.56	14573.71	2314.91
5	Chhattisgarh	5999.19	6510.24	6840.18	7357	8070.14	2769.45
6	Delhi	12424.34	14115	14367.77	16784.15	16410.56	4027.62
7	Goa	1546.39	1809.08	1915.02	2181.38	2398.09	566.13
8	Gujarat	*	*	*	28856.39	*	*
9	Haryana	*	*	*	15230.59	*	*
10	Himachal Pradesh	2403.44	2620.51	3086.13	3634.4	3558.84	914.59
11	J & K	3165.31	3437.09	3409.4	4766.3	4668.02	1298.52
12	Jharkhand	5127.1	5598.36	6262.41	6410.51	8060.55	1849.21
13	Karnataka	25397.85	28899.09	32919.25	36144.15	39505.39	11013.32
14	Kerala	13166.93	14456.85	15786.15	16821.37	18546.89	6506



15	Madhya Pradesh	12282.92	12996.79	14160.3	15329.2	17373.72	3982.98
16	Maharashtra	55269.06	56652.27	59694.1	60504.6	67458.64	20673.19
17	Manipur	263.71	386.57	432.78	347.06	499.05	110.15
18	Meghalaya	379.27	309.89	448.26	636.17	587.21	0
19	Mizoram	109.098	135.563	148.898	188.91	210.171	54.66
20	Nagaland	195.51	178.43	215.94	256.1	303.67	66.46
21	Odisha	9233.71	10036.71	10756.29	11049.34	12682.28	2966.73
22	Puducherry	947.69	908.52	956.61	1095.37	1181.73	311.75
23	Punjab	14587.4	16505.52	17681.81	14471.77	18441.6	4690.91
24	Rajasthan	11860.86	13054.51	15748.72	17158.62	17684.3	4528.66
25	Sikkim	194.4	253.21	220.12	245.45	263.5	58.73
26	Tamil Nadu	25041.26	25875.36	27783.45	29786.36	31304.25	7359.69
27	Telangana	*	*	*	16108.73	19339.59	5397.78
28	Tripura	572.88	628.2	667.9	788.73	842.16	134.09
29	Uttar Pradesh	27976.47	28277.21	30822.03	33387.85	36468.43	12470.72
30	Uttarakhand	3761.78	4345.62	4795.32	4961.22	5934.66	1386.25
31	West Bengal	15313.09	18031.34	19552.9	20097.72	22657.08	5650.78
<i>* Data has not been provided by the concerned State for the said period.</i>							

Source: [gst.gov.in](http://gst.gov.in)

Andhra Pradesh's revenue data fluctuated, with the highest revenue of 28,338.52 crores in 2013-14, but a substantial dip to 4,456.20 crores in 2016-17. Similarly, states such as Assam, Bihar, Chhattisgarh, Delhi, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, and Uttar Pradesh had an increase in revenue from taxes subsumed in GST over the same time period.

Revenue figures for Arunachal Pradesh, Goa, Manipur, Meghalaya, Mizoram, Nagaland, Puducherry, Sikkim, and Tripura have fluctuated over the years. Gujarat and Haryana had missing data for all years, whereas Telangana had data only beginning in 2015-16.

Kerala's revenue grew steadily, reaching 18,546.89 crores in 2017-18. West Bengal too saw a sustained increase, with income totaling 22,657.08 crores in 2017-18. Himachal Pradesh had gradual improvements in revenue, whereas Jammu and Kashmir saw a minor decline in 2017-18 compared to the previous year.

## OVERVIEW OF TAXABLE OCCURRENCES AND GST RATES SINCE 2017 IN INDIA

A taxable event under GST is defined as the provision of goods or services in the ordinary course of business, whether for payment or without payment. Embracing a variety of transactions, such as sales, transfers, bartering, and the rendering of services, broadens the tax base. GST is assessed on the total cost of imported products, which includes customs duties and other necessary fees. India's GST rates are divided into four categories: Food grains, cereals, milk, healthcare services, and transport services, all qualify for the 5% GST lower rate. 12% GST Processed food items, apparel, non-AC hotels, business class plane

tickets, and specific financial services are among the products and services that come under this category. This category includes products and services subject to an 18% GST, such as furniture, dining establishments, IT services, telecom services, and financial services. 28% GST Luxury goods like autos, tobacco, aerated beverages, and five-star hotels fall under the highest slab. Certain products and services are subject to compensating cess, which is assessed in addition to the GST rates. These include goods like high-end automobiles, tobacco products, and aerated beverages that are subject to an additional cess to make up for any revenue losses the states may have had during the switch to the GST. It is significant to remember that some products and services, such as some agricultural products, essential healthcare services, and educational services, are completely free from GST. Still, there are some state-specific taxes that are not included by the GST, such as those levied on goods containing petroleum and alcohol meant for human use.

Some goods and services are exempt from GST and are subject to a special tax rate of 0.25 percent, 3 percent, or 0%. Fresh fruits & vegetables, whole grains, milk, eggs, and curd are all GST-free. On healthcare services, hospitals, clinics, and medical practitioners are exempt from GST. Educational services offered by recognised educational institutions such as schools, colleges, and universities are exempt from GST. Unprocessed agricultural products such as fresh fruits and vegetables, unbranded grains, and unprocessed tea and coffee are exempt from GST. Except for those that contain advertisements, printed books, newspapers, and periodicals are GST-free. GST does not apply to public transport services such as metro, local bus services, train transit, and charitable organisation that aids the needy.

India implemented a dual GST approach, which implies that both the Central and State governments can charge and collect GST. The Central Government levies the CGST, whereas the State Governments levied the SGST. The Central GST (CGST) is charged by the Central government, and the State GST (SGST) is levied by the different State governments. The IGST is levied on interstate shipments of goods and services and is collected by the federal government. It ensures the free flow of commodities and services across state lines.

The total number of regular taxpayers is 1,19,74,464. Instead of the conventional tax structure, 15,86,906 taxpayers choose a simplified composition system under GST, which entails paying taxes at a fixed rate based on their turnover.

Input Service Distributors (7076) are entities that receive input services and transfer the input tax credit to the same organization's branches or units.

There are 16,461 Tax Collectors at the Source, which are individuals or corporations responsible for collecting taxes before making payments to suppliers. They deduct a percentage of the amount as tax and deposit it with the appropriate authorities.

There are 2,41,072 Tax Deductors at the Source, who deduct tax at the source when making certain payments such as salary, rent, or commission. They deduct the applicable tax and deposit it with the appropriate authorities.

Individuals or companies that do not fall directly into any of the stated categories but are still actively participating in the tax system are included among the 3,707 taxpayers.

## STATE WISE GROWTH

When it comes to the growth rate of the GST, Maharashtra has constantly been among the top states. The state has had an excellent increase in GST collections because of its strong industrial sector and important commercial hubs like Mumbai and Pune. Maharashtra's GST revenue has continued to expand quickly, making a sizable contribution to the nation's overall GST revenue.

Uttar Pradesh has seen a noticeable rise in GST receipts. The manufacturing, services, and agricultural sectors of the state's diverse economy have contributed to the GST's steady increase. With big cities like Lucknow and Noida emerging as key economic hubs, Uttar Pradesh has shown excellent potential for further growth in GST revenue.

Bangalore serves as the technology and innovation center for Karnataka, which has seen a significant increase in GST revenues. GST receipts have been boosted by the state's thriving IT and software industries as well as its numerous manufacturing sectors. Karnataka's excellent GST growth rate is also a result of the state's significant services industry presence.

Tamil Nadu, which is well-known for its flourishing manufacturing and service sectors, has regularly

kept its GST growth rate at an admirable level. The state's industrial hubs, including those in Chennai and Coimbatore, have been a major factor in boosting GST receipts. Tamil Nadu's good success in GST collecting can be attributed to its well-established trade and business ecosystem.

GST revenues have been greatly aided by the state's dynamic business environment, which includes a strong industrial sector and substantial port facilities. Gujarat's proactive government policies and strategic position have drawn investments, which has increased its GST revenue.

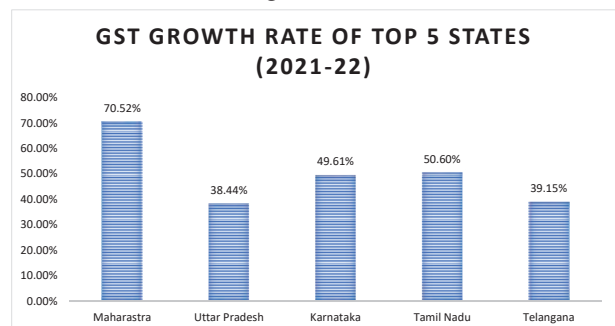
Telangana has put a lot of effort into luring investments and promoting an advantageous business environment. Hyderabad, the state's capital, is renowned as a significant IT and technology centre, with several global firms and start-ups operating there. The excellent development of GST income in Telangana has been largely attributed to this state's growing IT sector as well as significant contributions from the manufacturing, services, and agriculture sectors.

Regardless of the date of movement, the number of migrated taxpayers is based on the date of responsibility (not the date of migration), which is July 1, 2017. The most returns filed in a single day is 24.85 lakhs. Through June 2022, over 90 million returns had been filed.

Between April 2018 and June 2022, a total of 280,05,92,362 E-way Bills were generated.

A total of 32,87,109 e-Way bills were created in a single day. \* On March 31, 2022, 41,80,323 taxpayers registered with the e-Way bill system. As of June 30<sup>th</sup>, there were 67,959 transporters registered in the e-Way bill system.

**Fig 1: GST collection growth in the top 5 states (According to tax collection)**



There were 3,537 migrated taxpayers in the Andaman and Nicobar Islands, contributing 132.33 crores, with an average tax deposit of 3.74 lakhs per moved GSTIN. In comparison, there were 9,989 new taxpayers who contributed 147.36 crores, with a tax deposit of 1.48 lakhs on average per new GSTIN.

Tax deposits are also substantial in states with a significant taxable population, such as Maharashtra and Karnataka. With an average tax deposit of 5.83 lakhs per migrated GSTIN, Maharashtra had 30,46,948 migrated taxpayers who contributed \$1,77,777.76 crore in



taxes. In Maharashtra, 26,28,308 GSTINs were granted to new taxpayers, with a total tax deposit of 34,201.18 crores, averaging 1.30 lakhs per new GSTIN. Similarly, Karnataka had 16,47,265 migrated taxpayers with a total tax deposit of 76,246.49 crores and an average tax deposit of 4.63 lakhs per migrated GSTIN, and 12,97,983 new taxpayers with a total tax deposit of 16,207.11 crores and an average tax deposit of 1.25 lakhs per new GSTIN.

There are also states that have fewer taxpayers but generate large tax revenue. For example, Sikkim had 8,521 migrated taxpayers with a total tax deposit of 2,265.89 crores, averaging 26.59 lakhs per moved GSTIN. In contrast, there were 13,581 new taxpayers in Sikkim, with a total tax deposit of 442.72 crores, averaging 3.26 lakhs per new GSTIN.

## CHALLENGES AND RECOMMENDATIONS FOR ENHANCING INDIA'S INDIRECT TAX SYSTEM

According to India's growth in indirect tax collections, the amount of indirect taxes collected for the fiscal year 2020–21 increased by 1,20,555 crore (12.56%) when compared to the prior fiscal year. The increase in Central Excise Duty and Customs Duty receipts was primarily responsible for the increase in indirect taxes. However, within the same period, Central GST tax collection fell by 8.34%.

The development of a system-verified flow of Input Tax Credit (ITC) and a streamlined return method highlights the necessity for additional steps to build a non-intrusive e-tax system and suggests the adoption of a risk-based standardised system of returns inspection.

Data analytics is used by the Directorate General of Analytics and Risk Management (DGARM) to identify high-risk taxpayers. To effectively utilise the power of information technology, it does note that the monitoring and feedback system for DGARM reports needs to be improved.

GSTN (Goods and Services Tax Network) was formed as a centralised IT platform for GST in India, with both the Central and State governments. It manages all GST-related processes online and provides a unified platform for taxpayers and tax administrators.

The GSTN platform is made up of a front end where taxpayers may perform various business-related tasks and a back end where most states administer taxes. By bringing taxpayers and tax administrators together on a single platform, the digitization and electrification of GST processes—from registration and tax payment to return filing and refund claims—enables effective and streamlined management of GST-related operations. The system's smooth deployment and operation depend on this digital infrastructure.

It is difficult to assess the accuracy of the data for high-risk areas like tax liability and Input Tax Credit mismatch because the Goods and Services Tax Network (GSTN)

Since 2017, GST has increased transparency and improved compliance through its technology-driven approach. The implementation of an online platform for GST registration, return filing, and refund claims improved the tax administration procedure increasing transparency and decreasing the potential for tax evasion, resulting in improved tax compliance.

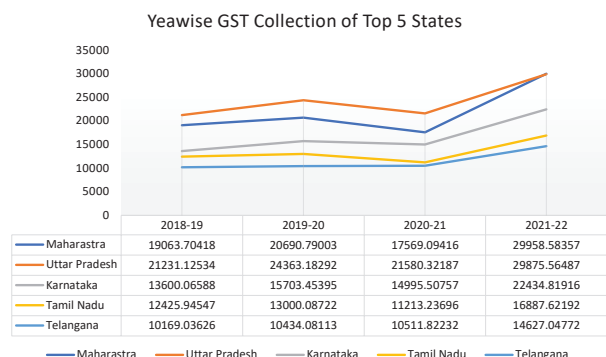
maintains anomalies in critical data in the audit. The report advises using appropriate validation techniques and post-facto data analytics to address these issues.

Refund-related systemic and regulatory problems, such as the absence of real-time data analytics to stop fraud and instances of double payments are the key outcome. It also draws attention to the inability to execute refunds within the allotted time frames and the refusal to compensate taxpayers for lost interest. The report makes suggestions for improving the mechanism for processing refunds.

The most appealing illustration is the GST's transitional credits, which let taxpayers carry over excess input tax credits from a previous tax regime. The number of taxpayers requesting the transitional credit and the corresponding amount emphasise how important it is to handle claims for the credit carefully to ensure GST compliance.

The move from an origin-based to a destination-based taxing scheme presented its own set of issues. It demanded the creation of a consistent and dynamic decision-making framework and administrative system for both central and state administrations. A strong IT infrastructure was essential for ensuring compliance while simplifying processes, particularly for smaller taxpayers. To educate taxpayers on the changes brought about by GST and to familiarise them with the IT-driven processes, strategic outreach management was required.

Fig. 2: Year-wise Tax Collection in the top 5 states



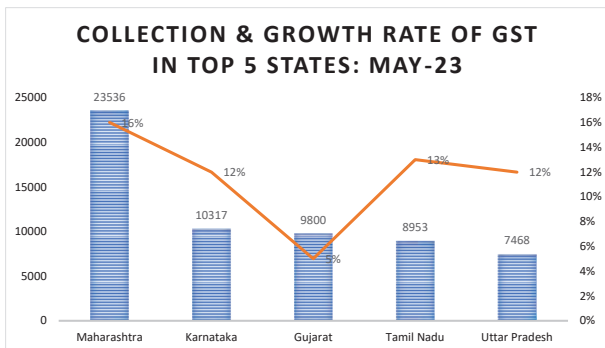
There are 79,753 taxpayers among public limited firms, accounting for 0.55% of the total, although they contribute significantly with a collection of 15,05,669 crore, representing 34.83% of the entire collection. Private limited companies, on the other hand, have 8,84,214 taxpayers (6.09% of the total) and contribute 12,07,787 crore (27.94% of the total).

In the case of proprietorships, which account for a huge majority of taxpayers (1,16,43,950) (80.20%), their contribution to GST revenue amounts to 5,73,837 crore or 13.28% of the total collection. With only 3,010 taxpayers (0.02%), public sector undertakings contribute significantly, collecting 4,16,695 crores, or 9.64% of the total. There are 15,28,616 taxpayers (10.53%) in partnerships, contributing 3,15,200 crores, accounting for 7.29% of the collection.

Other business categories, such as societies, clubs, trusts, and associations, have 31,974 taxpayers (0.22%), while their collection totals 96,804 crores, accounting for 2.24% of the total collection.

The contribution to GST revenue varies by business type, with public and private limited corporations contributing significantly despite having a lower number of taxpayers. Despite their enormous presence, proprietorships provide a substantially lower share of the revenue.

**Fig. 3: GST Collection and Growth Rate in top 5 states**



From April 2018 to June 2022, a total of 1,38,27,412 registered taxpayers created a stunning 280,05,92,362 E-way bills. This reflects the large volume of commodities transported across the country during this time. On March 31, 2022, the most E-way bills were generated in a single day, with 32,87,109 E-way bills generated. This high point underlines the level of business activity and commodity flow on that day. As of June 30<sup>th</sup>, 2022, there were 41,80,323 taxpayers enrolled with the e-Way bill system. This indicates the widespread acceptance and use of the e-Way bill mechanism by businesses for efficient product delivery.

## CONCLUSION

GST's prospects in India remain promising. GST's success in altering India's economic environment will be aided by collaboration between the central and state governments, as well as active interaction with stakeholders.

The statistics on E-way bills show that the E-way bill mechanism is widely used as an integral component of the GST system. It shows how to efficiently track and document commodities in transit, allowing tax authorities to assess compliance and simplify the movement of items across the country. The issuance of a huge number of E-way bills on a regular basis indicates the scope and quantity of commercial operations that take place within the GST system.

Four webinars were held to help taxpayers better grasp GST. These webinars provided pertinent information on GST compliance, registration, return filing, and other related topics. With a total of 27,281 attendees or views, the lectures drew a significant turnout. The webinars were used to answer queries, disseminate information, and obtain a better understanding of the GST system.

Fifty one training sessions were held to equip tax officials with the necessary knowledge and skills. These courses are designed to increase tax officers' capacity to properly manage GST-related obligations. 3,291 tax officials attended these training, allowing them to stay current on the latest GST innovations, guidelines, and processes.

For taxpayers, professionals, and stakeholders looking for GST information and updates, the GSTN YouTube channel has been a valuable resource. With a varied selection of videos, a significant subscriber base, and millions of views, the channel has effectively contributed to GST awareness and education. GSTN's multilingual strategy has expanded accessibility and ensured that the material is available to people all over India. GSTN's YouTube channel highlights the organization's commitment to promoting GST ecosystem transparency, understanding, and compliance.

The GST Interactive Technical Assistant (GITA), often known as the chatbot, has proven instrumental in answering taxpayer inquiries and improving the customer service experience. In the fiscal year 2021-22, GITA answered 8.23 lakh inquiries with an astounding 93% accuracy rate. This illustrates the chatbot's ability in giving accurate and dependable information to taxpayers.

GITA has established itself as a reliable and effective tool for responding to taxpayer inquiries and improving the helpdesk experience. By having a high accuracy rate, a vast database of FAQs, timely updates, and customised solutions, GITA has effectively contributed to enhancing taxpayer satisfaction and simplifying the process of dealing with the GST helpdesk.

The GST Helpdesk has undergone significant enhancements to improve its functionality and provide better service to taxpayers. The helpdesk receives 5,000-6,000 calls per day on average, with 1,000-1,200 tickets raised per day, indicating its significant usage and relevance in resolving customer issues.



The user interface of the helpdesk has been modified to provide a more user-friendly experience, making it easier for taxpayers to search and obtain the information they seek. In addition, the introduction of GITA, an AI-based chatbot, has been a significant advance. To serve a greater range of taxpayers across India, GITA can communicate in ten languages, including Assamese, Bengali, Gujarati, Kannada, Malayalam, Marathi, Odia, Punjabi, Tamil, and Telugu.

The Goods and Services Tax (GST) has emerged as a revolutionary force in the Indian economy. Significant improvements have resulted from its implementation, including the streamlining of the indirect tax system, the promotion of ease of doing business, and the acceleration of economic growth. The unified tax system has reduced friction in interstate trade, eliminated cascading effects, and streamlined business compliance procedures. In addition, GST has increased tax transparency, reduced tax evasion, and boosted economic formalisation. While challenges and improvements may persist, GST has paved the way for India's tax structure to become more integrated and effective. GST's favourable influence on the Indian economy is expected to grow over time, making it a cornerstone of the country's growth and development.

## REFERENCES:

- i. Deshmukh, A. K., Mohan, A., & Mohan, I. (2022). Goods and services tax (GST) implementation in India: An SAP–LAP–Twitter analytic perspective. *Global Journal of Flexible Systems Management*, 23(2), 165-183.
- ii. Singhal, N., Goyal, S., Sharma, D., Kumar, S., & Nagar, S. (2022). Do goods and services tax influence economic development? an empirical analysis for India. *Vision*, 09722629221117196.
- iii. Sharma, C. K. (2022). Concessionary federalism in a dominant party system? Indirect tax reforms and subnational acquiescence in India. *Territory, Politics, Governance*, 10(1), 32-50.
- iv. Ghosh, U. (2018, January). EMERGING TRENDS IN GOODS AND SERVICE TAX (GST) IN INDIA. In *Doctoral Colloquium* (p. 181).
- v. Pasha, S. H., Mehrotra, D., Lin, J. C. W., & Srivastava, G. (2022). GSTChain: A blockchain network application for the goods and services tax. *Journal of Circuits, Systems, and Computers*, 31(01), 2250002.
- vi. Mitra, M. (2017). Goods and Services Tax (GST): The biggest reform in India's Indirect Tax-boon or bane to India. *College of Legal Studies, UPES Dehradun*.
- vii. Rao, M. G. (2019). Goods and services tax in India: Progress, performance & prospects (No. 2019-02). *Columbia University Working Paper*.
- viii. BHAT, A. A., & WANI, R. A. Impact of GST on the Indian economy, and its challenges. *CRDS Insight*.
- ix. Gautam, M. A. GOODS AND SERVICE TAX: IT'S NON-IMPACT ON PETROLEUM AND DIESEL.
- x. Bhattarai, K. (2020). Impacts of GST reforms on efficiency, growth, and redistribution of income in India: A Dynamic CGE Analysis. *Journal of Development Economics and Finance*.
- xi. Patel, R. N. THE STATUS OF SALT INDUSTRY IN GUJARAT. From the desk of Editorial Committee...., 123.
- xii. Kothari, H. (2019). GST in India: Post Implementation Analysis and Findings. *Gap Gyan. II (I)*, 176-185.
- xiii. Kothari, C. H., Sodha, S., Hariramani, S. G., Popat, A. R., Deshpande, S. S., Pandya, H., & Dugar, C. P. GAP GYAN.
- xiv. Nayyar, A., & Singh, I. (2018). A comprehensive analysis of Goods and Services Tax (GST) in India. *Indian Journal of Finance*, 12(2), 57-71.
- xv. Maruthi, M. V. (2020). A Comprehensive Analysis of Goods and Services Tax (Gst) In India. *International Review of Business and Economics*, 4(2), 62.
- xvi. Suresh, S., & Vijai, C. (2018). Goods and Services Tax in India: A Study on Benefits and Challenges. *Shanlax International Journal of Commerce*, 6(S1), 162-167.
- xvii. Press Release. (2018). Press Information Bureau. <https://pib.gov.in/newsite/PrintRelease>
- xviii. Home Page. (2023). Goods & Services Tax (GST) | Home. <https://www.gst.gov.in/>
- xix. Goods & service tax, CBIC, government of India :: Home. (2022, November 24). *Goods & Service Tax, CBIC, Government of India* :: <https://cbic-gst.gov.in/>
- xx. Brief history of GST. (2023). Goods and Services Tax Council | GST. <https://gstcouncil.gov.in/brief-history-gst>
- xxi. Concept note on GST. (2016, April 22). <https://dor.gov.in/tax/concept-note-gst>
- xxii. Executive Summary. (2022). Report No. 5 of 2022 [[https://cag.gov.in/uploads/download\\_audit\\_report/2022](https://cag.gov.in/uploads/download_audit_report/2022)]

# ITC Provisions under GST: “Conditions Apply” Mode

During the initial period of GST implementation, we witnessed lot of ups and downs and now it is getting stabilized in India. In this period, based on the recommendation of GST Council, the Government made lot of changes in the provisions of GST Laws to help businesses and to boost GST collections. In the last six years, we have seen the lowest GST collection of Rupees 83,780 crore in November 2017 to highest ever of Rupees 1,87,035 crore in April 2023. There are various reasons for the higher GST collections.



## D.S. Mahajani, ACS

General Manager (Taxation) and Company Secretary,  
Silox India Pvt. Ltd, Vadodara  
[dsmahajani@yahoo.com](mailto:dsmahajani@yahoo.com)

## INTRODUCTION

On 1<sup>st</sup> July 2023 Goods and Service Tax (GST) will complete its six year journey in taxation system of the Country. During the initial period of GST implementation, we witnessed lot of ups and downs and now it is getting stabilized in India. In this period, based on the recommendation of GST Council, the Government made lot of changes in the provisions of GST Laws to help businesses and to boost GST collections. In the last six years, we have seen the lowest GST collection of Rupees 83,780 crore in November 2017 to highest ever of Rupees 1,87,035 crore in April 2023. There are various reasons for the higher GST collections but amongst them the following are worth mentioning here-

1. Mandatory E-way Bill for consignment value exceeding Rs.50,000 except a few categories of supply.
2. Mandatory e-invoicing w.e.f. 1<sup>st</sup> October 2020 for taxpayers having Aggregate Turnover exceeding Rs.500 Crores. The Aggregate Turnover limits for e-invoicing was thereafter reduced gradually from Rs.500 Crores to Rs.10 Crores w.e.f. October 2022 and now to Rs.5 Crores from 1<sup>st</sup> August 2023 onwards.
3. Inter-locking of GSTR-1 and GSTR-3B. That is, if GSTR-1 of previous month is not filed, the GSTN will not allow to file GSTR-3B for the current month and vice versa.

4. Recent Special Drive Against Fake GST Registration from 16<sup>th</sup> May 2023 to 15<sup>th</sup> July 2023.

## CHANGES IN ITC PROVISIONS

When GST was introduced in July 2017, the following four conditions for availing Input Tax Credit (ITC) by Registered Person (RP) were stipulated u/s 16(2) of Central Goods and Services Tax 2017 (“CGST Act 2017”). These are -

- a. Possession of a tax invoice or debit note issued by his supplier;
- b. Receipt of the goods or services by the RP;
- c. Tax charged in respect of such supply has been paid by the supplier to the Govt; and
- d. Such RP has furnished the return u/s 39 of the Act.

Finance Act 2021, introduced one more condition - i.e. the 5<sup>th</sup> condition w.e.f. 1<sup>st</sup> January 2022 by way of insertion of clause (aa) in Section 16(2) as under:

*(aa) Tax invoice or DN referred to in clause (a) is showed/ filed by the supplier in GSTR-1 and the same must appears in the RP’s GSTR-2B.*

Thereafter, Finance Act 2022 introduced 6<sup>th</sup> condition w.e.f. 1<sup>st</sup> October 2022 by way of insertion of clause (ba) in Section 16(2) as under:

*(ba) the details of input tax credit in respect of the said supply communicated to such RP u/s 38 has not been restricted.*

That means, the sixth condition talks about ITC can be availed only and only if, the ITC so passed on by the supplier is *not under the restricted category of Section 38.*

Section 38 is on “communication of details of inward supplies and ITC”, which has been substituted w.e.f. 1<sup>st</sup> October 2022.

As per the substituted Section 38, GSTR-2B shall be an auto-generated statement containing the details of ITC made available electronically to the recipients of such supplies in such form and manner, within such time, and subject to such conditions and restrictions as may be prescribed.

The views expressed in this Article are strictly personal



The auto-generated GSTR-2B shall consist of two parts –

First part shall consist of details of inward supplies in respect of which ITC may be available to the recipient; and Second part shall give the details of supplies in respect of which ITC cannot be availed whether wholly or partly, due to any of the following reasons. In short, the following six types of the Suppliers shall not be eligible to pass on the ITC:

- a. Supplier obtaining new registration within a colling-off period. The colling-off period may be prescribed in the rules;
- b. Supplier, who has defaulted in payment of tax for a continuous period. The continuous period may be prescribed in the rules;
- c. Supplier, who has paid less tax through GSTR-3B as compared to GSTR-1 by a specified limit. The specified limit may be prescribed in the rules;
- d. Supplier, who has availed ITC in GSTR-3B exceeding the ITC available in GSTR-2B by a specified limit. The specified limit may be prescribed in the rules;
- e. Tax paid by the supplier through e-credit register shall not exceed a specified limit. The specified limit may be prescribed in the rules.
- f. Other class of suppliers as may be prescribed in the rules.

Of course, the Rules u/s 38 are not yet made and notified by the Central Board of Indirect Taxes and Customs (“CBIC”). The question is, whenever the Rules shall be notified by CBIC but looking the provisions u/s 38 (*supra*), it is pertinent to ask following questions for legitimate availment of ITC-

- Whether the RP hold any authority under the provisions of the Act through which he can compel his suppliers to remit the tax to the Govt, which the RP has already paid to his suppliers.
- How can the RP go and verify ITC availed by his supplier in GSTR-2B vs GSTR-3B or ITC availed and utilised month-by-month or there is no default in payment of tax by his supplier.
- Is it possible for the RP check/verify records for all his suppliers falling u/s 38.
- When the Govt. despite of having a system through which it gets to know defaulting taxpayer/s (supplier) but not doing anything to recover the Tax. In such situation, how can RP do the impossible task without authority of law?
- At the most, the RP can hold back the part-payment towards tax amount, but will it be the convenient method for all his suppliers.

## BURDEN OF PROOF FOR CLAIMING ITC

There is Section 155 under CGST Act 2017, which read as under -

### “155. Burden of proof.

**Where any person claims that he is eligible for input tax credit under this Act, the burden of proving such claim shall lie on such person.”**

The aforesaid section has been there under CGST Act since introduction (of GST) and everybody is aware of it.

However, after the judgement of the Hon’ble Supreme Court in *State of Karnataka vs. Ecom Gill Coffee Trading Pvt Ltd* [Civil Appeal 230/2023] the said section has suddenly become an important one to comply with by all RP under GST Laws.

Though the above-mentioned case pertains to VAT/ Pre-GST regime, but it is squarely applicable under GST regime as well.

The brief of the case is that the *Ecom Gill Coffee Trading Pvt Ltd*, the purchasing dealer, purchased green coffee bean from other dealers for the purposes of further sale in exports and in domestic market. Upon finding some irregularities in ITC claimed by the purchasing dealer for Assessment Year 2010-11, the Assessing Officer issued notice u/s 39 of the Karnataka VAT Act 2003 seeking furnishing of books of accounts, tax invoices etc. During the re-assessment it was found that the purchasing dealer had claimed ITC from mainly 27 sellers and out of which, 6 were found to be de-registered; 3 effected sales to the purchasing dealer but did not paid taxes to the Govt and 6 have outrightly denied turnover nor paid taxes.

Based on this findings, re-assessment order was passed by the Assessing Officer for disallowing ITC of Rs.10.52 Lacs, which was challenged by the purchasing dealer, wherein the first Appellate Authority confirmed the findings of the Assessing Officer.

However, the Tribunal allowed the second appeal (of the purchasing dealer) on the ground that the dealer purchased the coffee bean from the registered dealer under genuine tax invoices and consequently allowed the ITC claimed. The Tribunal Order was challenged by the VAT Dept. by way of revision application before the Karnataka High Court, which was dismissed (by the High Court) and thereby the ITC to the purchasing dealer was allowed.

Now, the Karnataka VAT Dept challenged the Order/ Judgment passed by the Tribunal and High Court before the Hon’ble Supreme Court.

With this background, the Hon’ble Supreme Court were to decide whether in the facts and circumstances of the case, the Tribunal as well as the High Court were justified in allowing the Input Tax Credit to the purchasing dealer?

While considering the aforesaid issue, the Supreme Court relied upon Section 70 of the Karnataka Value Added



Tax Act, 2003 [which is exactly similar to Section 155 of CGST Act 2017 (*supra*)] and allowed the Appeal in favour of the Karnataka VAT Dept.

The Supreme Court in Para 15 of the Judgement mentioned that *in absence of any further cogent material like furnishing the name and address of the selling dealer, details of the vehicle which has delivered the goods, payment of freight charges, acknowledgement of taking delivery of goods, tax invoices and payment particulars etc. and the actual physical movement of the goods by producing the cogent materials, the Assessing Officer was absolutely justified in denying the ITC, which was confirmed by the first Appellate Authority. Both, the second Appellate Authority as well as the High Court have materially erred in allowing the ITC despite the concerned purchasing dealers failed to prove the genuineness of the transactions and failed to discharge the burden of proof under as per section 70 of the KVAT Act, 2003.*

Considering this judgment, the RP, in addition to receipt of goods/services along with Tax invoices, should ensure that the following controls are in place to discharge burden to prove for claiming ITC.

1. Clear Documents trail - like Purchase Order and its confirmation by the Vendor, Lorry Receipt (LR) for transportation of goods, Goods/Service Receipt Note, QC Report, if applicable, Weighment Slips and E-way Bill etc;
2. If the inward supplies are received in Bill-to-Ship to transaction, get the above documents from the Recipient as well;

3. Install CCTV particularly at factory gate to get trail on trucks coming inside the factory premises including storing of CCTV footages;
4. Accounting Treatment of Freight expenses in books of Accounts;
5. Periodical KYC of Vendors to check whether they are GST Law compliant or not.

### LEX NON COGIT AD IMPOSSIBLIA

In view of the stringent conditions for availment of ITC and any event occurring after ITC availed by recipient like cancellation of Registration by GST Authorities, one must take note of the age-old doctrine of “*Lex Non Cogit Ad Impossiblia*”, which means **the law cannot compel a person to do that which he cannot possibly perform**. There are number of cases under pre-GST era and also a few cases under GST, wherein the reliance was placed on this legal maxim and in most of the case justice was given in favour of assessee by the component courts in India.

### SUBSTANTIVE LIABILITY VS. THE PROTECTIVE LIABILITY

In contract to the aforesaid provisions and case laws, in an interesting case of *Pinstar Automotive India Private Limited v. Addl. Commissioner CGST & CE*, [W.P. No. 8493 of 2023], the Madras High Court mentioned that in the case of non-payment of GST by Supplier to the Government, the substantive liability falls on the supplier and the protective liability upon the purchaser.

The Petitioner [i.e. Pinstar Automotive India Pvt. Ltd.] purchased goods/services from various suppliers. They paid entire amount of Supply along with GST well within 180 days to all the Suppliers. But out of all, three suppliers did not pay GST amount to the Govt.

Pursuant to Section 16(2)(c) of CGST Act 2017 for non-payment of GST by the Suppliers, GST Dept. issued notice to the Petitioner for reversal of ITC, which was contested (by the Petitioner) on the ground that they had fulfilled all the conditions stipulated under GST Law including payment of consideration within a period of 180 days and therefore they are eligible to ITC. The stand was rejected by the Dept. and passed an order confirming the demand.

The Petitioner challenged the order passed by the Dept. before the Madras High Court. The High Court while deciding the case noted that:

- a. Section 16(2) of CGST Act 2017 cast certain responsibilities on the recipient of goods / services to ensure there is no jeopardy to the interests of the revenue;
- b. GST Law is drafted in such a way that Tax liability, in case of non-payment to the Govt is met either by the supplier or the recipient of goods/services.
- c. However, if the tax liability for non-payment is met by way of reversal of ITC and also recovery is made from the supplier as well, this would amount to a double benefit to the revenue.

In the para 14 of the Judgement, the High Court mentioned as under :

*“An additional factor is that where the tax liability has been met by way of reversal of ITC and similarly recovery is effected from the supplier as well, this would amount to a double benefit to the revenue. Thus, while the Department may reverse credit in the hands of the purchaser, this has to be a protective move, to be reversed and credit restored if the liability is made good by the supplier. Thus, the substantive liability falls on the supplier and the protective liability upon the purchaser. A mechanism must be put in place to address this situation.”*

In view of the above case law, whenever ITC is required to be reversed by the RP due to non-payment of GST by Supplier (to the govt), the RP should reverse the ITC “under protest” and the same may be communicated to GST Dept. stating that in case the Dept. recovers the GST amount from the defaulting supplier, he (i.e. the RP) reserves right to re-credit the ITC amount in future.

### WHETHER INTEREST PAYABLE ON REVERSAL OF ITC DUE TO NON-PAYMENT TO VENDOR WITHIN 180 DAYS FROM DATE OF INVOICE?

As per second Proviso to sub-section 2 of Section 16 of CGST Act 2017 read with Rule 37 of CGST Rules, where a RP fails to pay to the supplier of goods or services (other than the supplies on which tax is payable under RCM basis), towards the value of such supply, **whether wholly or partly**, along with the tax payable thereon within

Based on the recommendation of GST Council, the Government made lot of changes in the provisions of GST Laws to help businesses and to boost GST collections.

a period of 180 days from the **date of issue of invoice**, such RP shall **pay or reverse** an amount equal to the ITC availed in respect of such supply, proportionate to the amount not paid to the supplier, along with **interest payable thereon u/s 50**.

Further, as per section 50(3) r/w Rule 88B(3) of CGST Rules, interest on such reversal of ITC availed **and utilised** shall be calculated for the period starting from the date of utilisation of such wrongly availed ITC till the date of reversal of such credit or payment of tax in respect of such amount, **at such rate** as may be notified u/s 50(3). **[As per Finance Act 2022, rate of Interest for Section 50(3) shall be 18% p.a.]**

There are two explanations to sub-rule 88B(3), and as per that -

1. ITC wrongly availed shall be construed to have been utilised, when the balance in the Electronic Credit Ledger falls below the amount of ITC wrongly availed. That means, when due to shortfall of ITC, an amount equivalent to ITC wrongly availed is paid through Electronic Cash Ledger, it is called as ITC is ‘**utilised**’ by the RP;
2. The date of utilisation of such ITC shall be taken to be the date, on which the GSTR-3B due to be furnished or the actual date of filing of GSTR-3B, whichever is earlier.

### CONCLUSION

To put it simply, Interest shall be payable on reversal of ITC due to non-payment to vendor within 180 days from date of Invoice, only when there is shortfall of ITC (and tax is paid through Electronic Cash Ledger) in the intervening period - i.e. from the date of ITC availed on such Invoice till the date of reversal. And Interest to be calculated from due date of filing of GSTR-3B or actual date of filing of GSTR-3B whichever is earlier of that month in which tax paid through Electronic Cash Ledger till actual date of ITC reversal.

ITC provisions under GST are becoming more and more stringent and it will go through legal scrutiny in the days to come. Further, such rigorous conditions for ITC will defeat the very purpose of introduction of GST in the country, as it causes undue hardship to the RP, while the delinquent supplier may go scot-free. We hope the GST council will deliberate the issues faced by the Trade and Industry particularly w.r.t ITC provisions and recommend the Government to take appropriate actions so as to make GST a real Good and Simple Tax. ☐



# GST: Transforming Economic Dynamics Sustainably

The Goods and Services Tax (GST) implemented in India in 2017 stands as a significant milestone in the country's tax reforms. This revolutionary tax regime has reshaped the economic landscape by replacing multiple tax laws with a unified and streamlined taxation system. As we celebrate GST Day on July 1 each year, it becomes crucial to reflect upon the journey so far, explore the present and future roles of professionals, and envision the sustainable impact of GST on economic dynamics.



**Dolly Lohia, ACS**

Company Secretary  
Kolkata, West Bengal  
[csdollylohia@gmail.com](mailto:csdollylohia@gmail.com)

## INTRODUCTION

The Goods and Services Tax (GST) implemented in India in 2017 stands as a significant milestone in the country's tax reforms. This revolutionary tax regime has reshaped the economic landscape by replacing multiple tax laws with a unified and streamlined taxation system. As we celebrate GST Day on July 1 each year, it becomes crucial to reflect upon the journey so far, explore the present and future roles of professionals, and envision the sustainable impact of GST on economic dynamics.

## GST 6 YEARS AND GOING - THE PRESENT AND FUTURISTIC ROLE OF PROFESSIONALS

**Introduction:** As the Goods and Services Tax (GST) completed six years of implementation in India, it is essential to reflect on the present landscape and explore the futuristic role of professionals in this tax regime. This article aims to discuss the current scenario and highlight the emerging trends that shape the role of professionals in the GST ecosystem.

1. **Increasing Demand for GST Professionals:** Since its inception, GST has brought about significant changes in the tax system, leading to an increased demand for professionals with expertise in GST compliance and advisory services. Businesses are seeking qualified professionals who can navigate the complexities of GST regulations, assist in tax planning, ensure compliance, and provide valuable insights on optimizing tax positions. The role of GST professionals has become crucial in helping businesses adapt to the ever-evolving tax landscape<sup>[1]</sup>.
2. **Technological Proficiency:** Technology has become an integral part of GST compliance, and professionals need to possess adequate technological proficiency to effectively navigate the digital ecosystem. With the implementation of e-invoicing, electronic filing, and real-time reporting, professionals must be well-versed in relevant accounting software, data analytics tools, and automation solutions. The ability to leverage technology efficiently will enhance professionals' effectiveness in managing GST compliance and improving operational efficiency for businesses<sup>[2]</sup>.
3. **Advisory and Strategic Planning:** As the GST regime matures, professionals are increasingly playing a strategic role in guiding businesses through complex tax matters. Professionals with deep knowledge of GST provisions, case laws, and industry-specific implications can provide valuable advisory services. They help businesses to optimize their tax structures, mitigate risks, identify tax-saving opportunities, and ensure compliance with changing regulations. Proactive strategic planning can help businesses stay ahead in a competitive market while ensuring GST compliance<sup>[3]</sup>.
4. **GST Audits and Risk Management:** With an emphasis on compliance, GST audits have become more rigorous, and professionals play a vital role in assisting businesses in preparing for and managing audits. Professionals help organizations maintain accurate records, reconcile tax data, and ensure compliance with documentation requirements. They also play a significant role in identifying and managing potential risks related to GST non-compliance, fraud, or incorrect tax reporting, thereby safeguarding businesses from penalties and reputational damage.
5. **Continued Professional Development:** The GST regime's complexity and evolving nature necessitate professionals' commitment to continuous learning and development. Staying updated with the latest GST provisions, legal interpretations, and compliance

requirements is crucial for professionals to provide accurate advice and guidance to businesses. Continuous professional development through attending seminars, training programs, and obtaining relevant certifications ensures that professionals remain competent and well-equipped to address the dynamic GST landscape.

**Conclusion:** Six years into its implementation, the GST regime has transformed the tax landscape in India. Professionals play a critical role in ensuring compliance, providing strategic advice, and managing risks associated with GST. The future role of professionals in the GST ecosystem will continue to evolve, driven by technological advancements, increasing demand for specialized expertise, and the need for strategic planning. By staying abreast of the latest trends, upskilling in technology, and maintaining a strong knowledge base, professionals can position themselves as trusted advisors and facilitators in the GST domain.

**References:** [1] The Economic Times. (2022, July 1). 5 ways GST has changed your life since July 1, 2017. Retrieved from <https://economictimes.indiatimes.com/news/economy/policy/5-ways-gst-has-changed-your-life-since-july-1-2017/articleshow/92410169.cms>

[2] KPMG India. (2022). GST Compliance and Automation. Retrieved from <https://home.kpmg/in/en/home/insights/2018/02>

## GSTAT - THE DAWN OF A NEW ERA

The Goods and Services Tax Appellate Tribunal (GSTAT) plays a pivotal role in resolving disputes and providing an efficient appellate mechanism for taxpayers. This section will discuss the establishment, structure, and functioning of GSTAT, emphasizing its significance in expediting dispute resolution, reducing litigation, and ensuring taxpayer rights. Furthermore, it will explore the impact of GSTAT on promoting a fair and transparent tax administration system.

The introduction of the Goods and Services Tax Appellate Tribunal (GSTAT) marks the dawn of a new era in India's tax dispute resolution mechanism. GSTAT, established to streamline the adjudication process and provide an independent appellate forum for GST-related matters, brings with it a wave of optimism and efficiency. This new tribunal is expected to significantly reduce the burden on higher courts by resolving GST disputes at the appellate level. With GSTAT's specialized focus on GST issues, it aims to expedite the resolution process, enhance consistency in decisions, and provide a platform for taxpayers to appeal against adverse rulings. The establishment of GSTAT demonstrates the government's commitment to ensuring a robust and effective dispute resolution mechanism in the GST regime[1].

**Reference:** [1] Ministry of Finance, Government of India. (n.d.). Goods and Services Tax Appellate Tribunal (GSTAT). Retrieved from <https://www.cbic.gov.in/htdocs-cbec/gst/appeals/tribunal>

## ITC UNDER GST - ISSUES, SOLUTIONS, AND BEST PRACTICES

Input Tax Credit (ITC) is a fundamental feature of the GST system, allowing businesses to claim credit for taxes paid on inputs used in the supply chain. This article will analyze the complexities surrounding ITC provisions under GST, such as reconciliation challenges, ineligible credits, and mismatches between supplier and recipient invoices. It will further discuss practical solutions and best practices to streamline the ITC process, including effective invoice matching, robust technology infrastructure, and taxpayer education initiatives.

The availability and proper utilization of Input Tax Credit (ITC) is a crucial aspect of the Goods and Services Tax (GST) regime. ITC allows businesses to offset the tax paid on inputs against their output tax liability, resulting in the avoidance of cascading effects and ensuring a smooth flow of credit. However, there have been certain challenges and complexities associated with claiming and utilizing ITC under GST. In recent years, the focus has been on addressing these issues, implementing solutions, and promoting best practices to streamline the ITC process.

One of the significant challenges faced by businesses is the matching of invoices and reconciliation of ITC. The introduction of the new GST return system, such as the implementation of the Goods and Services Tax Network (GSTN), has aimed to simplify this process by enabling seamless matching of invoices between suppliers and recipients. This helps in reducing discrepancies and ensuring that businesses can claim the rightful amount of ITC.

Another issue that has surfaced is the denial of ITC due to non-compliance or non-matching of details in the GST returns. To tackle this, it is essential for businesses to ensure accurate and timely filing of returns, proper maintenance of records, and regular reconciliation of data to identify and rectify any discrepancies. The use of robust accounting software and automation tools can aid in streamlining these processes and minimizing errors.

In recent trends, the government has also focused on enhancing the verification and scrutiny of ITC claims. Various measures, such as the introduction of the e-invoicing system, mandatory audits, and increased data analytics, have been implemented to prevent fraudulent practices and ensure the validity of ITC claims. Businesses are now required to maintain a robust compliance framework, adhere to GST regulations, and maintain proper documentation to substantiate their ITC claims.

To ensure best practices in claiming and utilizing ITC, businesses should implement effective internal controls, such as regular ITC reconciliations, periodic reviews, and training programs for employees involved in the GST compliance process. It is crucial to stay updated with the latest GST regulations, circulars, and notifications to understand any changes or amendments that may impact ITC eligibility and utilization.

In conclusion, while ITC under GST has faced certain challenges, the focus on addressing these issues and

promoting best practices has led to improvements in the system. With the implementation of technologies like GSTN, e-invoicing, and increased scrutiny, businesses can streamline their ITC processes, ensure compliance, and optimize their tax benefits. It is essential for businesses to stay vigilant, adapt to changing regulations, and adopt best practices to effectively utilize ITC and contribute to the overall success of the GST regime.

**References:** [1] Goods and Services Tax Network (GSTN). (n.d.). Retrieved from <https://www.gstn.org/> [2] Central Board of Indirect Taxes and Customs (CBIC). (n.d.). GST Reconciliation. Retrieved from <https://www.cbic.gov.in/hdocs-cbec/gst/reconciliation> [3] The Economic Times. (2022, March 10). Why businesses should keep an eye on GST trends. Retrieved from <https://economictimes.indiatimes.com/small-biz/gst/why-businesses-should-keep-an-eye-on-gst-trends/articleshow/90192075.cms>

## IMPACT OF GST ON THE SERVICE INDUSTRY

The service industry has undergone a significant transformation under the GST regime. This section will explore the impact of GST on service providers, including professionals, consultants, and service-oriented businesses. It will analyze the challenges and opportunities created by GST implementation, such as increased compliance requirements, simplified tax structure, and potential cost savings. Additionally, the article will highlight success stories and case studies showcasing how the service industry has adapted and thrived in the GST era.

The Goods and Services Tax (GST) has been in effect in India for several years, and during this time, there have been noteworthy updates and emerging trends in the service industry. This article aims to highlight the latest developments and trends that have shaped the service sector under the GST regime, providing insights into the evolving landscape.

1. **E-invoicing and Digital Transformation:** One significant development in the service industry under GST is the implementation of e-invoicing. The government introduced the mandatory requirement for certain businesses to generate invoices electronically and report them to the GST Network (GSTN). This move aims to improve transparency, reduce tax evasion, and enhance the efficiency of the invoicing process. E-invoicing has propelled digital transformation in the service industry, encouraging service providers to adopt technology-driven solutions for better compliance and operational efficiency<sup>[1]</sup>.
2. **Focus on Anti-Profitteering Measures:** The government has been vigilant in ensuring that the benefits of GST are passed on to consumers. The National Anti-Profitteering Authority (NAA) has been established to address complaints of profiteering by businesses. The authority scrutinizes cases where businesses have not reduced prices proportionately after the implementation of GST, aiming to protect consumers' interests and maintain the integrity of the tax system<sup>[2]</sup>.

Six years into its implementation, the GST regime has transformed the tax landscape in India. Professionals play a critical role in ensuring compliance, providing strategic advice, and managing risks associated with GST.

3. **Expansion of the Composition Scheme:** The composition scheme, which provides relief to small taxpayers, has undergone notable changes in recent years. The threshold for eligibility has been increased, allowing more service providers to avail themselves of this scheme. Under the composition scheme, businesses have the option to pay tax at a lower rate and comply with simpler procedures. This expansion has benefited small service providers, reducing their compliance burden and promoting ease of doing business<sup>[3]</sup>.
4. **Impact of COVID-19 and Relief Measures:** The COVID-19 pandemic has significantly affected the service industry, leading to disruptions and challenges. In response, the government has implemented various relief measures to support businesses during these trying times. Relief measures such as extensions in tax return filing deadlines, waiver of late fees, and GST rate reductions for certain services have provided some respite to service providers impacted by the pandemic.
5. **Increased Collaboration between Government and Industry:** The implementation of GST has fostered a closer working relationship between the government and the service industry. The government has been proactive in seeking feedback and addressing industry concerns, leading to regular discussions and consultations with stakeholders. This collaborative approach has helped in resolving implementation issues, streamlining processes, and ensuring the smooth functioning of the GST regime in the service sector.

**Conclusion:** The service industry under the GST regime has witnessed significant developments and trends that have shaped its functioning in recent times. The adoption of e-invoicing and digital transformation has improved compliance and operational efficiency. The focus on anti-profitteering measures highlights the government's commitment to ensuring fair pricing for consumers. The expansion of the composition scheme has provided relief to small service providers, and relief measures during the COVID-19 pandemic have supported businesses in challenging times. Increased collaboration between the government and the industry has fostered a conducive environment for the service sector under GST.

**References:** <sup>[1]</sup> GSTN. (n.d.). E-invoicing. Retrieved from <https://www.gstn.org/e-invoice/>



[^2^] Economic Times. (2022, March 4). Anti-profiteering watchdog seeks GST rate cut benefits details from 250 firms. Retrieved from <https://economictimes.indiatimes.com/news/economy/policy/anti-profiteering-watchdog-seeks-gst-rate-cut-benefits-details-from-250-firms/articleshow/90135317.cms>

[^3^] Business Standard. (2021, March 25).

### ➤ Performance Assessment of Indian GST

Evaluating the performance of GST is crucial to understanding its effectiveness in achieving its intended objectives. This section will assess key metrics such as revenue collection, compliance levels, ease of doing business, and the impact on the informal sector. It will analyze the strengths and weaknesses of the GST regime and propose policy recommendations to enhance its efficiency and effectiveness. Additionally, it will delve into the role of technology and data analytics in improving tax administration and curbing tax evasion.

### ➤ Withdrawal of GST Compensation: Impact on State Revenues

The withdrawal of the Goods and Services Tax (Compensation to States) Act has had a significant impact on state finances and revenue-sharing mechanisms. This section will discuss the implications of the compensation withdrawal, including the challenges faced by states in meeting their revenue targets. It will analyze alternative sources of revenue and propose strategies to ensure fiscal sustainability for states in the post-compensation era. Furthermore, the article will explore the need for intergovernmental cooperation and policy coordination to address revenue shortfalls.

### ➤ Changes under the GST Regime: The Shift in Dynamics

Since its inception, the GST regime has undergone several changes and amendments to address challenges and improve its effectiveness. This section will explore significant changes, including rate revisions, expansion of the tax base, and simplification of compliance procedures. It will discuss the implications of these changes on businesses, taxpayers, and the overall economy. Additionally, the article will emphasize the importance of proactive adaptation, awareness, and compliance to navigate the evolving GST landscape successfully.

### ➤ Approach to Notices and Litigation under GST

The GST regime introduced a new approach to notices and litigation procedures. This section will discuss the challenges faced by taxpayers in managing notices, including compliance-related issues, tax demand disputes, and tax officer discretion. It will explore strategies for effective dispute resolution, such as alternative dispute resolution mechanisms, pre-filing consultations, and timely taxpayer assistance. The article will underscore the significance of



transparency, fairness, and timely resolution to reduce litigation and promote a taxpayer-friendly environment.

### ➤ GST Regime: The Future Ahead

**Introduction:** The Goods and Services Tax (GST) regime has transformed India's taxation landscape since its implementation in 2017. As the country moves forward, it is essential to explore the latest trends and developments that are shaping the future of the GST regime. This article aims to shed light on the emerging trends and potential advancements in the GST system, providing insights into what lies ahead.

1. **Digitization and Technology:** Technology is set to play a pivotal role in the future of the GST regime. The government has been actively investing in digitization initiatives to enhance the efficiency and transparency of the tax system. With the increasing use of technology-driven solutions such as e-invoicing, e-way bills, and online tax filing, the GST regime is poised to become more streamlined and automated. These technological advancements will simplify compliance for taxpayers, reduce administrative burdens, and enable real-time monitoring of transactions[^1^].
2. **Expansion of GST Base:** Currently, certain sectors and goods remain outside the ambit of GST. However, there is a growing consensus among policymakers and experts that expanding the GST base will help create a more comprehensive and inclusive tax structure. The inclusion of petroleum products, alcohol, and real estate under the GST regime is being actively considered. This expansion will broaden the tax base, reduce the burden on existing taxpayers, and contribute to revenue growth[^2^].
3. **Seamless Integration and Collaboration:** To enhance the efficiency and effectiveness of the GST regime, seamless integration and collaboration between central and state authorities are vital. Efforts are underway to strengthen coordination and cooperation between different tax authorities to ensure a smooth flow of information and minimize compliance challenges for businesses operating across multiple states. This integration will promote uniformity, reduce complexities, and foster a harmonized tax environment throughout the country[^3^].
4. **Focus on Simplification and Rationalization:** In its future trajectory, the GST regime is expected to

further simplify and rationalize tax processes. The government is actively working towards reducing the number of tax slabs and bringing greater uniformity in rates. This simplification will enhance compliance and make the tax structure more transparent. Additionally, efforts are being made to address ambiguities and provide clearer guidelines on tax treatment, helping businesses make informed decisions and minimizing disputes.

5. **Data Analytics and Risk Management:** Data analytics and risk management will play a significant role in the future of the GST regime. The government is leveraging advanced data analytics tools to identify tax evaders, detect fraudulent activities, and mitigate compliance risks. This data-driven approach will lead to targeted enforcement actions, improved audit efficiency, and better risk assessment. Moreover, it will enable the government to analyze tax data trends, identify areas of concern, and implement effective policy measures.

The future of the GST regime in India holds promising developments and advancements. The integration of technology, expansion of the tax base, collaboration between central and state authorities, simplification of processes, and the use of data analytics will shape the GST system in the coming years. These trends aim to enhance compliance, increase transparency, and create a more conducive business environment. As India moves forward, the GST regime will continue to evolve, striving for a more robust, efficient, and taxpayer-friendly tax framework.

**References:** [<sup>1</sup>] Economic Times. (2022, May 24). GST set for tech boost as government readies digital tax reforms. Retrieved from <https://economictimes.indiatimes.com/small-biz/gst/gst-set-for-tech-boost-as-government-readies-digital-tax-reforms/articleshow/92068899.cms>

[<sup>2</sup>] LiveMint. (2022, May 23). India needs a broader GST base. Retrieved from <https://www.livemint.com/opinion/online-views/>

## CONCLUSION

The implementation of the Goods and Services Tax (GST) in 2017 has had a profound and sustainable impact on India's economic landscape. This transformative tax regime has replaced several earlier acts and has brought about significant changes in terms of taxation and business operations. Let's explore the significance of the acts replaced by GST and the overall impact it has had on the **pre-GST** and **post-GST** scenarios:

### Significance of Acts Replaced by GST:

- The replacement of multiple indirect tax acts, such as the Central Excise Act, Service Tax Act, and Value Added Tax (VAT) laws, with GST has harmonized the tax structure and eliminated the complexities of dealing with multiple taxes. This streamlining has simplified tax compliance and reduced the burden on businesses.

- The integration of different tax acts into GST has facilitated a unified tax system across states, ensuring seamless movement of goods and services. This has eliminated inter-state barriers and enhanced trade efficiency, enabling businesses to expand their reach and operations.


### Impact on the Pre-GST Scenario:

- Prior to GST, the Indian tax system had a cascading effect, with taxes being levied at each stage of the supply chain. This resulted in increased costs, reduced competitiveness, and inefficient utilization of resources. GST's introduction has eliminated this cascading effect by allowing for the seamless flow of credit across the supply chain, thereby reducing costs and improving competitiveness.
- The pre-GST era was characterized by complex tax structures and multiple compliance requirements. GST has simplified the tax framework by introducing a unified tax structure, standardized tax rates, and a centralized registration process. This has enhanced ease of doing business, reduced compliance burdens, and improved overall tax administration.

### Impact on the Post-GST Scenario:

- GST has provided a boost to the formalization of the economy by encouraging businesses to come under the tax net. With increased transparency and compliance requirements, the post-GST scenario has witnessed a broader tax base and reduced tax evasion.
- The implementation of GST has led to the consolidation of markets, allowing businesses to operate on a larger scale and realize economies of scale. This has stimulated growth and competitiveness, attracted investments, and fostered a conducive business environment.
- GST has positively impacted various sectors, including manufacturing, services, and logistics. By eliminating inter-state barriers and allowing for seamless movement of goods, GST has reduced transaction costs, improved supply chain efficiency, and accelerated economic growth.

In summary, the introduction of GST in India has replaced multiple earlier acts, streamlined the tax structure, and ushered in a new era of unified taxation. It has simplified compliance, eliminated the cascading effect of taxes, and boosted economic growth. The significance of GST lies not only in its immediate impact but also in its potential for sustainable economic development and prosperity.

The articles in this issue of Chartered Secretary Journal highlight the transformative impact of GST on India's economic dynamics. It is crucial for professionals, policymakers, and businesses to stay abreast of the latest trends, adapt to evolving regulations, and implement best practices to maximize the potential of GST for sustainable economic growth. 

# Exploring Opportunities for Sustainable Development and Competitiveness in the Indian and International Business Environment

Sustainable development and competitiveness are two notions that are inextricably linked and reinforce one another. Sustainable development is the process of fulfilling existing demands without jeopardizing future generations' ability to meet their own. Competitiveness is defined as a country's, regions, or firm's capacity to create goods and services that match worldwide market demands while preserving or growing its population' actual earnings.



**Oscar Kujur**

Research scholar  
University Department of Commerce And Business Management  
Ranchi university, Ranchi  
[oscarkujur2016@gmail.com](mailto:oscarkujur2016@gmail.com)



**Dr. Sudesh Kumar Sahu**

Professor  
University Department of Commerce and Business Management  
Ranchi university, Ranchi  
[sudeshkr15302@gmail.com](mailto:sudeshkr15302@gmail.com)

and businesses in this regard. The paper will also identify the gaps and opportunities for improvement and propose recommendations for policy reform and institutional support to enhance the performance and resilience of India's micro, small, and medium-sized enterprises (MSMEs), which are vital for providing essential goods and services, creating jobs, and fostering innovation. The paper will contribute to the academic discourse on sustainable development and competitiveness and provide practical implications for policymakers, business leaders, civil society organizations, and other stakeholders in India and beyond.

## OVERVIEW OF SUSTAINABLE DEVELOPMENT AND COMPETITIVENESS



## INTRODUCTION

**T**his paper aims to examine how India, as a rapidly growing economy with a large domestic market and a key role in global supply chains, can leverage its strengths and address its challenges to achieve sustainable development and competitiveness in the face of the climate crisis, social inequality, and environmental degradation. The paper will review the existing literature on sustainable development and competitiveness and analyze the current policies and practices of the Indian government

Sustainable development and competitiveness are two notions that are inextricably linked and reinforce one another. Sustainable development is the process of fulfilling existing demands without jeopardizing future generations' ability to meet their own. Competitiveness is defined as a country's, regions, or firm's capacity to create goods and services that match worldwide market demands while preserving or growing its population' actual earnings.

Integrating sustainability practices into business strategies is important for several reasons. The first benefit is that it may assist companies in lessening their



negative environmental effects and strengthening their social responsibilities, which can boost their standing and increase consumer loyalty. Second, it can help businesses gain a competitive edge by innovating new products, services, or processes that address the changing needs and preferences of customers and society. Third, it can help businesses reduce costs and risks by improving their resource efficiency, waste management, and compliance with regulations.

Sustainable development and competitiveness are also interdependent in the global business context. On the one hand, sustainable development can enhance competitiveness by creating new opportunities for trade, investment, and innovation. For example, countries that invest in renewable energy, green infrastructure, and human capital can attract more foreign direct investment and foster more productive and inclusive economies. On the other hand, competitiveness can support sustainable development by stimulating economic growth, creating jobs, and generating revenues that can be invested in social and environmental programmes. For example, countries that improve their business environment, governance, and institutions can increase their productivity, exports, and tax base.

## REVIEW OF LITERATURE

**Johnson, C., & Smith, K. (2018)** This paper analyzes how sustainability and competitiveness are linked in business. It shows how firms can gain an edge by innovating, managing stakeholders, enhancing reputation, and improving environmental performance.

**Seuring, S., & Müller, M. (2008)** The author examines sustainable supply chain management (SSCM), a framework that integrates environmental, social, and economic aspects in supply chain management. The authors summarize the literature on SSCM, identify key themes and concepts, and discuss the benefits and challenges of implementing SSCM.

**Huizingh, E. K. (2011)** This review analyzes how sustainable innovation affects competitive advantage. It covers theory and evidence on sustainable product development, eco-design, green technologies, and collaborative innovation. It shows how these practices create market opportunities and benefits for sustainable firms.

**Porter, M. E., & Kramer, M. R. (2006)** Porter and Kramer show how CSR can be strategic and beneficial for companies. They explain how CSR activities can enhance business performance and reputation by addressing social and environmental issues.

## OBJECTIVE OF THE STUDY

This study explores how India can achieve sustainable development and competitiveness in a changing world. It examines the evidence on the current state and potential of Indian businesses to adopt sustainable and competitive practices. It also provides policy suggestions and actions to enable India to overcome the challenges and seize the opportunities for sustainable development

and competitiveness. The study aims to enrich the global debate on these issues, drawing lessons from India's experience that can benefit other emerging economies facing similar challenges.

## RESEARCH METHODOLOGY

The study on "Exploring Opportunities for Sustainable Development and Competitiveness in the Indian and International Business Environment" used secondary data as the research methodology. Secondary data is data that someone else has collected for a different aim, but is useful and pertinent to the current research study. The sources of the secondary data included academic journals, books, reports, and reliable online databases.

## ANALYZING THE INDIAN BUSINESS ENVIRONMENT

- Examination of the current state of sustainability practices in Indian businesses: This aspect will review the existing literature and data on how Indian companies are implementing sustainable practices in their operations, products, and services. It will also identify the drivers, benefits, and challenges of sustainability for Indian businesses, as well as the best practices and examples from different sectors and industries.
- Identification of key sustainability challenges and opportunities faced by Indian companies: This aspect will analyze the external and internal factors that influence the sustainability performance of Indian businesses, such as government policies, regulations, consumer preferences, market trends, resource availability, technology innovation, etc. It will also explore the potential solutions and strategies that Indian businesses can adopt to overcome the challenges and leverage the opportunities for sustainability.
- Government policies and initiatives promoting sustainable development in India: This aspect will examine the role of the Indian government in facilitating and supporting sustainable development in the country. It will discuss the various policies, programs, incentives, and regulations that the government has introduced or implemented to promote sustainability in different domains, such as energy, water, waste, agriculture, manufacturing, etc. It will also evaluate the effectiveness and impact of these policies and initiatives on the sustainability outcomes and indicators.
- Assessment of the competitiveness of Indian businesses in the international market: This aspect will assess how sustainability can enhance the competitiveness of Indian businesses in the global context. It will compare and contrast the sustainability performance and practices of Indian businesses with those of their international counterparts. It will also identify the gaps and areas for improvement that Indian businesses need to address to achieve a competitive edge in the international market.

**Table 1: Performance of States/UTs on each SDG**

State / UT	SDG1	SDG2	SDG3	SDG4	SDG5	SDG6	SDG7	SDG8	SDG9	SDG10	SDG11	SDG12	SDG13
Andhra Pradesh	67	56	86	77	44	55	75	87	21	75	26	57	50
Arunachal Pradesh	62	66	38	44	33	34	44	73	18	47	44	73	77
Assam	53	53	30	26	38	42	15	6	26	78	22	100	51
Bihar	45	39	40	26	21	31	67	66	36	52	43	68	54
Chhattisgarh	55	48	42	52	48	38	38	58	30	73	56	69	65
Goa	65	60	86	71	33	59	21	90	5	34	71	100	87
Gujarat	48	49	42	37	31	300	67	39	65	79	66	71	73
Haryana	50	53	57	65	21	53	65	72	30	55	35	43	75
Himachal Pradesh	60	58	58	52	43	56	65	71	42	38	41	63	91
Jammu and Kashmir	61	50	54	31	29	36	68	43	38	71	29	74	66
Jharkhand	37	35	40	36	32	51	20	59	47	72	66	99	84
Karnataka	52	54	69	76	43	51	77	72	51	66	38	50	74
Kerala	68	72	92	87	56	42	60	6	68	72	48	73	85
Madhya Pradesh	44	41	38	48	33	53	52	51	27	73	39	31	58
Maharashtra	47	47	61	74	43	61	68	74	52	76	34	58	62
Manipur	44	74	87	65	25	44	58	35	72	66	51	100	22
Meghalaya	60	43	52	38	36	40	11	65	42	100	38	14	53
Mizoram	71	69	55	54	43	47	76	55	0	100	38	68	71
Nagaland	68	66	54	43	43	58	45	40	0	80	32	75	87
Odisha	38	48	53	48	43	46	23	58	32	78	34	100	58
Punjab	68	71	71	65	43	50	61	57	48	52	36	87	84
Rajasthan	18	45	48	73	27	42	65	57	25	78	45	58	81
Sikkim	64	87	98	87	58	73	47	61	1	97	68	96	96
Tamil Nadu	76	61	77	76	38	66	66	71	48	61	33	14	51
Telangana	53	51	73	65	43	58	65	75	19	105	44	33	95
Tripura	71	69	63	66	38	36	32	68	36	89	36	68	71
Uttar Pradesh	48	43	29	32	23	32	23	53	29	38	27	76	61
Uttarakhand	60	52	34	66	41	76	55	57	33	54	41	68	68
West Bengal	67	58	66	68	45	38	40	68	48	76	28	68	71
A & N Islands	21	30	38	66	58	71	36	66	0	66	66	64	72
Chandigarh	58	70	23	68	11	68	68	52	19	52	48	53	95
D & N Haveli	21	40	42	77	41	38	72	84	0	100	48	100	58
Daman and Diu	58	42	47	48	38	58	84	91	0	100	48	54	76
Delhi	30	72	47	38	27	52	11	68	68	60	28	77	46
Lakshadweep	43	47	54	52	58	58	66	66	0	100	68	100	74
Puducherry	61	71	66	66	27	43	61	55	68	34	27	58	50
India	54	48	52	58	36	52	51	68	44	71	38	90	71

Source: NITI Aayog's SDG India Index Baseline Report, 2018

### COMPARATIVE ANALYSIS OF INTERNATIONAL BUSINESS PRACTICES

A comparative assessment of sustainability initiatives and regulations in international business environments, an analysis of successful case studies highlighting sustainable practices adopted by international companies, and an identification of best practices that can be adopted by Indian businesses for sustainable development and competitiveness.

**Table 2 : Growth Forecasts**

	Estimate 2021	Projection 2022	Projection 2023
World Output	6.1	3.6	3.6
Advanced economies	5.2	3.3	2.4
United States	5.7	3.7	2.3
Euro Area	5.3	2.8	2.3
Emerging Market and Developing Economies	6.8	3.8	4.4
China	8.1	4.4	5.1
India	8.9	8.2	6.9

Source: IMF World Economic Outlook, April 2022

The review of sustainable development practices in different countries and regions could be based on the \*\*Sustainable Development Goals (SDGs)\*\* adopted by the United Nations in 2015 as a call to action for people

worldwide to address five critical areas of importance by 2030: people, planet, prosperity, peace, and partnership. The review could also use the \*\*regional groupings\*\* defined by the United Nations Statistics Division based on the geographic regions for statistical analysis. The review could highlight the progress, challenges, and opportunities for each region and subregion in achieving the SDGs.

The comparative assessment of sustainability initiatives and regulations in international business environments could focus on how different countries and regions have implemented policies, standards, and incentives to promote sustainable business practices. The assessment could also examine how international trade agreements, organizations, and frameworks have influenced the sustainability performance and competitiveness of businesses across borders. The assessment could identify the benefits and challenges of harmonizing sustainability requirements and expectations among different stakeholders.

The analysis of successful case studies highlighting sustainable practices adopted by international companies could showcase examples of how businesses have integrated sustainability into their core values, strategies, operations, and products. The analysis could also explore how these businesses have measured and reported their sustainability impacts and outcomes, as well as how they have engaged with their customers, suppliers, employees, communities, and other stakeholders on sustainability issues. The analysis could highlight the best practices and lessons learned from these case studies.

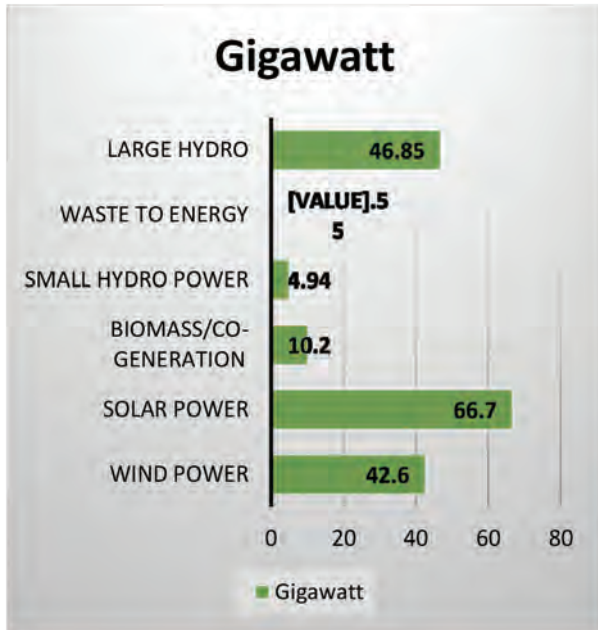
### OPPORTUNITIES FOR SUSTAINABLE DEVELOPMENT IN THE INDIAN BUSINESS ENVIRONMENT

With a sizable and diversified population, an abundance of natural resources, and a prime location, India has one of the world's fastest-expanding economies. However, India also faces many challenges in terms of environmental degradation, social inequality, and economic vulnerability. These challenges pose a threat to India's long-term development and competitiveness in the global market. Therefore, India must explore and pursue opportunities for sustainable development that can balance the economic, social, and environmental dimensions of growth.

One of the main opportunities for sustainable development in the Indian business environment is to leverage the potential of renewable energy sources, such as solar, wind, biomass, and hydropower. India has a high energy demand, but also a high dependence on fossil fuels, which contribute to greenhouse gas emissions and air pollution. India can lower its carbon footprint, improve its energy security, generate employment, and encourage innovation by investing in renewable energy technology and infrastructure. Rural and distant places without reliable grid connectivity can also receive economical and dependable electricity from renewable energy sources. India can lessen its carbon footprint, increase its energy security, generate employment, and promote

innovation by investing in renewable energy technology and infrastructure. Rural and distant locations with limited or erratic connectivity to the grid can also benefit from renewable energy's economical and dependable electricity supply.

Figure: 1 Renewable energy sources



Source: investIndia.gov.in (As of Feb 2023, Renewable energy sources, including large hydropower, have a combined installed capacity of 178.79 GW.)

Table: 3 Sector-wise Cumulative Achievements (as on 31.12.2022)

Sector	Installed capacity (GW)	Under Implementation (GW)	Tendered (GW)	Total Installed/ Pipeline (GW)
Solar Power	63.30	51.13	20.34	134.77
Wind Power	41.93	12.93	1.20	56.06
Bio Energy	10.73	---	---	10.73
Small Hydro	4.94	0.54	0.00	5.48
Hybrid/ Round the Clock (RTC)/ Peaking Power/ Thermal + RE Bundling	---	---	11.06	11.06
<b>Sub-Total</b>	<b>120.90</b>	<b>64.6</b>	<b>32.6</b>	<b>218.10</b>
Large Hydro	46.85	14.15	---	61.00
<b>Total</b>	<b>167.75</b>	<b>78.75</b>	<b>32.60</b>	<b>279.10</b>

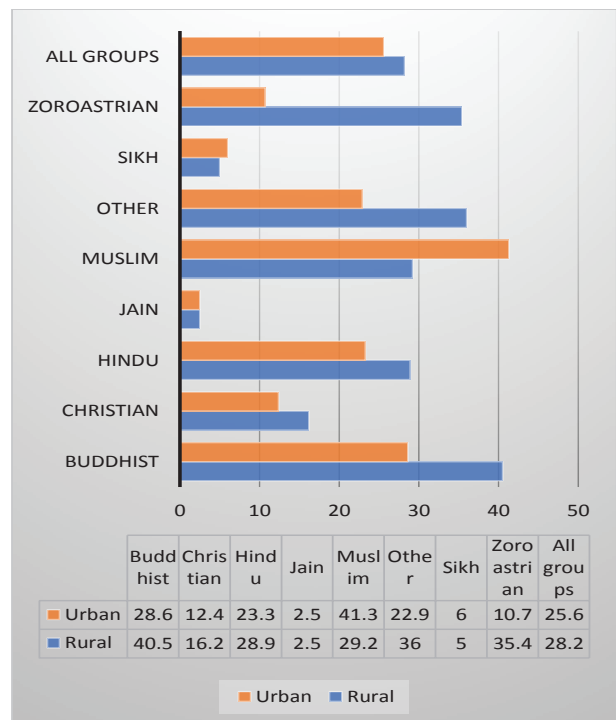
Source: mnre.gov.in

Another opportunity for sustainable development in the Indian business environment is to promote green and circular economy practices, such as waste management, resource efficiency, and eco-innovation. India generates a large amount of waste from various sectors, such as

agriculture, industry, and urban areas. However, most of this waste is not properly collected, treated, or disposed of, leading to environmental and health hazards. By adopting green and circular economy principles, India can transform waste into valuable resources, reduce its resource consumption and environmental impact, and create new markets and opportunities for entrepreneurs and businesses.

A third opportunity for sustainable development in the Indian business environment is to enhance social inclusion and empowerment of marginalized groups, such as women, youth, minorities, and low-income communities. India has a rich and diverse culture and society but also faces many social issues such as poverty, illiteracy, gender discrimination, caste violence, and human rights violations. By addressing these issues and ensuring equal access to education, health care, employment, finance, and decision-making for all segments of society, India can improve its human capital development, social cohesion, and democratic governance. Social inclusion and empowerment can also foster innovation and entrepreneurship among underserved and underrepresented groups.

Figure 2 : Incidence of poverty across minority groups (in %)



Source: Amit Thorat (2013), Religious Communities in India: A Development Profile and KPMG Analysis Note: Other categories include Zoroastrianism, Bon, Judaism, Sanamahism, Kirat Mundhum, Sarna sthal, Animism, etc.

These are some of the opportunities for sustainable development in the Indian business environment that can help India to achieve its economic growth objectives while



also protecting its natural environment and improving its social well-being. By exploring these opportunities in a comprehensive and integrated way including all stakeholders from the public and private sectors, as well as civil society, academia, and the media. India can enhance its competitiveness in the international business environment and contribute to the global sustainable development agenda.

### CHALLENGES AND BARRIERS TO SUSTAINABLE DEVELOPMENT AND COMPETITIVENESS

Challenges and barriers to achieving sustainable development and competitiveness are prevalent in both the Indian and international business environments. Overcoming these obstacles requires careful consideration and strategic actions. Some of the major challenges and barriers include:

1. **Lack of awareness and education:** Many businesses and individuals may lack awareness about the benefits of sustainable development and competitiveness. They may also lack the necessary knowledge and skills to implement sustainable practices effectively.
2. **Regulatory and policy gaps:** The existing regulatory and policy frameworks may not adequately support sustainable development and competitiveness. Outdated or inconsistent regulations, as well as unclear guidelines, can hinder businesses from adopting sustainable practices.
3. **Resource constraints:** Limited access to financial, human, and technological resources can impede the implementation of sustainable practices. Businesses may face difficulties in allocating resources for sustainability initiatives and may struggle to manage them efficiently.
4. **Market failures:** Market mechanisms often fail to account for the true costs and benefits of sustainability and competitiveness. Externalities, information asymmetry, and inadequate incentives may discourage businesses from investing in sustainable practices.
5. **Cultural and behavioral barriers:** Cultural norms, attitudes, and behavioral patterns may not align with sustainable development and competitiveness goals. Resistance to change and societal pressures can hinder the adoption of sustainable practices.

Addressing these challenges and barriers requires concerted efforts from various stakeholders. Awareness campaigns, educational programs, and capacity-building initiatives can help improve understanding and knowledge about sustainable practices. Governments can play a crucial role by updating regulations and policies to create an enabling environment for sustainable development. Access to financial resources and incentives can support businesses in implementing sustainable practices. Collaboration among businesses, civil society, and government organizations can help drive cultural and behavioral changes necessary for embracing sustainability and competitiveness.

It is important for businesses and policymakers to recognize and address these challenges to unlock the full potential of sustainable development and competitiveness in both the Indian and international business contexts.

### CONCLUSIONS

The paper provides a comprehensive analysis of the challenges and prospects of achieving economic, social, and environmental sustainability in India and abroad. Based on the findings of the paper, some recommendations for promoting sustainable development and competitiveness are:

- a) Adopting a circular economy model that minimizes waste and maximizes resource efficiency by reusing, repairing, refurbishing, and recycling materials and products.
- b) Enhancing innovation and entrepreneurship by fostering a culture of creativity, risk-taking, and collaboration among stakeholders from different sectors and backgrounds.
- c) Strengthening institutional and regulatory frameworks that support transparency, accountability, and good governance in business practices and policies.
- d) Leveraging digital technologies and platforms to improve access to information, markets, services, and opportunities for marginalized groups and communities.
- e) Building human capital and social capital by investing in education, health, skills development, and social protection for all segments of the population.

### REFERENCES:

- i. Johnson, C., & Smith, K. (2018). Sustainable Development and Competitive Advantage: A Review of Literature. *Journal of Business Ethics*, 147(2), 361-376.
- ii. Porter, M. E., & Kramer, M. R. (2006). Corporate Social Responsibility and Competitive Advantage: A Review of Literature. *Harvard Business Review*, 84(12), 78-92.
- iii. Seuring, S., & Müller, M. (2008). Sustainable Supply Chain Management: A Review and Research Agenda. *Journal of Cleaner Production*, 16(15), 1699-1710.
- iv. Huizingh, E. K. (2011). Sustainable Innovation and Competitive Advantage: A Systematic Literature Review. *Technovation*, 31(1), 2-9.
- v. <https://www.scientificworldinfo.com/2>
- vi. <https://www.designorate.com/barrie>
- vii. <https://www.iynf.org/2018/08/a-guide-to>
- viii. <https://ivypanada.com/essays/cross-cu>
- ix. Retrieved from <https://www.nationalgeographic.org/article/sustainable-development-goals>
- x. Retrieved from <https://daksindia.com/reduce-your-environmental-impact-with-sustainable-packaging>
- xi. <https://www.minorityaffairs.gov.in/WriteReadData/RTF1984/1658386006.pdf>
- xii. [https://www.ijrrjournal.com/IJRR\\_Vol.10\\_Issue.5\\_May2023/IJRR-Abstract10.html](https://www.ijrrjournal.com/IJRR_Vol.10_Issue.5_May2023/IJRR-Abstract10.html)

# Navigating the Evolving Landscape: An Analysis of Gaming Laws in India

The gaming industry has experienced a substantial surge in popularity and witnessed remarkable expansion in recent times, as numerous individuals engage in diverse forms of gaming. The rapid rise of e-sports and professional gaming in India has been expedited by well-structured competitions, leagues, and tournaments. The proliferation of smartphones and the availability of internet connectivity have further contributed to the widespread appeal of online gaming, attracting a diverse range of participants.



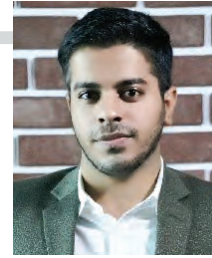
**Sumit Kochar**

Partner at Dolce Vita Trustees  
Mumbai  
[sumit@dolcevitatrustees.com](mailto:sumit@dolcevitatrustees.com)



**Gagandeep Singh Vig**

Associate Partner at Dolce Vita Trustees  
Delhi  
[gagan@dolcevitatrustees.com](mailto:gagan@dolcevitatrustees.com)



**Shivam Gera**

Principal Associate at Dolce Vita Trustees  
Delhi  
[shivam@dolcevitatrustees.com](mailto:shivam@dolcevitatrustees.com)

## INTRODUCTION

The gaming industry has experienced a substantial surge in popularity and witnessed remarkable expansion in recent times, as numerous individuals engage in diverse forms of gaming. The rapid rise of e-sports and professional gaming in India has been expedited by well-structured competitions, leagues, and tournaments. The proliferation of smartphones and the availability of internet connectivity have further contributed to the widespread appeal of online gaming, attracting a diverse range of participants. Moreover, since the advent of gaming in India, the youth have wholeheartedly embraced it as a legitimate career option, dedicating their time and efforts to honing their skills. As a result, they have not only earned substantial sums of money but also garnered widespread recognition on a global scale. However, gaming in India confronts obstacles such as regulatory issues, addiction and health concerns, and associated societal stigmas.

The primary objective of this article is to thoroughly examine the existing regulations governing gaming in both the online and offline realms and evaluate the recent legislative measures and guidelines introduced in India by the pertinent authorities.

## WHAT IS GAMING?

As per the prevailing gaming laws, the terms “gambling” or “gaming” is defined as “the act of wagering or betting”

for money or something else with a monetary value. The State of Telangana defines “gaming” as “playing a game for winning of prizes in money or otherwise and includes playing a game of mutka or satta or online”

The Public Gambling Act of 1867 is the main piece of law that regulates gaming. This Act does not distinguish between online and off-premises gambling. The Public Gambling Act (PGA) does not define the terms “gambling” or “gaming,” but according to the Supreme Court of India, “gambling” is the act of paying money in exchange for a chance to win a prize that is decided by accident or chance, or games where skill is not the primary determining factor.<sup>1</sup>

It is crucial to acknowledge that the interpretation of gaming can differ based on the state jurisdiction and the specific legislation concerned. The majority of gaming laws were established prior to the advent of the internet and primarily aim to restrict gambling activities in physical establishments, commonly referred to as “gaming houses” or “common gaming houses.”

## EVOLUTION OF GAMING LAW

India’s gaming history is vast and multifaceted, evolving over time. A combination of long-standing cultural traditions, historical factors, and modern regulatory frameworks has collectively shaped India’s Gaming Laws.

Gaming has been an integral part of India’s rich cultural heritage, with a profound influence on society. Ancient

<sup>1</sup> *K R Lakshmanan v. State of Tamil Nadu*, (1996) 2 SCC 226.

Indian texts, such as the Mahabharata and the Ramayana, dating back thousands of years, contain references to gambling and games of chance, highlighting their enduring significance.

The legal structure controlling gambling/gaming started to develop during the colonial era when India was ruled by the British. To prohibit gambling practices, the British colonial government enacted the Public Gambling Act in 1867. By making it unlawful to gamble in public places, this measure also outlawed the functioning of gaming establishments. The act did not target online or virtual gaming, however, because online games were not yet a thing.

Post Independence, the Indian Constitution grants individual states the power to enact laws pertaining to gaming and betting under Entry 34 of State List of Schedule VII. Because of this, different states in India have different laws governing gaming, as some governments allow particular categories of gaming while others have strict limitations or complete prohibitions. According to Supreme Court decisions, games of skill are lawful commercial activities that are protected under Article 19(1)(g) of the Indian Constitution.

In the majority of Indian states, “skill-based gaming” is exempt from the laws on gambling to some extent. States like Meghalaya, Nagaland, and Sikkim, however, have a regulatory framework for the online gambling industry, whereas states like Goa permit licenced on-ground operations of gaming activities.

The PGA’s inclusion of an exception for games of pure skill was one of its notable features. Games of pure skill were thus exempt from the PGA’s prohibition and application, as well as both. However, neither the PGA nor the state gambling or gaming legislation define the term mere skill or elaborates upon the principles that are consistent with games of skill.

A game of skill is one in which success depends primarily on the superior knowledge, training, attention, experience, and adroitness of the player, according to the Supreme Court of India, even though the element of chance is unavoidably present in all game.<sup>2</sup>

For instance, in the Satyanarayan case, the Supreme Court classified rummy as a game of skill.

However, several states, including Assam, Andhra Pradesh, Telangana, and Odisha, have refused to acknowledge this exception for games of skill, making all real money games prohibited. On the other hand, several governments, including Sikkim and Nagaland, have established a licencing system for the operation of real money gaming.

*In India, the following laws are in effect for gaming:*

#### **Casino:**

Casino gaming, which encompasses activities like slots, roulette, and blackjack, is subject to regulation in India

at the state level. These games, classified as games of chance, fall under the purview of state-level anti-gambling laws, commonly referred to as “Gaming Laws.” The state of Sikkim allows the operation of casino games, such as roulette and blackjack, by obtaining a license under the Sikkim Online Gaming (Regulation) Act, 2008 (referred to as the “Sikkim Act”), with the condition that these games are offered exclusively through intranet terminals.

Similarly, the state of Meghalaya has introduced the Meghalaya Regulation of Gaming Act, 2021 (referred to as the “Meghalaya Act”), which permits operators to obtain licenses for offering both online and land-based games of chance, including slots, roulette, keno, wheel of fortune, etc., within the state. The Finance, Revenue, and Expenditure Department serve as the licensing authority under the Sikkim Act, while the state government, with the Commissioner of Taxes overseeing the licensing process, holds the authority under the Meghalaya Act.

In specific regions of India, such as Sikkim and Meghalaya in the northeast, as well as Goa and the union territory of Daman and Diu in the west, land-based casinos are regulated. In Goa, Daman and Diu, the operation of casinos is governed by the Goa, Daman and Diu Public Gambling Act, 1976 (referred to as the “Goa Act”). Meanwhile, the Sikkim Casinos (Control and Tax) Act, 2002 (referred to as the “Sikkim Casino Act”) regulates casinos in Sikkim. In Meghalaya, casino games are regulated under the Meghalaya Act. The respective authorities responsible for overseeing these regulations are the Home Department in Goa, the Tourism Department in Sikkim, and the state government in Meghalaya.

#### **Poker:**

With the exception of Sikkim, Nagaland, and Meghalaya, which have specific regulations for skill-based gaming, and Tamil Nadu, which explicitly prohibits real-money poker, the skill-based variations of poker remain unregulated in other states of India. In Nagaland, the Nagaland Prohibition of Gambling and Promotion and Regulation of Online Games of Skill Act, 2016 (referred to as the “Nagaland Act”), and in Meghalaya, the Meghalaya Act, govern poker as a skill-based game.

When it comes to poker played in casinos, the rules and regulations applicable to casino gaming are enforced. However, certain skill-based variants of poker, such as Texas Hold’em and Omaha Hold’em, are not restricted by the provisions of the Gaming Laws (refer to the corresponding section on “Skill games”). Consequently, these particular variations can also be played in physical premises.

#### **Bingo and Lotteries**

Bingo can be played in a variety of ways, but regardless of whether it’s played in a physical location or online, all of these variations fall under the umbrella of games of chance or lotteries.

Lotteries are specifically exempted from the scope of the Gaming Laws and are instead regulated by central laws

<sup>2</sup> Dr. K.R. Lakshmanan v. State of Tamil Nadu (1996) 2 SCC 226.



and specific state-level lottery laws, referred to as “Lottery Laws.” Private lotteries, unless authorized by a valid license issued by the state government, are prohibited under the Indian Penal Code, 1860 (referred to as the “IPC”). State governments that organize lotteries themselves conduct physical lotteries through their designated departments or the State Finance Ministry. States like Punjab, Kerala, Maharashtra, and others only permit physical lotteries to take place.

### Betting

In accordance with the Gaming Laws, betting on games of chance would be prohibited.

### Horse Race Betting

The Supreme Court has determined that betting on horse racing qualifies as a game of skill and is therefore eligible for the exemption provided to skill games under the Gaming Laws. Additionally, most Gaming Laws specifically include an exemption for betting on horse races, subject to certain statutory conditions outlined by the respective Gaming Law. These conditions typically require the betting to occur on the day of the race and within designated enclosures designated by the state government. Turf clubs, which are responsible for organizing the races, may also impose additional conditions on betting.

When it comes to online betting on horse races, compliance with both the requirements of the Gaming Laws and the conditions imposed by the turf club is necessary. However, meeting these requirements can prove challenging. Nevertheless, one may argue that, based on the Supreme Court’s ruling in the *Lakshmanan Case*,<sup>3</sup> betting on horse races can be considered a standalone skill game without relying on the specific exemption within the Gaming Laws.

Several State Governments, notably those of Maharashtra, Telangana, Karnataka, and West Bengal, have allowed to their turf clubs to provide online horse racing betting. However, a public interest litigation (“PIL”) challenging the legality of the licence given to the Bangalore Turf Club in July 2020 resulted in its revocation in December 2020, prompting the Karnataka High Court to request a response from the state government. The state government revoked the permit rather than responding, which caused the PIL to be dismissed. The Royal Calcutta Turf Club in West Bengal, on the other hand, has worked with overseas race organisers to provide races on an online betting platform, and its permission to do so has not run into any difficulties. Additionally, there have been recent reports of enforcement actions in Karnataka against individuals engaging in online betting on horse races.

### Fantasy Sports:

The High Courts of Punjab & Haryana, Bombay, and Rajasthan have, in separate cases, upheld the classification of the fantasy sports format offered by leading operator Dream11 as a game of skill. As a result, it has been exempted from the prohibitions outlined in the Gaming

Laws and has been protected under the Constitution as a legitimate business activity. The Supreme Court recently affirmed this in a significant observation during the *Avinash Mehrotra v. State of Rajasthan* case,<sup>4</sup> stating that the legality of fantasy sports is no longer a matter requiring fresh consideration, as petitions challenging its legality have been consistently dismissed by the Supreme Court.

Both the Nagaland Act and the Meghalaya Act have introduced licensing frameworks for the provision of fantasy sports. These acts explicitly recognize “virtual team selection games” and “virtual sports fantasy league games” as skill-based games. In Rajasthan, a proposed bill aims to regulate online fantasy sports within the state. If enacted, fantasy sports and their operators would be subject to regulation under a licensing regime. The Finance Commissioner serves as the licensing authority in Nagaland, while in Meghalaya, it is the State Government. In case, the Rajasthan Bill is introduced, state-appointed officials will serve as the licencing authority.

### VIRTUAL STOCK MARKET GAMES

Virtual stock market games are speculative games that let players exchange securities like stocks, futures, or money in a fictitious or simulated market setting. Virtual stock market games are online platforms that simulate real-time stock trading using fictitious money. These games use actual stock market data, which is the bone of contention for the National Stock Exchange (NSE). The NSE has issued several cease-and-desist notices to multiple fantasy stock trading apps to immediately stop using its data for virtual gaming platforms that are based on the real-time movement of shares. The NSE has advised that the use of NSE data should be done only for legitimate trading purposes by their clients and not for the purpose of gaming and virtual trading. These fantasy stock trading apps have been accused by the NSE of abusing its data to charge users for games, contests, and betting. NSE Data and Analytics Ltd, the data and info-vending arm of the NSE, has also demanded Rs 10 crore in damages for violating NSE’s intellectual property rights, the cost for loss of revenue and reputational loss.<sup>5</sup>

### RECENT ADVANCEMENTS PERTAINING TO REGULATION OF ONLINE GAMING IN INDIA

The Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Amendment Rules 2023 (“IT Rules 2023”) amends the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Amendment Rules 2021 (“IT Rules, 2021”). IT Rules 2023 makes stringent provisions relating to the conduct of the intermediaries connected with the online gaming arena and tries to rectify the complications connected with the same. The origin of IT Rules, 2021 can be traced back to section 87 of the Information Technology Act, 2000 wherein it could be understood that The IT Rules, 2021 is a combination of draft Intermediaries Rules, 2018 and the OTT Regulation and Code of Ethics for Digital Media and

<sup>4</sup>. *Avinash Mehrotra v. State of Rajasthan*, 2009 (6) SCC 398

<sup>5</sup>. <https://yourstory.com/2022/10/exclusive-nse-issues-cess-notice-to-stock-gaming-apps>

<sup>3</sup>. *Dr. K.R. Lakshmanan v. State of Tamil Nadu*, AIR 1956 SC 1153

that the amendment of IT Rules 2021 was imperative in order to deal with the problems associated with the sector. Better methods and channels are provided by IT rule 2023 for efficiently combating issues like fraud and addiction.

*Key Amendments brought in by the IT Rules 2023:*

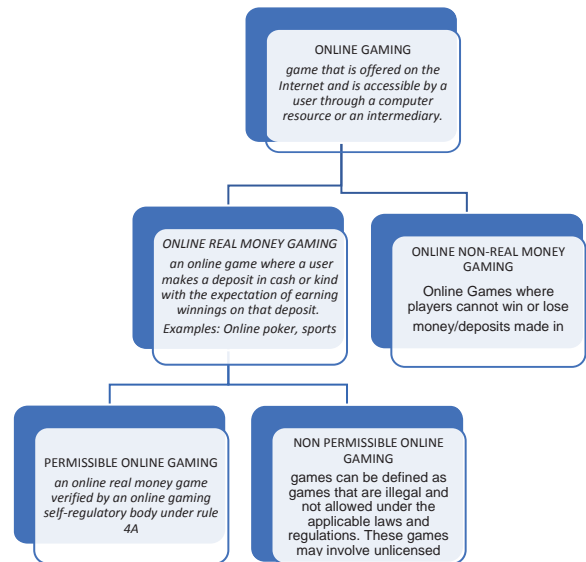
The following are the key amendments brought in by the IT Rules 2023 in order to efficiently regulate the online gaming industry in India:

### 1. Introduction of new definition pertaining to online gaming:

The IT Rules 2023 has brought the definitions for “Online Game”, “Online Real Money Games”, “Permissible Online Games”, “Permissible Online Real Money Games” and “Online Gaming Intermediaries”. There are some key definitions which are as follows:

- Rule 2q(a) of the IT Rules, 2023 describes ‘online game’ as “A game that is offered on the Internet and is accessible by a user through a computer resource or an intermediary.” As this rule is concerned, ‘Internet’ has been described as “the combination of computer facilities and electromagnetic transmission media, and related equipment and software, comprising the interconnected worldwide network of computer networks that transmits information based on a protocol for controlling such transmission.” Both online real money games and online games that are not real money games are covered by the definition of online game in Rule 2q(a). To make these regulations easier to grasp, this rule further defines a number of concepts, including internet, deposit, and winnings.
- Rule 2q(b) of the IT Rules, 2023 describes an ‘Online gaming intermediary’ as “any intermediary that enables the users of its computer resource to access one or more online games”. According to the rules, a person that offers users of its computer resources access to multiple online games is referred to as an intermediate in online gaming.
- Rule 2q(d) of the IT Rules, 2023 describes ‘Online real money games’ as “an online game where a user makes a deposit in cash or kind with the expectation of earning winnings on that deposit.” As this rule is concerned, ‘winnings’ has been described as “any prize, in cash or kind, which is distributed or intended to be distributed to a user of an online game based on the performance of the user and in accordance with the rules of such online game” Since this definition does not cover games that involve wagering or betting, it has drawn criticism.
- Rule 2q(e) of the IT Rules, 2023 describes “Permissible online game” as “a permissible online real money game or any other online game that is not an online real money game.”
- Rule 2q(f) of the IT Rules, 2023 describes “Permissible online real money game” as “an online real money game verified by an online gaming self-regulatory body under rule 4A”.

Pursuant to the aforementioned Rule 2q(e) and Rule 2q(f), it can be observed that permissible online games consist of both online real money games and online games which are not real money games. The permissibility of a game is dependent on the approval by the SRB. The definitions provided under Rule 2 of the IT Rules 2023 remove the irregularities that were previously present in the IT Rules, 2021 by enhancing the understanding of the terms explained above.



### 2. Establishment of Self-Regulatory Bodies:

The Self-Regulatory Bodies (“SRB”) must be established in accordance with Rule 4A of the IT Rules, 2023, and their main duty is to confirm whether online games are legal and to monitor whether any of them incorporate wagering and betting. According to the aforementioned Rule 4A, the Central Government may designate as many online gaming self-regulatory organisations as it deems necessary to certify that an online real money game is an acceptable online real money game in accordance with the Rules.

The following requirements have been outlined in the IT Rules 2023 for the SRB to declare an online real money game as a lawful online real money game:

- That the online real money game in question does not involve wagering or betting.
- That the game is in compliance with rules 3 and 4 of the IT rules, 2023.
- That the game follows all provisions of the law concerning the eligibility to enter into a contract.
- That both the intermediary and the game follow the guidelines laid down by the SRB.

The SRB must maintain at all times, a roll of all the games that are permissible and update them accordingly.

Structure for the formation of SRB:

- SRBs must be set up in the form of a non-profit company, under section 8 of the Companies Act, 2013.
- The members of the board are the representatives of the gaming industry.
- The board of directors will consist of people who are highly reputable and possess the necessary knowledge required to discharge the duties of the board.
- The board should include people from different sectors such as education, psychology, child rights, communication technology etc.
- The Articles of Association (AoA) and Memorandum of Association (MoA) of the SRBs should contain detailed provisions regarding its working, and functioning, grievance redressal mechanisms and finances. Prior approval of the IT Ministry is required to amend the MoA and AoA. The SRBs must always maintain an updated roll of members.

3. Expansion of the scope of 'Intermediary':

Rule 3(1) of the IT Rules, 2021 has been amended to include the following phrase in its understanding:

*“Due diligence by an intermediary: An intermediary, including [social media intermediary, significant social media intermediary and online gaming intermediary....”*

With the aforementioned amendments, the IT Rules 2023 have broadened the definition of an intermediary to include intermediaries in social media, significant social media, and online gaming. This is a significant development in the gaming sector, considering the fact that the Central Government will now be able to exercise greater control on online gaming intermediaries. The Central Government can now direct the intermediaries to restrict, or completely block the public access to a particular online game if that game poses any threat to the interest, sovereignty, integrity, defence, and security of India. They can also issue directions to any of the intermediaries mentioned to provide requisite information required by the law enforcement agencies, and cyber security professionals for the purpose of investigation.

4. Due Diligence by an Intermediary:

The IT rules 2021 have been updated to include Rules 3 (1b) (ix) and (x) in order to better safeguard gamers and stop financial fraud. The provision has been modified as follows:

*“The intermediary shall inform its rules and regulations, privacy policy and user agreement to the user in English or any language specified in the Eighth Schedule to the Constitution in the language of his choice and shall make reasonable efforts to cause the user of its computer resource not to host, display, upload, modify, publish, transmit, store, update or share any information that*

The Public Gambling Act of 1867 is the main piece of law that regulates gaming. This Act does not distinguish between online and off-premises gambling. The Public Gambling Act (PGA) does not define the terms "gambling" or "gaming," but according to the Supreme Court of India, "gambling" is the act of paying money in exchange for a chance to win a prize that is decided by accident or chance, or games where skill is not the primary determining factor.

*(ix) is in the nature of an online game that is not in conformity with any law for the time being in force in India, including any such law relating to gambling or betting or the age at which an individual is competent to enter into a contract.*

*(x) violates any law for the time being in force”*

Pursuant to the addition of the above rules, the gamers would have to be more vigilant about the rules and regulations of the online game. These regulations have made it necessary for online gaming intermediaries to make sure that they do not authorise or allow any third-party intermediary to host the same games through their own respective platforms or even through the platform of the intermediary in order to ensure that users do not become victims of any type of financial fraud. This way users will be able to identify a real money game from a fraudulent money game.

For instance, intermediaries are prohibited from hosting, publishing, or sharing any online game that can cause the user harm or that has not been verified as a permissible online game by a self-regulatory body (SRB). They must not advertise or promote on their platform any online game that is not a permissible online game, according to an SRB. For online games involving real money, intermediaries are responsible for applying a verification mark granted by an SRB. They are also required to publish and maintain on their website an updated list of all permissible real money games and to have in place a grievance redressal mechanism.

5. The Online Real Money Intermediaries are required to adhere to additional compliances:

Online gaming intermediaries involved in real money games are required to adhere to additional compliance measures as outlined in Rule 4 of the IT Rules, 2023. These requirements are as follows:

1. The intermediaries must have a physical address in India that can be used for contact purposes.
2. Rule 4-A stipulates that every real money online gaming intermediary must display a proper



registration mark. This mark signifies that they are authorized to offer online real money games and have been verified by an authorized SRB (Self-Regulatory Body).

3. The intermediaries must prominently display on their website the mechanism for addressing grievances and provide the contact details of the designated grievance officer.
4. The intermediaries must inform users about the terms and conditions, user agreement, and steps taken to safeguard deposited funds. They must also disclose their policy regarding money withdrawal, the Know Your Customer (KYC) process they follow, and the procedure for approving online real money games.
5. Before taking deposits from users, gaming intermediaries must adhere to RBI requirements for confirming the users' identity.
6. Any changes in the privacy policy, user agreement, or rules and regulations must be promptly communicated to users within 24 hours of the change.
7. Rule 4 prohibits intermediaries from financing users to play games on their platforms, and they must ensure that no third party provides such financing.
8. In regards to real-online non-monetary gaming, Rule 4B says that Rules 3 and 4 of the IT Rules 2021 will only be relevant three months after they expire.

It should be noted that the government reserves the right to modify real non-money games as it sees fit, particularly if these games pose a threat to the country's sovereignty, integrity, or have a harmful impact on users.

#### *New Obligations for Online Gaming Intermediaries (OGIs) under the 2023 Amendment to IT Rules 2021*

The 2023 Amendment has made changes to Rule 3(1) (f) of the IT Rules 2021. This rule previously required intermediaries to regularly inform their users, at least once a year, about their rules and regulations, privacy policy, user agreement, or any changes made to these policies. However, for online gaming intermediaries (OGIs) facilitating real money games, the new amendment mandates that users must be notified of any policy changes within 24 hours of implementation.

Additionally, OGIs hosting permissible online real money games are now obligated to include certain provisions in their Platform Policies. These provisions consist of guidelines regarding the withdrawal, refund, and protection of user deposits, as well as the procedures for determining and distributing winnings. The Platform Policies must also encompass the fees and charges that users are required to pay. Furthermore, OGIs must adhere to the know-your-customer (KYC) procedure specified in the Reserve Bank of India's KYC Directions 2016, which involves verifying the identity of users. Lastly, a Verification Framework pertaining to the online game must be established by the OGIs.

#### *Reduced Timeframe for OGIs to Provide Information to Government Agencies*

In accordance with Rule 3(1)(j) of the IT Rules 2021, intermediaries are obligated to furnish information to the appropriate government agency within 72 hours of receiving an order. However, an exception applies to online gaming intermediaries (OGIs) that enable users to access permissible online real-money games. For OGIs, the timeframe for providing information or assistance is reduced to 24 hours. The purpose of this requirement is to facilitate identity verification and support investigative, protective, or cyber security activities. It is essential for the government's order to be provided in writing, clearly stating the purpose for seeking information or assistance.

#### *Grievance Redressal Mechanism*

Under Rule 3(2) and 3A of IT Rules 2021, OGIs are required to establish a grievance redressal mechanism to address complaints from users. OGIs are required to appoint a grievance officer who must be a resident of India. The system for handling grievances is well-tiered, time-limited, and emphasises prompt resolution. Each registered self-regulatory body will be required to establish a mechanism for the resolution of complaints of users. The IT Ministry has proposed a self-regulatory mechanism, grievance redressal mechanism, and mandatory verification of players and physical Indian addresses for online gaming companies in India, in the draft online gaming rules. The amended rules require OGIs to publish and maintain on their website an updated list of all permissible real money games and to have in place a grievance redressal mechanism. Additionally, OGIs must provide systems for (i) complaint receipt and tracking the same, and (ii) user verification that is voluntary.

#### *Amendment to Grievance Redressal Mechanism*

The IT Rules, 2021 have introduced the ability of users to appeal to the Grievance Appellate Committee (GAC) if their grievance is not resolved within the timelines specified in the IT Rules. This is in addition to the user's current right to appeal a Grievance officer's ruling to the Grievance Appellate Committee. This will strengthen grievance redressal for users. The provisions relating to the grievance redressal mechanism of intermediaries also require the intermediary to prominently publish the contact information for the grievance officer and the procedure for filing a complaint regarding a violation of these rules or any issue relating to the intermediary's computer resource.

According to the new amendments, "prominently publish" refers to publishing in a way that is clearly visible on the home page of a website, the home screen of a mobile application, or both, as appropriate. It also refers to publishing on a web page or an app screen that is easily accessible from the home page or home screen.

#### *Critical Analysis Of the Amendments:*

After examining the recent amendments introduced by the IT Rules 2023, the following critical analyses can be made:

**Lack of Definition for ‘Wagering’ and ‘Betting’:** While the IT Rules 2023 are necessary and timely, they fail to provide clear definitions for wagering and betting. According to these rules, the responsibility lies with the SRB (Self-Regulatory Body) to determine if a game involves wagering. However, the rules do not specify what constitutes ‘wagering.’ This absence of clarification could lead to arbitrary and discretionary powers for the Central Government.

**Foreign Investment Concerns:** The issue of foreign investment and funds related to the uncertainties surrounding wagering and betting persists. Consequently, allowing foreign investments in this industry could pose significant risks for intermediaries. Foreign Exchange Regulation Rules prohibit foreign investment in games involving betting and wagering. This restriction could impede the growth of the online gaming industry in India.

**Ambiguity in the Definition of Online Gaming Intermediary:** The definition of an “online gaming intermediary” lacks clarity. It does not explicitly state whether platforms hosting games by third-party publishers or gaming studios are included. Based on the definition provided in the IT Rules 2023, two possible conclusions can be drawn:

1. An intermediary that enables users to access any type of game.
2. An intermediary that enables users to access games published by any third party.

It is essential to address these ambiguities to ensure a clear and comprehensive understanding of the rules and their implications for the online gaming industry.

**Other Relevant Provisions:**

*Foreign investment prohibited in gambling and betting*

Foreign investment is prohibited in the realm of gambling and betting. Based on the preceding discussion, if a company’s real money gaming business is categorized as gambling, it would be considered illegal in most states, depending on their respective legislative frameworks. In addition, India also restricts foreign direct investment in activities such as ‘gambling and betting including casinos, etc.’ Foreign investment falls under the jurisdiction of the Central Government, not the states, as it is part of the ‘union list’ in the Constitution. Consequently, if a company’s gaming business qualifies as gambling, foreign direct investment is not allowed.

The Foreign Exchange Management Act, 1999 (FEMA) and its associated rules and regulations, particularly the Foreign Exchange Management (Current Account Transaction) Rules (Current Account Rules), govern various transactions, including remittances. According to these rules, remittances related to lottery winnings, the purchase of lottery tickets, banned or prescribed magazines, football pools, sweepstakes, income from racing/riding, and other hobbies are prohibited. Skill games have the potential to fall under the category of “hobby” in the aforementioned



provisions, as the term “hobby” has not been defined or specifically categorized.

Since there haven’t been any comprehensive directives from regulators or courts regarding online real money games, the Reserve Bank of India (RBI) has raised queries in certain cases regarding the legality of foreign investment received by companies involved in such activities. Although there is some ambiguity and risk associated with online real money gaming, the exchange control regulator has not taken any action thus far.

*Applicability of payment regulations to gaming companies*

The regulations regarding payment systems apply to gaming companies in various ways. Typically, gaming companies allow players to create digital accounts or wallets where they can deposit money for gaming purposes. Some companies allow users to withdraw the deposited money regardless of their game outcomes, while others permit withdrawals only for winnings.

Under the Payment and Settlement Systems Act, 2007 (PSSA) and its associated regulations, non-banking companies can issue and operate prepaid payment instruments (PPIs) subject to certain conditions outlined in the Master Directions on Prepaid Payment Instruments. PPIs are generally understood as instruments that facilitate the purchase of goods, services, financial services, and remittance facilities using the stored value.

However, the operation and issuance of a small PPI or a full KYC PPI require prior registration with the Reserve Bank of India (RBI) in accordance with Section 4 of the PSSA.

According to the PPI Master Directions, all PPI issuers (except CSP issuers) must comply with Know Your Customer (KYC) and anti-money laundering (AML) regulations specified in the KYC Master Directions issued by the RBI. These regulations include the following requirements for RBI-regulated entities:

Adoption of a board-approved KYC policy covering customer acceptance, risk management, customer identification procedures, and transaction monitoring.

1. Reporting suspicious transactions to the Financial Intelligence Unit-India (FIU-IND).
2. Appointment of designated officers to ensure compliance with KYC and AML requirements, with their details provided to the FIU-IND.

3. Maintenance of transaction logs using PPIs for at least 10 years, accessible for inspection by the RBI.
4. Completion of customer identification procedures before establishing a relationship with any customer.
5. Capturing KYC information for sharing with the Central KYC Records Registry.

It is important to note that Customer Service Providers (CSPs), which are not regulated by the RBI, are not obligated to comply with KYC and AML requirements. These obligations only apply to entities regulated by the RBI, such as banks, non-banking financial companies, and payment systems. However, online gaming intermediaries (OGIs) that typically operate as CSPs are now required to verify the identity of each user in accordance with the KYC Master Directions, as mandated by amendments introduced in the Information Technology (Intermediary Guidelines and Digital Media Ethics Code), 2021 (Intermediary Guidelines). This verification is necessary before accepting any deposits, whether in cash or kind, from users.

#### *Prevention of Money Laundering in Gaming*

The Prevention of Money Laundering Act, 2002 (PMLA) is the legislation that regulates the prevention of money laundering activities in India. It imposes certain obligations on “reporting entities” to maintain transaction records and report them. A reporting entity includes individuals or entities involved in cash or in-kind games of chance, including activities associated with casinos. Currently, operators offering games of skill are not classified as reporting entities, and therefore, the obligations under the PMLA do not apply to them. However, there are reports suggesting that the Central Government intends to bring online skill gaming operators within the scope of the PMLA as reporting entities.

#### *Income Tax*

The primary legislation governing income taxation in India is the Income Tax Act, 1961 (ITA) along with its accompanying rules, notifications, and circulars. According to the ITA, non-residents, including foreign companies, are subject to taxation in India on income that is accrued, arises, received, or deemed to accrue, arise, or be received in India. Residents are liable to be taxed on their global income, which includes income earned both within and outside India.

When a resident earns income through winnings from games, betting, gambling, etc., that income is subject to taxation at a rate of 30%, along with applicable surcharges and cess. The ITA mandates that any person responsible for paying such income exceeding INR 10,000 to an individual, foreign company, or any other defined entity must withhold the applicable tax at a rate of 30%. In cases where the winnings are in kind or a combination of cash and kind, and the cash component is insufficient to fulfil the withholding obligation for the entire winnings, the payor is required to ensure that the tax at the specified rate is paid before releasing the entire winnings to the payee.

It's important to note that the tax prescribed under the ITA does not apply if the income is already subject to the Equalisation Levy, as discussed in the following section.

#### *GST*


Indirect taxes in India are imposed through the Goods and Services Tax (GST), which is applicable to all activities falling within the definition of “supply.” GST is levied on the supply of goods or services. Activities related to lottery, betting, or gambling are considered actionable claims under Indian law. Actionable claims are classified as goods and therefore transactions related to betting or gambling are treated as the “supply of goods” subject to a 28% GST on the entire bet amount. However, actionable claims related to games of skill are exempt from GST. Services such as admission to entertainment events or access to casinos are taxable at a rate of 28%.

For online platforms providing services through the internet, particularly those that are automated and heavily reliant on information technology, they are categorized as “online information and database access or retrieval services” (OIDAR), which includes online gaming. The tax rate for OIDAR services is 28% for games of chance (betting/gambling) and 18% for games of skill. The tax is applied to the service fee or commission charged by the gaming operators. The precise impact of the taxation structure will depend on the specific business or gaming model.

#### *Enforceability of Wagering Contracts*

In India, the enforceability of gambling debts is addressed by the Indian Contracts Act, 1872, which governs contractual matters in India. According to Section 30 of this Act, agreements categorized as “wagers” are considered void, and it explicitly states that no legal action can be taken to recover anything claimed to be won through a wager. As a result, in India, gambling debts, in general, cannot be enforced.

## **CONCLUSION**

The gaming laws in India present a complex landscape that varies across different states. While some states have embraced a more permissive approach towards real money online gaming, others have imposed strict prohibitions on betting and wagering activities, including any acts intended to facilitate them. The absence of comprehensive legislation specifically addressing the legality of online gambling has created a regulatory grey area. Nonetheless, it is crucial to acknowledge that the gaming sector in India is experiencing rapid growth, necessitating the establishment of a robust legal framework to propel its expansion. Striking a balance between regulation and innovation is essential in governing online gaming, and the implementation of a detailed and comprehensive licensing policy is imperative to combat unlawful activities effectively. Importantly, it should be noted that games of chance played for monetary or material gain, with an expectation of winning, are explicitly prohibited under Indian law. 



# Appointment of Additional Director-Some Perspectives

Appointment of an Additional Director in a company would appear, prima facie, to be an innocuous process, given that the Board is empowered under the Statute to appoint Additional Directors by applying the due process as stated in Section 161(1).



**Ramaswami Kalidas, FCS**

Practising Company Secretary  
Mumbai  
[ramaswami.kalidas@hotmail.com](mailto:ramaswami.kalidas@hotmail.com)

## INTRODUCTION

Appointment of an Additional director in a company would appear, prima facie, to be an innocuous process, given that the Board is empowered under the Statute to appoint Additional Directors by applying the due process as stated in Section 161(1). There are, however, certain vexatious issues on the subject which have engaged the attention of the fraternity for long.

Besides, where it concerns listed entities, a dichotomy has been created as between the Act and the Listing Regulations through recent amendments therein which has put an end to the conventional period for which the Additional Director can remain in office without the company having to seek the approval of the members.

For the above reasons, an introspection is called for in respect of certain critical aspects relating to the appointment of Additional Directors.

Hence this exposition.

## DIRECTORS ARE TO BE APPOINTED IN GENERAL MEETING BARRING STATUTORY EXCEPTIONS IN SECTION 152(2)

Section 152(2) of the Companies Act, 2013 (hereinafter referred to as "The Act") provides that save as otherwise expressly provided in this Act, every director shall be appointed by the company in general meeting.

The above subsection makes it clear that barring exceptions expressly carved out in the Act, it shall be the prerogative of the members of the company to appoint

directors at General Meeting. The use of the expression "in general meeting" clarifies that the appointment of directors by members is not endemic to only Annual General Meetings (AGM) and that the Act contemplates such appointments at any General Meeting.

## MEANING OF THE EXPRESSION "SAVE AS OTHERWISE EXPRESSLY PROVIDED IN THIS ACT" AS USED IN SECTION 152(2)

The expression "Save as otherwise expressly provided in this Act" as contained in Section 152(2) needs some elaboration. The use of the above expression in a statute indicates that it is in the nature of a saving clause. It seeks to create an exception of a special item out of the general things mentioned in a statute; seeks to save or protect what is provided in any other provision of the Statute on the same subject.

The word "save" as appearing above means except, other than or excluding, to preserve something from harm, injury, loss etc. The above phrase is employed in Statutory drafting when a section using this phrase seeks to protect or exclude the operation of some other section or a section which contains a similar provision.

From the above, it follows that Section 152(2) shall apply for appointment of Directors save and except where an exception has been carved out expressly in the Act as in the case of Section 161.

## SECTION 161(1) PROVIDES THE STATUTORY EXCEPTION TO SECTION 152(2)

Section 161(1) in the Act provides the statutory exception to the application of Section 152(2) in that it confers on the Board of Directors, subject to enabling provisions contained in the Articles 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 AGM or on the last date on which the AGM ought to have been held whichever is earlier.

## ARTICLES SHALL HAVE PROVISIONS FOR EMPOWERING THE BOARD TO APPOINT AN ADDITIONAL DIRECTOR

A pre-requisite to the exercise by the Board of the power to appoint an Additional Director is that there should be enabling provisions in the Articles.

Reference may be made in this connection to the decision in *Tapworld v Kerala Chambers of Commerce and Industry*

(135 *Taxmann.com* 398) where it was held that where the Articles of a company enabled only the appointment of directors to fill up casual vacancies, the appointment of additional directors under the pretext of filling up casual vacancies was against the cardinal principle of corporate law and the appointments so made were bad in law.

### **ONE WHO HAS FAILED TO GET APPOINTED AS DIRECTOR IN GENERAL MEETING CANNOT BE APPOINTED AS ADDITIONAL DIRECTOR**

Section 161(1) makes it clear that whomsoever who has failed to get appointed as director in general meeting cannot be appointed as Additional director. This fetter is intended to ensure that a person does not get an entry into the Board room through the “back door” by the courtesy of the Board where he has failed to get the mandate of the shareholders.

It is necessary to clarify that the above restriction is company specific only and does not bar a person who has failed to get appointed in general meeting in some other company from being appointed as Additional director in another company.

### **APPOINTMENT OF ADDITIONAL DIRECTOR TO MAKE UP THE QUORUM OF THE BOARD IS VALID**

The need to appoint an Additional Director may be triggered off by a host of reasons. There may be an urgent need to bolster the strength of the Board by appointing persons of pre-eminence who would lend quality to the Board and it may not be efficacious for the company to wait until the General Meeting for making such appointments. The requirement for such appointment also arises to ensure the availability of the required quorum for meetings of the Board.

In *Maharashtra Power Development Corporation Ltd v Dabhol Power Co.*(52 SCL 224) it was held that the decision of the Board to appoint an Additional director to ensure a quorum was held valid.

### **ADDITIONAL DIRECTOR -TILL WHEN DOES HE HOLD OFFICE -CONFLICTING VIEWS**

Section 161(1) provides, *inter alia*, that an Additional Director shall hold office up to the date of the next AGM or the last date on which the AGM ought to be held whichever is earlier.

We would hasten to add that the above proposition does not hold good any longer for listed companies since Regulation 17(1C) of the SEBI (LODR) Regulations, 2015 as introduced with effect from 1.1.2022 makes it necessary that the listed company shall ensure that the approval of the shareholders for the appointment of a person on the Board is taken at the next general meeting or within a period of three months from the date of appointment whichever is earlier.

Notwithstanding the above, where unlisted companies are concerned, it is still important to understand the connotation of the words “up to the date of the next

annual general meeting” as appearing in Section 161(1) as conflicting views emerge as to when the tenure of appointment of the additional director ends.

One view is that he demits office before the commencement of the AGM.

It is pertinent to note that the Department of Company Affairs had issued under the 1956 Act a letter (letter no.8/3(260)163-PR dated 5.2.1963 which clarified that the director vacates office once the proceedings of the Annual General meeting commence.

The above Departmental view was based on a decision of an English Court in *Eyre v Milton Properties Limited (1937)*(7 *Comp Cas*(CA) where it was held that an additional director ceases to hold office before the commencement of the AGM.

The above view has been contradicted in a decision in *Syed Musharaf Hussain v Agha Munawar Ali Khan (AAR 1940 Leh.7)* where the Court has interpreted the expression “up to” to mean that it may include the last date or may not and if it is in consonance with justice, to interpret it in one of the ways permissible, there can be no complaint.

The above interpretation of the expression “up to” has also been reproduced in P.Ramanathan Aiyar’s *Concise Law Dictionary -Seventh Edition* at Page No.1504.

As per the Lexicon, the expression “up to” when used as a functional word indicates a limit or a boundary.

Considering the fact that the Act speaks about the Additional director holding office up to the date of the AGM, it would not be correct to limit his tenure till only the commencement of the AGM.

One must also consider the fact that if for some reason the AGM is not held, the Additional director remains in office till the last date on which the AGM ought to be held as per the Act. Hence it would be appropriate to state that he holds office until the conclusion of the AGM.

### **ADDITIONAL DIRECTOR VACATES OFFICE AUTOMATICALLY WHERE THE AGM IS NOT HELD**

Failure on the part of the company to hold an AGM in time cannot be used as an excuse for extending infinitely the tenure of an Additional director. If for some reason, the AGM is not held, he has to vacate office on the last date on which the AGM ought to be held as per the Act.

In *P.Natarajan v Central Govt.*(51 SCL76)(*Mad.*) it was observed that Section 260 in the Act (1956 Act) was not meant to enable a company to keep on board a person indefinitely as an additional director by not holding an AGM.

### **CAN AN ADDITIONAL DIRECTOR BE APPOINTED BY THE BOARD THROUGH A CIRCULATION RESOLUTION**

Except in the case of a director who is proposed to be appointed to fill up a casual vacancy which decision can be taken by the Board only at its meeting, there is nothing

in the Act that prevents the appointment of an Additional director with the approval of the Board being obtained through a circular resolution. Secretarial Standard 1(SS1) which has mandatory application also does not say that such an appointment would be irregular.

Having said this, one must consider that in the case of listed and other unlisted public companies which satisfy the financial criteria prescribed to constitute a Nomination and Remuneration Committee(NRC), the appointment of a director has to carry the recommendation of the NRC and the Board shall approve the appointment based on such recommendation. The NRC may consider the candidature of several persons for the appointment and the Board may wish to have an interaction with the potential candidate before taking a call on the appointment.

Given the above requirements it would not be a wise decision to appoint an Additional director based on a circular resolution.

However, where the appointment has been made at a meeting of the Board it is necessary to ensure that the quorum for the meeting is validly formed .

It was held in *Murari Mohan Kejriwal v Shree Hanuman Cotton Mills ltd (41 Taxmann,com 191)(CLB)(Delhi)* that where the appointment was made at a meeting of the board at which the quorum was not available, the appointment was bad in law.

### **ADDITIONAL DIRECTOR HAS TO SUBMIT HIS CONSENT IN DIR2**

An Additional director is like any other director except for the fact that his appointment is at the behest of the Board subject to regularization by the shareholders. Hence he has to provide his consent for the appointment in DIR2 and upon his appointment by the Board , the company shall file DIR12 together with DIR2 within thirty days from the date of appointment.

It is pertinent to note that once the appointment is regularized in general meeting there is no need to file his consent in DIR 2 again but DIR12 will have to be filed since there is a change in the category of directorship depending upon whether the regularization is as a non-executive director, liable to retire by rotation or as an Executive director with a specified tenure in office.

### **ADDITIONAL DIRECTOR NOT TO BE COUNTED FOR DETERMINATION OF DIRECTORS LIABLE TO RETIRE BY ROTATION**

Considering that the law contemplates that an Additional director shall have a term which is co-terminous with the holding of the AGM, he is not to be considered as a director liable to retire by rotation. However, once his appointment has been approved by members , he shall form a part of the category of directors liable to retire by rotation. Of course, if his regularization as director is in an executive capacity for a fixed tenure , he may not be liable to retire by rotation yet.



### **BOARD CAN APPOINT AN INDEPENDENT DIRECTOR IN THE CATEGORY OF AN ADDITIONAL DIRECTOR**

The law does not come in the way of the Board of directors appointing an Additional director in the capacity of an Independent director.

Regulation 25(2A) of the Listing Regulations which has come into force by Notification dated 3.8. 2021 provides that the re-appointment or removal of an independent director shall be subject to the approval of the shareholders by special resolution.

The term “appointment” includes “re-appointment” as clarified by the Explanation under Section 139(1) of the Act.

In view of the fact that Regulation 25(2A) as above does not provide for the prior approval of the shareholders for the re-appointment or removal, it would be therefore in order for the Board to appoint an Independent director in the capacity of an Additional Director subject to the appointment being approved at General meeting by special resolution.

Having said this, it should be borne in mind that as an Independent director holds office for a fixed tenure in cases where he has been appointed by the Board as Additional director, his tenure shall be determined with reference to the date on which he was appointed by the Board originally.

### **CAN AN ADDITIONAL DIRECTOR BE ALSO APPOINTED AS MANAGING DIRECTOR**

The above question has cropped up in professional circles quite often.

It may be noted that the Act does not prohibit in any way the appointment of a person as Additional Director as the managing director even at the first meeting at which he is appointed as Additional director.

However, the process to be adopted for this purpose is two fold. Considering that under Section 2(54) a Managing Director is a director in the first place, firstly the Board has to appoint him as a director, albeit as an Additional Director and then proceed to appoint him as Managing Director subject to the approval of the shareholders in general meeting.

As already explained, in view of Regulation 17(1C) of the Listing Regulations, in the case of such appointment, approval of shareholders has to be obtained in general



## Appointment of Additional Director-Some Perspectives

meeting to be held within three months from the date of appointment. Two resolutions shall be required one for regularizing his appointment as Additional director and another to approve his appointment as Managing Director together with the terms thereto.

In case of an unlisted company the regularization process can be held back until the date of the next AGM as the law contemplates that the Additional director shall hold office until the next AGM.

### REGULATION 17(1C) OF LISTING REGULATIONS SHALL PREVAIL OVER SECTION 161 FOR LISTED ENTITIES

As stated above Regulation 17(1C) which has been introduced in the Listing Regulations effective from 1.1.2022 has caused a major shift in the law applicable to listed companies in the matter of seeking approval of their shareholders in respect of appointment of directors by the Board of directors.

The above Regulation envisages that approval of the shareholders shall be obtained in respect of appointments of directors made by the Board at the next general meeting or within a period of three months from the date of appointment whichever is earlier.

Listing Regulations being in the nature of specific regulations endemic to listed Entities . they shall carry greater precedence and force over the provisions in the Act .Hence listed companies are required to seek approval of the members within three months from the date of their appointment as Additional directors instead of complying with the provisions in Section 161.

### IN THE CASE OF UNLISTED COMPANIES, CAN THE ADDITIONAL DIRECTOR'S RE-APPOINTMENT BE REGULARIZED AT ANY GENERAL MEETING WHICH INTERVENES BEFORE THE DATE OF THE NEXT AGM

It is pertinent to note that Section 161(1) clearly contemplates that an Additional director shall hold office until the date of the next AGM. That being so would it be appropriate to regularize his appointment at a General Meeting which precedes the next AGM.

In our view in as much as the Act itself provides that the director continues till the date of the next AGM there is little justification in collapsing the tenure of his office by seeking approval of the members in the General meeting which takes place before the AGM.

We are aware that many unlisted companies are resorting to the practice of seeking regularization of the appointment at the General meeting without waiting for the next AGM. We are respectfully of the view that the above procedure is irregular and disrespects the provisions of Section 161.

Our views on the above stand fortified by an old English decision in *Blair Open Hearth Furnace Company Ltd v Reigart (1914)(1Ch.290)*.

One feature which has become conspicuous particularly in the wake of the introduction of Regulation 17(1C) in the Listing Regulations is that there is heterogeneity in the matter of seeking approval of shareholders for regularization of the appointments.

### APPOINTMENT OF ADDITIONAL DIRECTOR SHOULD BE APPROVED BY SHAREHOLDERS AND IT CANNOT BE DELEGATED

The right of the shareholders to appoint a director is a valuable right . This right has to be used judiciously and invariably in the interest of the company. The Supreme Court has held that this right has to be exercised by the shareholders and the same cannot be delegated to others. (*Charanjital Choudhury v UOI(21Comp Cas33)*).

### ADDITIONAL DIRECTORS' LIABILITIES END ONCE HE CEASES TO BE IN OFFICE

In the case of unlisted companies, as the Additional director holds office until the date of the next AGM, it follows that his liabilities as director end upon the conclusion of the AGM.

Of course if his appointment is approved by the members, there is no change in the position. However, as held in *G,N.Shridharan v ROC(110 CLA 29)* his liabilities cannot be extended to any date beyond the date on which his appointment terminates under law.

### CONCLUSION

We have tried in the above exposition to find answers to some of the contentious issues on the subject. One feature which has become conspicuous particularly in the wake of the introduction of Regulation 17(1C) in the Listing Regulations is that there is heterogeneity in the matter of seeking approval of shareholders for regularization of the appointments. Even unlisted companies are rushing to seek approvals for such appointments in general meetings which are being held within three months of the appointment although there is really no legal compulsion to do so considering the time lines allowed for regularisation under Section 161(1).

The first and primary rule of interpretation is to give effect whatever be the consequences ,to the words provided in the Statute since the words in the Statute speak about the intention of the Legislature. If the language of the Act is clear and unambiguous, we have to only expound the words in their natural and ordinary sense. This being so we need to respect the plain words used in Section 161(1) and seek members' approvals for regularizing the appointment of Additional Directors only at the next AGM.



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

**Motto**  
सत्यं वद। धर्मं चर।  
इष्टं कुरु तपः। श्रेयं तु कुरु।

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

# MASTER KNOWLEDGE SERIES

ENABLE, EVALUATE AND EXCEL

## EEE

### Revisiting Fundamentals with Experts

The ICSI, with the intent of reviving, refreshing and sharpening the knowledge of its members on the Companies Act, 2013; SEBI Regulations and other corporate laws is launching a Master Knowledge Series: EEE: Enable, Evaluate, Excel.

The capacity building initiative is an attempt to keep members abreast of the various amendments in these laws and to enable them to brush up their knowledge on the subjects. The Knowledge Series will be conducted in the form of weekly Webinars on topics of professional interest under the aegis of EEE.

1 unstructured CPE  
Credit for each webinar

#### MODALITIES



Weekly  
Webinars  
by expert  
faculties



Availability  
of recorded  
webinars on  
Knowledge on  
Demand Portal



Facility to  
share queries  
in advance



No  
Participation  
fees

**SCHEDULE:** The schedule of the webinar series will be intimated separately along with the coverage and the link for the webinar.

CS Manish Gupta  
President, The ICSI

CS B. Narasimhan  
Vice President, The ICSI

CS Dhananjay Shukla  
Chairman, Corporate Laws &  
Governance Committee, The ICSI

CS Asish Mohan  
Secretary, The ICSI

Connect with ICSI

[www.icsi.edu](http://www.icsi.edu) | [f](#) [t](#) [in](#) [v](#) [p](#) | Online Helpdesk: <http://support.icsi.edu>



## Invitation For Research Papers In CS Journal – August 2023 Issue

We invite Research papers/ Manuscripts to publish in 'Chartered Secretary' with the objective of creating proclivity towards research among its members both in employment and practice. As research is an integral part of the scientific approach towards an issue for arriving at concrete solutions, in view of this it is essential to enhance the research-oriented approach. Further, research is pervasive, i.e., it is not restricted to a particular field. Whether it is engineering, management, law, medicine, etc. without proper research, it is almost next to impossible to ascertain the solution of a problem.

Contributions may be sent on topics like Secretarial Practice, Auditing Standards, Company Law, Mercantile Law, Industrial Law, Labour Relations, Business Administration, Accounting, CG & CSR, Legal Discipline, and Digital Transformation & Artificial Intelligence or on any other subject and topic of professional interest.

Participants are requested to send their articles/ research papers with the following terms:

- The article/research papers should be original and exclusive for Chartered Secretary.
- It should be ensured that the article has not been/will not be sent elsewhere for publication.
- Article/ research papers should include a concise Title, Abstract name of the author(s) and address.

Members and other readers desirous of contributing articles may send the same latest by **Tuesday, July 25, 2023** for the August 2023 issue of Chartered Secretary Journal at [cs.journal@icsi.edu](mailto:cs.journal@icsi.edu).

The length of the research paper should ordinarily be between 2,500 - 4,000 words. The research paper should be forwarded in MS Word format.

We look forward to your co-operation in making this initiative of the Institute a success.

Regards,

Team ICSI



# 2

## RESEARCH CORNER



- CHATGPT FOR EDUCATION AND LEARNING: APPLICATIONS AND AGENDA FOR MULTIDISCIPLINARY RESEARCH

# ChatGPT for Education and Learning: Applications and Agenda for Multidisciplinary Research

Chat GPT, an AI-powered language processing tool, has become one of the most popular tools for e-learning. From language translation applications to client service chatbots, the applications are varied and still developing, and education is no exception. The phenomenon is termed e-learning when one communicates information or skills to another professionally. E-learning is well-thought-out, both a science and an art. As an art, teaching underlines the tutor's creative and inventive talents in creating an expressive scenario in the classroom for students to comprehend. As a science, it highlights the rational, machine-driven, or practical measures to ensure long-lasting learning.



**Prof. J. K. Singh, FCS**

Department of Commerce  
Aryabhata College  
University of Delhi  
[jksing@rediffmail.com](mailto:jksing@rediffmail.com)



**Dr. Harjit Singh**

Professor  
Symbiosis International University  
Noida  
[harjitsidak@gmail.com](mailto:harjitsidak@gmail.com)

## INTRODUCTION

Chat GPT, an AI-powered language processing tool, has become one of the most popular tools for e-learning. From language translation applications to client service chatbots, the applications are varied and still developing, and education is no exception. The phenomenon is termed e-learning when one communicates information or skills

to another professionally. E-learning is well-thought-out, both a science and an art. As an art, teaching underlines the tutor's creative and inventive talents in creating an expressive scenario in the classroom for students to comprehend. As a science, it highlights the rational, machine-driven, or practical measures to ensure long-lasting learning. But one thing is clear: e-learning is the direct interaction between an expert and a novice learner who intends to advance his know-how with the help of the AI-based ChatGPT platform.

Different educators have different perspectives on the conception of e-learning. One school of thought has defined e-learning as 'quantitative growth' in knowledge, while the other considers it individuals' 'qualitative growth.' However, one thing is common among them that both lead to enhancement in the information, skills, and techniques that may be recalled and employed as required. On the other hand, proponents of modern education emphasize incorporating ICT tools for teaching & learning, which involves the effective use of a wide range of technological tools, such as the internet, laptops, personal computers, cell phones, and other software packages. However, these technologies have offered infrastructural support rather than the students' diverse and personalized learning needs.

Artificial intelligence (AI) has the potential for substantial development and utilization in education, transforming the pattern of contemporary education. This study attempts to delve into the various applications of ChatGPT and explore possible ways it is being used, including industrial use cases and real-life examples. The study aims to explicate possible transformations shaping the future of education, and the impact of AI on education, based on the generative natural language model such as ChatGPT. In doing so, the study addresses the following two questions. First, how does ChatGPT improve educational institutions' performance and their student's learning? Secondly, the various limitations of ChatGPT within the education industry present roadblocks before educational institutes aiming to develop or implement ChatGPT solutions.

## CHATGPT IN EDUCATION, LEARNING, AND RESEARCH

The main reason for the growing popularity of ChatGPT is its capability to produce human-like responses to online learners. This makes it perfect for applications such as conversation agents, virtual assistants, and chatbots. Further, language generation abilities engage users and have valuable conversations on various topics. Another strength of ChatGPT is its capacity to contextualize information and produce pertinent responses based on the input prompt. This makes ChatGPT a powerful tool for information recovery, education, and research, as it can provide users with accurate and relevant information informally.

How ChatGPT can aid education, Singh & Singh (2023) found that ChatGPT can answer questions to be used as a 'question-answering' tool. Learners (formal or online) always have various questions about a specific topic or concept. Going to an educator every time may not be feasible for everyone, being time-consuming and frustrating. Nevertheless, with the advent of ChatGPT, learners can type their questions and find a precise and appropriate answers instantaneously. This saves students precious time and helps them concentrate on their studies rather than searching and enquiring about unsolved questions. With so many apprehensions and enthusiasms churning in the tech world, we propose the following research prepositions (RPs): -

RP\_1: ChatGPT can create conversational AI-based Chatbots to hold natural conversations with students to handle and resolve their queries.

RP\_2: ChatGPT can transform modern research due to its ability to provide real-time data analysis, improve data accuracy, support multiple languages, and automate routine tasks.

RP\_3: Chat GPT can create virtual assistants that may assist students and tutors with routine tasks, such as taking notes, scheduling appointments, setting reminders, and so on.

Students have doubts during self-study due to insufficient prerequisite knowledge or concentration. Whether history questions, mathematics, or chemistry assignments, ChatGPT assists students with real-time solutions and explanations and answers their queries. This enables students to understand the subject more carefully, shaping their confidence in their skill sets. ChatGPT helps researchers collect and analyze large amounts of data, make discoveries, and optimize scientific and academic research experiments. ChatGPT assists in drafting research papers in the following ways:

- Text Generation
- Text Summarization
- Grammar and language checking
- Review of literature

## ROLE OF ARTIFICIAL INTELLIGENCE IN EDUCATION

AI-based applications have made human life easy as one need not spend time on menial tasks due to its automation and understanding characteristics, and education is no exception (Figure 1). Consequently, artificial intelligence is considered to be the panacea in the field of distance education, online learning, and research. Research studies across the globe have identified numerous benefits of adopting AI in academia.

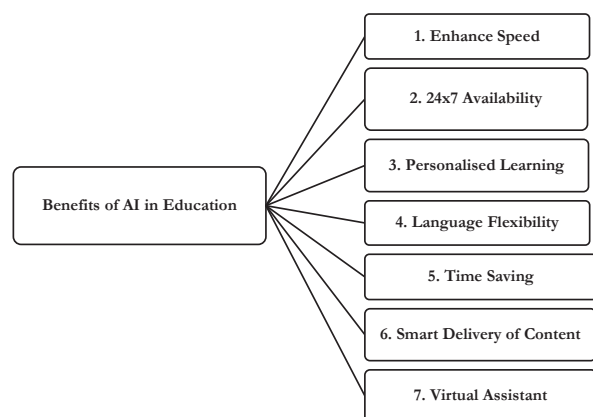
AI-enabled tools offer learners the same access irrespective of their learning skills or infirmity. With AI, different children learn at different paces as per their grasping speed. Adopting artificial intelligence in education enhances learning, supports educators. How much AI is helpful in education and to what extent it should be used for various pedagogical purposes is still being determined? Most researchers have studied the impact of AI on education with its pros and cons. Therefore, with the integration of artificial intelligence and online education, tutors and institutes will have great mileage, benefits, and pitfalls. Given that ChatGPT is a virtual assistant, we propose the followings: -

RP\_4: AI-enabled ChatGPT can effectively be utilized as a research tool because of its capacity to recall the previous interaction with the researchers in the same prompt and propose information surrounding those responses.

RP\_5: Upgrading through experience and with time can make ChatGPT appropriate for language learning and translation tool.

RP\_6: ChatGPT can free educators to concentrate on significant teaching and research activities by transferring routine tasks of maintaining semester progress records to AI.

Figure 1: Role of AI in Education



## APPLICATION OF CHATGPT FOR EDUCATORS

Some leading European Universities in the UK, including the University of Cambridge, and the Imperial College London, initially warned students against using ChatGPT



to prepare assignments. However, now they view it as an opportunity rather than a cheating tool to prepare home assignments. Now far from being just a ready machine for writing essays and preparing assignments, teachers believe, ChatGPT could help make education better (Figure 2). Academicians across the globe have started realizing that cutting-edge chatbots are best suitable for classroom learning and online teaching. Chatbots make class lessons more interactive and capable of creating personalized lesson plans, saving their precious time and energy.

- Content creation
- Designing syllabus outline
- Grading
- Grammar and writing check

**Applications for ChatGPT for Student Community**

- Conducting research
- Help in doing home assignments/homework
- Improved Writing Skills
- Language learning

**Figure 2: Efficacy of ChatGPT in Education**

Distinguished Features of ChatGPT	Efficient and prompt query handling
	Customization as per user requirement
	Enables better focus on curriculum development
	Enhanced user experience
	Round the clock availability
	Helps in manifestation of new ideas
	Enables processing of large data sets to generate insights for teaching applications
	Highly customizable & programmable user interface

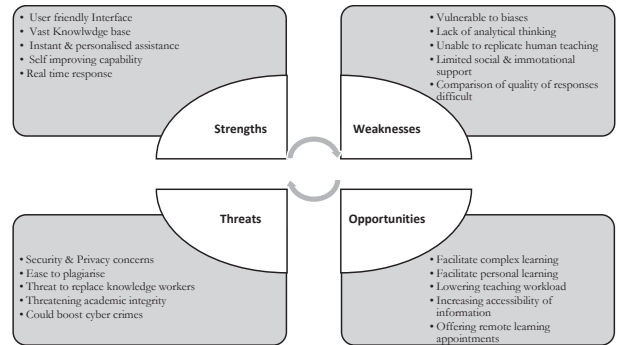
*Source: Compiled by Authors*

**SWOT ANALYSIS OF CHATGPT IN EDUCATION**

SWOT is a widely accepted acronym for businesses and organizations to assess a company’s position or its product offerings based on four attributes: strengths, weaknesses, opportunities, and threats. Knowing your company’s position within a competitive market or industry and understanding how and where you can excel is critical for any business enterprise. Such analysis allows companies to grow strategically rather than experiment and wait for outcomes. Moreover, when a new technology or business proposition is planned to implement in a new domain, such as ‘the adoption of ChatGPT in education,’ SWOT is an imperative tool to assess the internal capabilities (strengths and weaknesses) and external influencers (opportunities and threats) that

place an educational institute in the international arena. This section discusses how SWOT analysis helps educational institutes improve their teaching, learning, and research efficiency and find competitive advantages in modern corporate, especially in the education industry.

**Figure 3: Resultant SWOT Analysis of ChatGPT in Education**



**THE MARKET ADOPTION CHALLENGE**

Despite the benefits of artificial intelligence-enabled ChatGPT, several adoption challenges exist for educational institutes. The first step in adopting an AI-enabled platform and integrating blockchain solutions within educational institutions may be to train school employees to apply and maintain such applications internally. Though the benefits are recognized, incentives to implement these upcoming technologies still need to be included. For instance, new technology’s impact on teaching, research learning, and administration should be discussed.

It is significant to note that the educational regulatory bodies or government are other key parties that may affect the adoption rate of ChatGPT within the education sector. The only challenge they face is the corporate’s official acceptance of their skills. Corporate employers prefer regular graduates rather than online. Experts opine that ChatGPT can infuse more trust by safeguarding the validity (i.e., existence and issuance) of the credentials earned through informal education. Therefore, we propose the following: -

The main reason for the growing popularity of ChatGPT is its capability to produce human-like responses to online learners. This makes it perfect for applications such as conversation agents, virtual assistants, and chatbots. Further, language generation abilities engage users and have valuable conversations on various topics.

RP\_7: Being capable of writing and content development, ChatGPT can be helpful in education, online tutoring, post-doctoral research, and select researchers who need priority attention over others.

RP\_8: Adopting ChatGPT as a virtual assistant can lead to scrapping the physical interaction.

RP\_9: Automation can lead universities and educational institutes to access real-time students' data to improve decision-making and frame futuristic teaching campaigns.

RP\_10: ChatGPT can develop or support human decision-making or replace humans in human resource management and decision-making.

## CONCLUSION, RECOMMENDATIONS, AND IMPLICATIONS

The study aimed to respond following research objectives. First, how does ChatGPT improve educational institutions' performance and their student's learning? To address this, the study analyzed three segments that may benefit from ChatGPT solutions: 1) educational establishments (e.g., colleges, start-ups, universities, NGOs, and online learning centers) interested in enhancing the teaching efficiency and privacy of students' data; 2) students and learners, who are expected to get advantage from one-on-one learning, consistent, and justifiable ways to accrue, demonstrate, and share knowledge; 3) corporate, looking for trusted, safe methods to evaluate the validity of graduate's competencies, and certifications.

The study highlighted these three stakeholders' motivations, worries, and overall goals and found ChatGPT as an answer to create individual and shared value through educational technology-based initiatives. Secondly, the SWOT analysis and subsequent sections discuss the various impediments of ChatGPT' within the education sector. While doing a SWOT analysis and discussing with subject experts, the study found various challenges or roadblocks arising from public and private education institutions aiming to implement or develop ChatGPT solutions.

While analyzing ChatGPT applications in teaching, learning, and research, the study focuses on identity management initiatives, certification (e.g., the Online or open source university, certificates, and diploma's), and applications that motivate lifelong learning. Additionally, threats and challenges were considered across various areas: its adoption, data privacy, scalability, legal, innovation, and security. While analyzing the said issues, the study highlighted two key parties involved in the ChatGPT-in-education eco-system: one, the beneficiaries, such as students or learners, and secondly, the academicians.



Furthermore, three research approaches offer an agenda for multidisciplinary research: Literature review, desk research, and interview-based. The first approach referred to the extensive literature in articles, research papers, and expert opinions having Digital Object Identifier (DOI). Under desk research, material published on websites, and online libraries, the latest research studies published by technology, education, and legal experts were referred to make an opinion and conduct a SWOT analysis (Figure3).

The main characteristic that keeps ChatGPT ahead of other generative AI models is its vast size, which contains over one hundred seventy-five billion parameters, allowing it to have contemporary expertise and know-how for addressing various modern-day obligations. ChatGPT, like other generative or NLP models, also has some limitations. However, the prominent one is its training on massive data, including internet data, which may sometimes include errors, biases, or offensive content. Such biased or inappropriate content can create problems for applications such as customer care chatbots. However, we believe like other generative technologies, ChatGPT will continue to evolve and address the limitations to make the technology sustainable, effective, and accessible.

## REFERENCES:

- i. Atlas (2023). ChatGPT for higher education and professional development: A guide to conversational AI. [https://digitalcommons.uri.edu/cba\\_facpubs/548](https://digitalcommons.uri.edu/cba_facpubs/548)

ii. Azaria (2022). ChatGPT Usage and Limitations, HAL Open Science, Vol 1, pp 1-9, available online at <https://hal.science/hal-03913837>, accessed on May 3, 2023.

iii. Chatterjee et al., (2023). This new conversational AI model can be your friend, philosopher, guide, and even your worst enemy. *Patterns*, 4(1), 100676. <https://doi.org/10.1016/j.patter.2022.100676>

iv. Cotton et al., (2023). Chatting and Cheating. Ensuring academic integrity in the era of ChatGPT. <https://doi.org/10.35542/osf.io/mrz8h>.

v. Cowan et al., (2003). Defcon Capture the Flag: Defend vulnerable code from intense attack. In *Proceedings DARPA Information Survivability Conference and Exposition*, Vol. 1. IEEE, NY, USA, 120–129. <https://doi.org/10.1109/DISCEX.2003.1194878>

vi. DeAngelo L., Mason J., Winters D. (2016). Faculty engagement in mentoring undergraduate students: How institutional environments regulate and promote extra-role behavior. *Innovative Higher Education*, 41(4), 317-332. <https://doi.org/10.1007/s10755-015-9350-7>.

vii. Delić et al., (2019). Speech Technology Progress Based on New Machine Learning Paradigm. *Computational Intelligence and Neuroscience*, 1–19, <https://doi.org/10.1155/2019/4368036>.

viii. Jain & Jain (2019). Role of artificial intelligence in higher education-an empirical investigation, - *International Journal of Research and Analytical Reviews*, Vol 6, Issue 2, pp 144 – 150.

ix. Singh & Singh (2023). ChatGPT: Systematic Review, Applications, and Agenda for Multidisciplinary Research, *Journal of Chinese Economic and Business Studies*, <https://doi.org/10.1080/14765284.2023.2210482>.

x. Tack & Piech (2022). The AI Teacher Test: Measuring the Pedagogical Ability of Blender and GPT-3 in Educational Dialogues. <https://doi.org/10.48550/ARXIV.2205.07540>.

xi. Yang and Zhang (2019). Artificial Intelligence in Intelligent Tutoring Robots: A Systematic Review and Design Guidelines. *Applied Sciences*, 9(10), 2078.

**Annexure**

**Exhibit 1: Study Subjects (Interviews)**

Participants	Institution Type	Area of Focus	Beneficiaries or Supplier
1	Private University	Management and Law Programs	Beneficiaries
2	Public University	Teaching and Research	Beneficiaries
3	Private University	Distance Education	Beneficiaries
4	Private Institute	Dental and Medical	Beneficiaries
5	Startup	AI based Applications	Supplier

**Exhibit 2: Interview Questions**

Beneficiaries	Academicians
1. What are some of the positives of ChatGPT?	What are some of the challenges that can hamper your teaching, learning, and research?
2. How can ChatGPT make your learning easy?	How can ChatGPT make your teaching and delivery easy?
3. In which ways can ChatGPT be used in learners’ lives?	In which ways can ChatGPT be used in academicians’ lives?
4. What are some latest trends learners envision for ChatGPT in education?	How can academicians make students use ChatGPT to learn in and outside of school or college?
5. What obstacles may educational institutes face when they explore implementing ChatGPT in education, research & Training?	What key challenges have you faced that discomfort you while thinking of ChatGPT for education?



# 3

## LEGAL WORLD



- PRAGA TOOLS CORPORATION v. C. A. IMANUAL & ORS [SC]
- CENTRAL BOARD OF TRUSTEES v. KUMAR RAJAN & ANR [NCLAT]
- K K ROPEWAYS LTD v. BILLION SMILES HOSPITALITY PVT LTD [NCLAT]
- HASMUKHLAL MADHAVLAL PATEL v. AMBIKA FOOD PRODUCTS PVT. LTD[SC]
- COAL INDIA LTD v. COMPETITION COMMISSION OF INDIA (SC)
- BATRA HOSPITAL & MEDICAL v. BATRA HOSPITAL EMPLOYEES UNION[DEL]
- K.C. NINAN v. KERALA STATE ELECTRICITY BOARD & ORS [SC]
- B AND T AG v. MINISTRY OF DEFENCE [SC]



## Corporate Laws

### Landmark Judgement

**LMJ 07:07:2023**

**PRAGA TOOLS CORPORATION v. C. A. IMANUAL & ORS [SC]**

**Civil Appeal No. 612 of 1966**

**J.M.Shelat & Vishishtha Bhargava, JJ. [Decided on 19/02/1969]**

**Equivalent citations: 1969 AIR 1306; 1969 SCR (3) 773; 1969 SCC (1) 585 (1969) 39 Comp Cas 889.**

**Companies Act, 1956 read with constitution of India- Article 226 and government company- writ petition filed by workers to set aside the settlement – High Court allowed the same- whether correct- Held, No. Whether writ of mandamus lies against a company- Held, No.**

#### **Brief facts:**

The Appellant had two rival unions and a settlement was entered into with one union. Workers challenged this settlement before the High court under writ seeking a declaration that the settlement was null and void. In this petition the company was made a party and the conciliation officer was not made a party. Though the High court held that writ petition is not maintainable against a company, yet it gave the declaration. The appellant company challenged this before the Supreme Court.

**Decision: Appeal Allowed.**

#### **Reason:**

Thus the only question which arises in this appeal is, whether in the view that it took that the writ petition was not maintainable against the company, the High Court could still grant the said declaration.

In our view the High Court was correct in holding that the writ petition filed under Art. 226 claiming against the company mandamus or an order in the nature of mandamus was misconceived and not maintainable. The writ obviously was claimed against the company and not against the conciliation officer in respect of any public or statutory duty imposed on him by the Act as it was not he but the company who sought to implement the impugned agreement.

The grievance of the company, however, is that though the High Court held rightly that no such petition was

maintainable, it nevertheless granted a declaration in favour of three of the said workmen, a declaration which it could not issue once it held that the said writ petition was misconceived. The argument was that such a declaration, if at all, could only issue against public bodies or companies or corporations set up or controlled by statutes in respect of acts done by them contrary to or in breach of the provisions of such statutes. If a public authority purports to dismiss an employee otherwise than in accordance with mandatory procedural requirements or on grounds other than those sanctioned by the statute the courts would have jurisdiction to declare its act a nullity.

The High Court, however, relied on two decisions of this Court as justifying it to issue the said declaration. But neither of these two decisions is a parallel case which could be relied on. In the first case, the declaration was granted not against a company, as in the present case, but against the State Government and the declaration was as regards the invalidity of certain clauses of a notification issued by the Government in pursuance of power under s. 5 of the Minimum Wages Act, 1948 on the ground that the said clauses were beyond the purview of that section. In the second case also, certain rules made under the Cochin Tobacco Act of 1081 (M.E.) and the Travancore Tobacco Regulation of 1087 (M.E.) were declared void ab initio. These cases were therefore not cases where writ petitions were held to be not maintainable as having been filed against a company and despite that fact a declaration of invalidity of an impugned agreement having been granted.

In our view once the writ petition was held to be misconceived on the ground that it could not lie against a company which was neither a statutory company nor one having public duties or responsibilities imposed on it by a statute, no relief by way of a declaration as to invalidity of an impugned agreement between it and its employees could be granted. The High Court in these circumstances ought to have left the workmen to resort to the remedy available to them under the Industrial Disputes Act by raising an industrial dispute thereunder. The only course left open to the High Court was therefore to dismiss it. No such declaration against a company registered under the Companies Act and not set up under any statute or having any public duties and responsibilities to perform under such a statute could be issued in writ proceedings in respect of an agreement which was essentially of a private character between it and its workmen.

High Court, therefore, was in error in granting the said declaration. The result is that the appeal must be allowed and the said declaration set aside.

**LW 45:07:2023**

**CENTRAL BOARD OF TRUSTEES v. KUMAR RAJAN & ANR [NCLAT]**

**Company Appeal (AT) (CH) (Ins) No. 268/2021**

**M. Venugopal & Shreesha Merla. [Decided on 21/06/2023]**

#### **Brief facts:**

Petitioner lodged a claim with the RP which was allowed only to the extent of about 35%. The application against the rejection of the balance claim was rejected by the NCLT. Aggrieved the appellant appealed to the NCLAT.

**Decision:** Allowed.

**Reason:**

It is submitted by the Learned Counsel for the Appellant that the RP had classified them as 'Operational Creditors' without approving the Notice of the Adjudicating Authority based on the ratio laid down by this Tribunal in the matter of Jet Aircraft Maintenance Engineers Welfare Association Vs Ashish Chhawchharia, Resolution Professional of Jet Airways (India) Ltd. & Ors. reported in Company Appeal (AT) (CH) (Ins) No. 752/2021 which relied upon the Apex Court Judgment in the matter of Sunil Kumar Jain vs Sundaresh Bhatt, reported in Civil Appeal No. 407/2023, dated 30/01/2023.

Initially, the Claim Petition under Form F was filed for Rs. 23,74,92,674/- (Rupees Twenty Three Crores Seventy Four Lakhs Ninety Two Thousand Six Hundred and Seventy Four Only) before the 'Interim Resolution Professional' ("IRP") on 26/02/2020. Thereafter a revised claim in Form F was filed for Rs. 30,46,31,880/- (Rupees Thirty Crore Forty Six Lakhs Thirty One Thousand Eight Hundred and Eighty Only) on 21/10/2020 and the same was also admitted by the RP. It is submitted that the EPFO would have to be paid in priority to all other claims and that even in Liquidation Proceedings, the EPFO is outside the waterfall mechanism provided under Section 53 of the Code. However, the RP intimated them that they are entitled to only 35.13% of the total admitted claim of Rs. 30,46,31,880/- (Rupees Thirty Crore Forty Six Lakhs Thirty One Thousand Eight Hundred and Eighty Only).

In the aforementioned Judgment [Maharashtra State Cooperative Bank Limited vs. Assistant Provident Fund Commissioner & Others, (2009) 10 SCC 123] a clear direction was given to the successful resolution applicant to make payment of the admitted claims towards provident fund dues. The Hon'ble Apex Court has laid down that the share of workmen dues shall be kept outside the liquidation assets and the concerned workmen / employees shall have to be paid the same, out of such Provident fund, Gratuity Fund, if any available.

Keeping in view, the aforementioned principle is applicable to the facts of this case, the instant Company Appeal is allowed with a direction to include these amounts in the Resolution Plan.

**LW 46:07:2023**

**K K ROPEWAYS LTD v. BILLION SMILES HOSPITALITY PVT LTD [NCLAT]**

**Comp. App (AT) (CH) (INS.) No. 246 / 2021**

**M. Venugopal & Shreesha Merla. [Decided on 12/06/2023]**

**Insolvency and Bankruptcy Code, 2016 read with Arbitration and Conciliation Act, 1996- Operational creditor obtained an ex parte arbitration award against the corporate debtor- this award was challenged by the corporate debtor and the petition was pending final adjudication- operational creditor filed CIRC petition to execute the award- whether tenable- Held, No.**

**Brief facts:**

The Appellant (Operational Creditor) had obtained an ex parte arbitral award against the Respondent (Corporate Debtor). The said award was challenged by the Respondent under section 34 of the Arbitration and Conciliation Act, 1996 ("the Act"). In order to execute the said award, the Appellant filed the main petition CP (IB) No. 276 / BB / 2019, which was dismissed by the Adjudicating Authority (National Company Law Tribunal, Bengaluru Bench) on the ground of pre-existing debt. Aggrieved, the Appellant preferred the present appeal.

**Decision:** Dismissed.

**Reason:**

The primordial question that arises for determination in the instant Appeal is that whether the main petition filed by the Appellant is, per se, maintainable for the purpose of executing the award.

By virtue of the arbitration clause as per Agreement, the Appellant had secured the ex parte award and against the same the Respondent filed an appeal in terms of Section 34 of the Act. The very fact that an appeal was filed against the ex parte award by the Respondent, prima facie there exists a pre-existing dispute.

As far as the present case is concerned, this Tribunal points out that the award came to be passed based on the rental dispute, and when the appeal was filed by the Respondent against the award the operational debt can only be considered to be under dispute in the considered opinion of this Tribunal.

It cannot be gainsaid that, for initiating a Corporate Insolvency Resolution Process, against the Corporate Debtor, there ought to be no real dispute existing between the respective Parties to the Debt wed in question. So long as the arbitration award was challenged under the relevant Section of the Arbitration and Conciliation Act, 1996, the Operational Debt in the instant Appeal is considered to be under dispute as opined by this Tribunal.

The other candid fact that weighs against the Appellant is that the main Petition was filed on 20.06.2019, of course, after a gap of about four months from the date of demand notice dated 21.02.2019, and no reasons were assigned for the delay in not taking the diligent steps by the Appellant, towards the implementation of the Award, in accordance with Law.

In so far as the amount awarded in Award, is not disputed, and in reality, due to efflux of time, the interest, gets added on the Award Due Amount. As such, the difference in the amount, mentioned in the Demand Notice, dated 21.02.2019, in the main Petition, and in service Record of Default, with the Information Utility, produced by the Appellant with Affidavit, dated 09.03.2021, will not exhibit any incompatibility, so as to be of any assistance, to the Respondent / Corporate Debtor.

In the light of foregoing detailed discussions, on a careful consideration of the contentions advanced on the side



of the Appellant, and keeping in mind of the facts and circumstances of the case, in a conspectus fashion, this Tribunal, comes to an inescapable, inevitable and irresistible conclusion that the view arrived at by the Adjudicating Authority in dismissing the main petition filed by the Appellant, for recovering the sum awarded in arbitration proceedings is free from any legal errors. Consequently, the appeal sans merits.

**LW 47:07:2023**

**HASMUKHLAL MADHAVLAL PATEL v. AMBIKA FOOD PRODUCTS PVT. LTD[SC]**

**Civil Appeals No. 8194 & 8195 of 2018**

**K.M. Joseph & B.V. Nagarathna, JJ. [Decided on 15/06/2023]**

**Companies Act, 2013- oppression and financial mismanagement- increase of authorised capital and allotment of shares- disputes arose between three groups of shareholders over allotment of shares - whether a case of oppression- Held, No.**

**Brief facts:**

The first respondent is a closely private limited company. It had three groups of shareholders. H.M. Patel Group (30.80%), Sheth Group (45%) and V.P. Patel Group (24.20%). The authorised share capital of the company was increased from Rs.1 crore to 2 Crore and the additional shares were allotted which was the reason for the disputes between these three groups. V.P. Patel Group and Sheth Group filed petitions against the company and H.M. Patel Group alleging financial mismanagement and oppression.

NCLT, Ahmedabad Bench disposed of the petitions by upholding the increase of the share capital and with respect to allotment of shares and other allegations by issuing certain directions. NCLAT also affirmed substantially the order passed by the NCLT. The modification was only in regard to paragraph-92C (supra) of the Order of the NCLT. The NCLAT substituted the words 'financial year 2008-2009' in place of '2009- 2010'. Affirming the rest of the directions, the Appeals were disposed of. It is this Order, which was impugned in the Appeals before the Supreme Court.

**Decision : Partly allowed.**

**Reason:**

The bone of contention between the parties has narrowed down to one issue. The appellants take exception to the Order of the NCLAT, affirming the direction of the NCLT, by which, allotment of shares in respect of the increased share capital, was to be made to all the existing shareholders of the company as on 18.12.2009, in proportion to their shareholding. It was the further direction in paragraph-92A (supra) of the NCLT, that in case, if any of the shareholders is not willing to subscribe for additional shares, then, those shares shall be allotted to other shareholders, taking their options again, proportionate to their shareholdings.

The position under the Companies Act, 1956, under Section 81, remained the same in that it is only the company, in its General Body Meeting, which could increase the Authorised Capital. The position still continued that call it increase

in Subscribed Capital, it must be within the limits of the Authorised Capital.

By the Resolution dated 18.12.2009, the Board of Directors had not actually purported to increase the Authorised Capital. The contents of the last paragraph of the Resolution, makes it abundantly clear that the Board of Directors was aware that the power lay with the General Body of shareholders to bring about an increase in the Authorised Capital. It has, no doubt, undertaken to resolve to issue further capital, even though it could be said that as on 18.12.2009, there was 'no further capital' subsisting in terms of the limit of Rs.1 crore, which constituted the Authorised Capital as on 18.12.2009. The Resolution to allot the shares in 1:1 ratio and the indication that shares, which are not applied for, could be the subject matter of allotment to other shareholders, were all to become operative upon the applications being considered. The Minutes further reveal that the consideration of the application was to await the increase in the Authorised Capital in a duly constituted meeting of the General Body of shareholders.

It is, no doubt, true that the proper way of doing it could have been to pass a Resolution after the shareholders resolved to increase the Authorised Capital. It is equally true that such a Resolution was passed on 27.01.2010. The question is, as to whether the act of the Board of Directors attracted the opprobrium of it being an act of oppression. We would think that the decisions of the Board of Directors on 18.12.2009, understood as a whole, only means that the Resolution to issue further capital was to become effective only after the Authorised Capital was duly increased. This is not a case where the Board of Directors had resolved to allot the shares otherwise disregarding the mandate of Section 81 of the Act. What is more shares have been offered on a ratio of 1:1 to the existing shareholders. They were given the choice of refusal or to apply for more or lesser number of shares. This is not a case where the Resolution was to allot the further shares to the Directors or Members of their Group alone. There is a concurrent finding that the decision to go in for increase in capital, viz., Authorised Capital, was not vulnerable to attack. The decision was based on the advice given by the Bank. The purpose of the Board of Directors to increase the capital has been admittedly found to be bona fide. An incidental gain, namely the change in the shareholding pattern is entirely the inevitable result of the refusal of the respondent's groups to apply. We cannot proceed on the basis that the appellants foresaw and deliberately planned the whole affair. If only the respondents had applied, the situation would not have happened.

As far as the aspect that, the purported object was shown as generating fresh funds but in place of Rs.90 lakhs only Rs.21 lakhs was brought in goes, the fact that the paid-up capital was apparently shown as credited by cancelling loans due by the company to the appellants group, should not prevent this Court from overlooking the fact that the debt-equity ratio has undoubtedly been improved. It must be borne in mind that the whole idea was to get funds from the Bank for the expansion of the company. The case of the respondents that there were loans due to them also may not advance their case. It would have been different if the respondents had applied and sought adjustment of the consideration by cancelling loans given by them to the company and it was rejected.

On the whole, in the facts, the appellants cannot be described as having acted in a defective or in an unfair manner, in the matter of allotment of further shares particularly when the contention of the respondents about the bona fides of the decision to increase the authorised capital has been found in favour of the appellants. The appeals are partly allowed. The direction to allot shares in the impugned order is set aside. The order for conducting audit will remain undisturbed. There will be no order as to costs.



## Competition Law

**LW 48:07:2023**

### **COAL INDIA LTD v. COMPETITION COMMISSION OF INDIA (SC)**

**Civil Appeal No.2845 of 2017 with connected appeals**

**K.M. Joseph, B. V. Nagarathna & Ahsanuddin Amanullah, JJ.[Decided on 15/06/2023]**

**Competition Act,2002 read with Coal Mines Nationalisation Act- abuse of dominance- whether CCI has jurisdiction to inquire into the allegation with respect to a nationalised coalmine company- Held, Ys.**

#### **Brief facts:**

The second respondent had provided information to the CCI which the CCI proceeded to consider and it found the abuse of dominant position by the appellants. The appellant appealed to the Competition Appellate Tribunal, which affirmed the findings and conclusion recorded by the CCI on various facets of abuse of dominant position. The abuse of dominant position was ascribed to the appellants and the appeal was dismissed. Aggrieved by the dismissal of the appeal, the Appellant approached the Supreme Court.

**Decision: Dismissed.**

#### **Reason:**

The principal bone of contention of the appellant appears to be that Coal India Limited, the first appellant (hereinafter referred to as 'CIL') being a monopoly created by a statute and what is more important, geared and duty bound to achieve the objects declared in Article 39(b) of the Constitution of India and the second appellant, Western Coalfields Limited, a subsidiary company of the first appellant cannot be bound by the Competition Act, 2002 (hereinafter referred to as the 'Act'). In other words, having regard to the very object and purpose for which it was brought into being and the law surrounding such a body, applying the Act would produce

such anomalous results as would stultify the sublime goal enshrined in Article 39(b) as also the statute under which CIL witnessed its birth.

Since it was found that there were proceedings pending before the Commission/Tribunal wherein a similar question would directly arise, transfer petitions were filed to call for such proceedings to this Court. It is hence, that the Transfer petitions which we are dealing with came to be allowed. This is however, on the understanding that the Court would not go into the merits of the individual cases but would confine itself to ruling on the question of law raised by the appellants, viz., the applicability of the Act to them.

We must proceed on the basis that there is no challenge to the Act. This means that we must take the Act as it is and place an interpretation on it as would be most suitable in accordance with well-established principles. In other words, this is not a case where the Court has been invited to pronounce on the vires of the Act.

We may bear in mind that Government Departments are also expressly covered within the expression 'enterprise' under the Act. No doubt, Departments discharging sovereign functions are excluded but save those Government departments which are excluded, the Government Departments being State, are equally obliged to bear in mind the Directive Principles. The radical nature of the law contained in the Act has made a perceptible departure from the erstwhile law contained in the MRTP Act. We have noticed Section 3 of the MRTP Act, which sought to protect Government entities, as provided therein, from the reach of the MRTP Act. The fact that Government Departments, which follow policies of the Government, are expected to comply with the Act, has a deep impact on the contentions of the appellant that they are outside of the purview of the Act. It would involve elevating the appellants to a status above that of a Government Department to approve of the argument that Article 39(b), would allow the appellants to resist action under the Act, when it does not allow the Government Department, under which, in fact, the appellants operate to do so.

It is, undoubtedly, true that there has been a vesting of rights in regard to the mines under the Nationalisation Act. Still further, there has been a vesting under Section 5 of the Nationalisation Act of the rights of the lessee in the first appellant. Under Section 11 of the Nationalisation Act, the power of general superintendence, direction, control and management of the vested mins, vest in the first appellant-Company. If Section 28 of the Act is evoked and a direction is given to order division, undoubtedly, it would be inconsistent with the provisions of the Nationalisation Act.

Section 54 of the Act gives power to the Central Government to exempt from the application of the Act or any provision and for any period, which is specified in the Notification. The ground for exemption can be security of the State or even public interest. It is not as if the appellants, if there was a genuine case made out for being taken outside the purview of the Act in public interest, the Government would be powerless. We say no more.

We would hold that there is no merit in the contention of the appellants that the Act will not apply to the appellants for the reason that the appellants are governed by the Nationalisation Act and that Nationalisation Act cannot

be reconciled with the Act. This is subject to the appellants having all the rights to defend their actions under the law and as indicated hereinbefore. The transferred cases shall be sent back so that they may be dealt with on their own merits. The transferred cases are disposed of.



## Labour Laws

**LW 49:07:2023**

### **BATRA HOSPITAL & MEDICAL v. BATRA HOSPITAL EMPLOYEES UNION [DEL]**

**LPA No. 99 of 2018 & CM NO. 49958/2022**

**Najmi Waziri & Sudhir Kumar Jain ,JI. [Decided on 26/05/ 2023]**

**Section 32 of the Payment of Bonus Act,1965 read with section 80G Income tax Act,1961- hospital run by a charitable trust- Tax exemption certificate granted by Income tax- whether exempted from payment of bonus act based on this tax certificate- Held, No.**

#### **Brief facts:**

The employees of the appellant hospital raised an industrial dispute claiming bonus under the Payment of Bonus Act,1965 (the Act). The labour Tribunal rejected the contention on the ground that the appellant is a charitable trust and exempted from the provisions of the Act. On appeal, the Single Judge reversed the judgement of the Tribunal and held that the Appellant is covered under the Act. Aggrieved by the judgement of the Single Judge, the Appellant had challenged the same under Letters Patent Appeal.

**Decision: Dismissed.**

#### **Reason:**

The Act was enacted with objective to provide for the payment of bonus to persons employed in certain establishments on the basis of profits or on the basis of production or productivity. Section 1 of the Act provides that the Act shall apply to every factory and every other establishment in which twenty or more persons are employed on any day during an accounting year. Section 32 of the Act exempts certain classes of employees from their entitlement to bonus. The hospitals which are “established not for the purposes of profit” are exempted from the applicability of the Act by virtue of sub-clause (c) of clause (v) of section 32 .

After analytical and critical analysis of material on record including impugned judgment we are of view that the learned Single Judge rightly did not agree with above findings of the Tribunal while observing that these findings

are presumptuous in nature and the Tribunal did not disclose how or why it presumes that a Trust which sets up hospitals which provide free treatment to needy patients is not working “for the purpose of profit”. It is difficult to accept the contention that the appellant could be regarded as established “not for the purpose of profit”. The learned Single Judge has observed that profits were in fact earned by the appellant but were funnelled back into the appellant Hospital to enhance its services and as a result thereof, the appellant Hospital had expanded, from a small institution in 1986 to a 312-bedded hospital as on the date of the Award and must have been further expanded manifold. The earning of the profit would necessarily entail the responsibility of sharing some part of such profit with the employees or workmen whose effort have significantly contributed towards the earning of the profit which is mandate of the Act and it would not fair for the appellant to evade this responsibility.

In his cross-examination, MW1 has admitted that the appellant hospital was not in possession of any material to establish that poor persons were given free treatment by the appellant Hospital, in fact he admitted that the Hospital was running on the basis of the income received from patients, apart from donations received by it. The said witness failed to identify the location of the display or any notice or intimation to the general public that the appellant Hospital was being run on charitable purposes. Most strikingly, the management’s witness was unable to name even a single patient who had been given free treatment by the appellant Hospital. MW1 also admitted that the appellant Hospital has issued a booklet mentioning the rates of various services rendered by it but could not recall information regarding providing of free treatment in any of the brochures issued by the appellant Hospital.

The learned Single Judge in para no.49 of the impugned judgment observed that perusal of the certificates issued to the appellant Hospital under section 80G of the Income Tax Act reveals that they have been issued under sub-section (5) thereof and exemption under sub-section (5) of section 80G of the Income Tax Act is available “to donations to any institute or fund referred to in sub-clause (iv) of clause (a) of sub section (2) only if it is established in India for a charitable purpose...” and further observed that as per arguments advanced on behalf of the appellant Hospital there is no real difference between the expressions “established not for the purpose of profit” and “established for a charitable purpose” and the certificates issued to appellant Hospital under section 80G of the Income Tax Act effectively conclude the factual position that the appellant-Hospital was established not for the purpose of profit.

The learned Single Judge has rightly rejected the said argument by observing that the definition of “charitable purpose” as contained in clause (15) of section 2 of the Income Tax Act defeats the said contention, because it would be hazardous to presume that every organization which is certified under section 80G of the Income Tax Act would be entitled ipso facto to immunity from the applicability of the Act and the word “charitable purpose” as used in section 80G(5) of the Income Tax Act may not readily be equated with the words “not for the purpose of profit”, as used in section 32(v)(c) of the Act.

In our view observation of the learned Single Judge made in impugned judgment that the objects and purposes of



the Income Tax Act and the Act are distinct and different from each other. Consequently, the purpose of grant of exemption in respect of donations made to an organization certified under section 80G of the Income Tax Act would be distinct from the purpose of granting immunity to an organization or institution from the applicability of section 32(v)(c) of the Payment of Bonus Act. The appellant has neither placed on record any notification to prove that the equipment imported by the appellant Hospital was exempted from levy of any statutory duty.

In the background of above facts, we are of the considered opinion that the appellant Hospital cannot be regarded as established “not for the purpose of profit” as required by section 32(v)(c) of the Payment of Bonus Act and the dominant purposed of the appellant is manifestly to earn the profit. We are in agreement with the findings of the learned Single Judge that the impugned Award was passed on assumptions and presumptions and without considering the material evidence on record including statements of the witnesses and the contents of the affidavits filed by them. The impugned Award cannot be sustained on facts or in law. There is no merit in the appeal. The appellant Hospital is not entitled for exemption under section 32 (v)(c) of the Act. It is liable to pay bonus to its employees as per mandate of the Act. The appellant Hospital is directed to comply with directions in terms of para 59 of the impugned judgment.



## General Laws

**LW 50:07:2023**

**K.C. NINAN v. KERALA STATE ELECTRICITY BOARD & ORS [SC]**

**Civil Appeal No 2109-2110 of 2004 with connected appeals**

**Dr.D.Y. Chandrachud, P.S.N.Rao & Hima Kholi,JI. [Decided on 19/05/2023]**

**Electricity laws- outstanding dues by predecessor owner of the premises- disconnection of electricity-successor denied reconnection without paying the outstanding dues of the predecessor- whether correct and tenable-Held, Yes.**

### **Brief facts:**

The nineteen cases in this batch of appeals follow a similar pattern of facts. The supply of electricity was discontinued due to the failure of the previous owners to pay the dues for consumption of electricity on the premises. The previous owners had borrowed money or raised loans on the security of their premises. In some cases, the erstwhile owner went into liquidation. The premises were sold in auction sales generally on an “as is where is” basis. The new owners, who purchased the properties in auction, applied for new

electricity connections for the premises to which electricity had been disconnected for failure to pay the dues. The Electric Utilities refused to provide an electricity connection unless the auction purchaser paid the dues of the previous owner. This refusal was derived from powers conferred under subordinate legislations, notifications, electricity Supply Codes or state regulations. The denial of electricity supply resulted in the institution of petitions under Article 226 before the High Court, leading to the judgments which are in appeal.

### **Decision & Reason:**

The Court, after elaborately discussing the electricity laws, concluded as under:

The conclusions are summarised below:

- a. The duty to supply electricity under Section 43 of the 2003 Act is not absolute, and is subject to the such charges and compliances stipulated by the Electric Utilities as part of the application for supply of electricity;
- b. The duty to supply electricity under Section 43 is with respect to the owner or occupier of the premises. The 2003 Act contemplates a synergy between the consumer and premises. Under Section 43, when electricity is supplied, the owner or occupier becomes a consumer only with respect to those particular premises for which electricity is sought and provided by the Electric Utilities;
- c. For an application to be considered as a ‘reconnection’, the applicant has to seek supply of electricity with respect to the same premises for which electricity was already provided. Even if the consumer is the same, but the premises are different, it will be considered as a fresh connection and not a reconnection;
- d. A condition of supply enacted under Section 49 of the 1948 Act requiring the new owner of the premises to clear the electricity arrears of the previous owner as a precondition to availing electricity supply will have a statutory character;
- e. The scope of the regulatory powers of the State Commission under Section 50 of the 2003 Act is wide enough to stipulate conditions for recovery of electricity arrears of previous owners from new or subsequent owners;
- f. The Electricity Supply Code providing for recoupment of electricity dues of a previous consumer from a new owner have a reasonable nexus with the objects of the 2003 Act;
- g. The rule making power contained under Section 181 read with Section 50 of the 2003 Act is wide enough to enable the regulatory commission to provide for a statutory charge in the absence of a provision in the plenary statute providing for creation of such a charge;
- h. The power to initiate recovery proceedings by filing a suit against the defaulting consumer is independent of the power to disconnect electrical supply as a means of recovery under Section 56 of the 2003 Act; i. The implication of the expression “as is where is” basis is that every intending bidder is put on notice that the seller does not undertake responsibility in respect of the

property offered for sale with regard to any liability for the payment of dues, like service charges, electricity dues for power connection, and taxes of the local authorities; and j. In the exercise of the jurisdiction under Article 142 of the Constitution, the Electric Utilities have been directed in the facts of cases before us to waive the outstanding interest accrued on the principal dues from the date of application for supply of electricity by the auction purchasers.

**LW 51:07:2023**

**B AND T AG v. MINISTRY OF DEFENCE [SC]**

**Arbitration Petition (C) No. 13 of 2023**

**Dr. D.Y.Chandrachud & J.B. Pardiwala, J. [Decided on 18/05/2023]**

**Arbitration and Conciliation Act, 1996- Section 11(6)- respondent encashed the bank guarantee towards liquidated damages- petitioner continued negotiations- negotiations failed- arbitration application filed to appoint the arbitrator- whether arbitrator to be appointed-Held, No.**

### **Brief facts:**

The Petitioner had entered into an agreement with the Respondent for the supply of 15668 sub-machine guns under a Fast Track Procedure. The dispute between the parties arose in relation to the alleged wrongful encashment of warranty bond by the respondent. This action on the part of the respondent, i.e., of encashing Liquidated Damages (LDs) for the requisite amount was on account of delay in the supply of goods beyond the contractual time period. Further, the respondent on 26.09.2016 deducted the amount for recovery of applicable LDs. The amount was consequently, credited into the Government Account as per the instructions contained in the letter dated 11.08.2016 issued on behalf of the President of India.

Despite the aforesaid, the parties continued to engage themselves in “bilateral discussions” with a view to explore the possibility of resolving the dispute regarding imposition of the LDs and encashment of the WBG. However, the respondent vide its letter dated 22.09.2017 informed the petitioner, that all actions taken by the respondent were in accordance with the terms of the Contract, and that the petitioner was given sufficient opportunity to present its case.

In these circumstances, the petitioner approached the Supreme Court for the appointment of arbitrator.

**Decision: Dismissed.**

### **Reason:**

On a conspectus of all the aforesaid decisions what is discernible is that there is a fine distinction between the plea that the claims raised are barred by limitation and the plea that the application for appointment of an arbitrator is barred by limitation.

“Cause of action” means the whole bundle of material facts, which it is necessary for the plaintiff to prove in order to entitle him to succeed in the suit. Cause of action becomes important for the purposes of calculating the limitation

period for bringing an action. It is imperative that a party realises when a cause of action arises. If a party simply delays sending a notice seeking reference under the Act 1996 because they are unclear of when the cause of action arose, the claim can become time-barred even before the party realises the same.

We once again go back to the facts of the present case. Even according to the petitioner, the disputes arose between the parties in relation to the wrongful encashment of bank guarantee vide letter dated 16.02.2016 for Euro 201,793.75 (“BG”) and for wrongful imposition of liquidated damages to the tune of Euro 399,0240.10. We are at one with the learned ASG that this was the “Breaking Point”. What is more important is the fact that the respondent on 26.09.2016, deducted the amount towards recovery of the liquidated damages. The requisite amount was credited into the Government account in accordance with the instructions contained in the letter dated 11.08.2016. This was the end of the matter. To say that even thereafter, the petitioner kept negotiating with the respondent in anticipation of some amicable settlement would not save the period of limitation.

The plain reading of the aforesaid letter would indicate that the disputes between the parties had cropped up way back in the year 2014 itself. This is evident by the date 24.10.2014 figuring in the aforesaid letter dated 24.02.2016. The letter indicates that after the disputes arose between the parties, the petitioner tried to offer its explanation and put forward its case vide letter dated 24.10.2014. The respondent by letter dated 24.02.2016 clarified or rather informed the petitioner that the justifications put forward by the petitioner vide its letter dated 24.10.2014 were duly considered and thereafter, a final decision was taken for encashment of the liquidated damages. Therefore, the petitioner is not justified in saying that it continued to negotiate till 2019. The mere bald assertion in this regard is not sufficient as observed by this Court in *Geo Miller (supra)*. The entire history of the negotiation between the parties must be specifically pleaded and placed on record. It is only after the entire history of negotiation is pleaded and placed on record that the Court would be in a position to consider such history so as to find out what was the “Breaking Point” at which any reasonable party would have abandoned efforts at arriving at a settlement and contemplated referral of the dispute for arbitration.

At the cost of repetition, we state that when the bank guarantee came to be encashed in the year 2016 and the requisite amount stood transferred to the Government account that was the end of the matter. This “Breaking Point” should be treated as the date at which the cause of action arose for the purpose of limitation.

Negotiations may continue even for a period of ten years or twenty years after the cause of action had arisen. Mere negotiations will not postpone the “cause of action” for the purpose of limitation. The Legislature has prescribed a limit of three years for the enforcement of a claim and this statutory time period cannot be defeated on the ground that the parties were negotiating.

The case on hand is clearly and undoubtedly, one of a hopelessly barred claim, as the petitioner by its conduct slept over its right for more than five years. Statutory arbitrations stand apart.

Online Admissions for  
Post Membership Qualification

# PMQ Course on

**Corporate Governance**

**Internal Audit**

**Arbitration**

Last Date to Register : 31<sup>st</sup> July, 2023



Course Structure - The PMQ Course shall be conducted in 4 stages



### PASSING CRITERIA

- Passing percentage of 50% in online examination of 100 marks. Negative marking of 1/4th for every incorrect answer.
- Passing percentage of 50% in project report and presentation.

### FEE STRUCTURE

- 1st Installment of Registration: Rs. 12,500/- (to be paid at the time of registration)
- 2nd Installment of Registration: Rs. 12,500/- (to be paid before 30th September (for registrations done till 31st December))
- Course Examination Fee: Rs. 1,500/- plus applicable taxes.

### AWARD OF DIPLOMA CERTIFICATE

All successful candidates of PMQ Course after qualifying all the stages shall be awarded with a Diploma Certificate by the Institute of Company Secretaries of India.

### AWARDED OF CPE CREDITS

All successful candidates shall be awarded with 20 Structured CPE Credits in the year of completion

### TERM OF COURSE

The registration for PMQ courses will be valid for a period of 3 years from the date of registration.

### FOR QUERIES

For further queries you can write to [pmq@icsi.edu](mailto:pmq@icsi.edu)

For Registrations please visit: <https://tinyurl.com/pmqcourses>

**CS Manish Gupta**  
President, ICSI

**CS B. Narasimhan**  
Vice President, ICSI

**CS Suresh Pandey**  
Council Member & Chairman  
PMQ Course Committee, ICSI

**CS Asish Mohan**  
Secretary, ICSI

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

सत्यं वद। धर्मं चर। इष्टको क्रेतः त्पतेः बोधेदु ह्यु क्रेतः क्वः

**ICSI Motto**

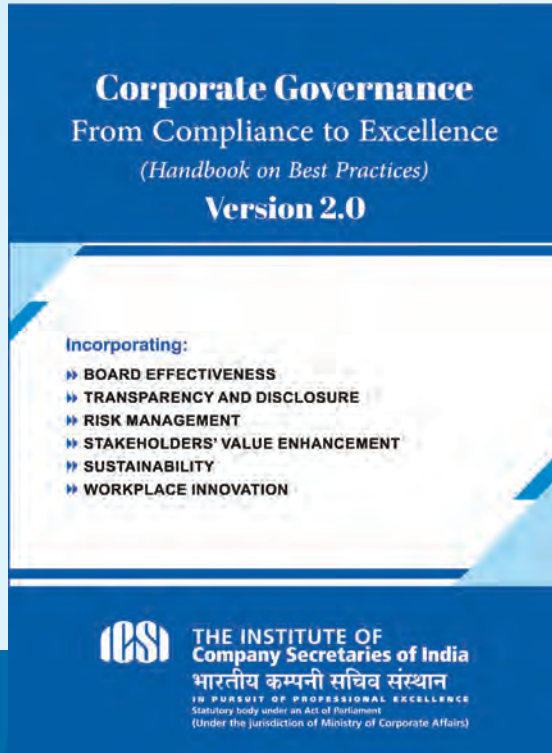
**MISSION**  
"To develop high calibre professionals  
facilitating good corporate governance"

Connect with ICSI

[www.icsi.edu](http://www.icsi.edu) |  | Online Helpdesk: <http://support.icsi.edu>



## NEW PUBLICATIONS



The Handbook intends to share with the India Inc. the best practices observed in corporate governance during the analysis of companies which participated in the 22nd ICSI National Awards for Excellence in Corporate Governance.

**Price: ₹1000**



Based on the analysis of companies which participated in the ICSI Business Responsibility and Sustainability (BRS) Awards, the Institute has come up with this publication. The Publication contains a step-by-step guide for corporates to file their BRSR hassle-free.

**Price: ₹700**

Link: <https://smash.icsi.edu/Scripts/ECart/Default/ECartSearchOnlineBooks.aspx>

CS Manish Gupta  
President, The ICSI

CS B. Narasimhan  
Vice President, The ICSI

CS Dhananjay Shukla  
Chairman, CLGC, The ICSI

CS Asish Mohan  
Secretary, The ICSI

Connect with ICSI

[www.icsi.edu](http://www.icsi.edu) | [f](#) [t](#) [in](#) [v](#) [o](#) | Online helpdesk : <http://support.icsi.edu>

# 4

## FROM THE GOVERNMENT



- RELAXATION IN PAYING ADDITIONAL FEES IN CASE OF DELAY IN FILING DPT- 3 FOR FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH 2023 UP TO 31<sup>ST</sup> JULY 2023-REG
- BANK GUARANTEES (BGS) CREATED OUT OF CLIENTS' FUNDS
- MODIFICATIONS IN THE REQUIREMENT OF FILING OF OFFER DOCUMENTS BY MUTUAL FUNDS
- DISCLOSURE OF INFORMATION ON ISSUERS NOT COOPERATING (INC) WITH CRAs
- MANNER OF ACHIEVING MINIMUM PUBLIC UNITHOLDING - REITs
- MANNER OF ACHIEVING MINIMUM PUBLIC UNITHOLDING - INVITs
- INVESTOR SERVICE CENTRES OF STOCK EXCHANGES
- FORMAT OF COMPLIANCE REPORT ON GOVERNANCE FOR INVITs
- FORMAT OF COMPLIANCE REPORT ON GOVERNANCE FOR REITs
- FORMAT FOR ANNUAL SECRETARIAL COMPLIANCE REPORT FOR REITs
- FORMAT FOR ANNUAL SECRETARIAL COMPLIANCE REPORT FOR INVITs
- TRADING SUPPORTED BY BLOCKED AMOUNT IN SECONDARY MARKET
- STANDARDISED APPROACH TO VALUATION OF INVESTMENT PORTFOLIO OF ALTERNATIVE INVESTMENT FUNDS (AIFs)
- MODALITIES FOR LAUNCHING LIQUIDATION SCHEME AND FOR DISTRIBUTING THE INVESTMENTS OF ALTERNATIVE INVESTMENT FUNDS (AIFs) IN-SPECIE

- ISSUANCE OF UNITS OF AIFs IN DEMATERIALIZED FORM
- TRADING PREFERENCES BY CLIENTS
- ADHERENCE TO PROVISIONS OF REGULATION 51A OF SEBI (ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES) REGULATIONS, 2021 BY ONLINE BOND PLATFORM PROVIDERS ON PRODUCT OFFERINGS ON ONLINE BOND PLATFORMS
- AMENDMENT TO GUIDELINES ON ANTI-MONEY LAUNDERING (AML) STANDARDS AND COMBATING THE FINANCING OF TERRORISM (CFT) /OBLIGATIONS OF SECURITIES MARKET INTERMEDIARIES UNDER THE PREVENTION OF MONEY-LAUNDERING ACT, 2002 AND RULES FRAMED THERE UNDER
- AMENDMENT TO CIRCULAR ON ISSUE OF CERTIFIED COPIES OF ORDERS AND CIRCULARS
- CORRIGENDUM TO CIRCULAR ON PARTICIPATION OF MUTUAL FUNDS IN REPO TRANSACTIONS ON CORPORATE DEBT SECURITIES DATED JUNE 8, 2023
- REGULATORY FRAMEWORK FOR EXECUTION ONLY PLATFORMS FOR FACILITATING TRANSACTIONS IN DIRECT PLANS OF SCHEMES OF MUTUAL FUNDS
- UPSTREAMING OF CLIENTS' FUNDS BY STOCK BROKERS (SBs) / CLEARING MEMBERS (CMs) TO CLEARING CORPORATIONS (CCs)
- PARTICIPATION OF MUTUAL FUNDS IN REPO TRANSACTIONS ON CORPORATE DEBT SECURITIES
- ONLINE PROCESSING OF INVESTOR SERVICE REQUESTS AND COMPLAINTS BY RTAS
- TRANSACTIONS IN CORPORATE BONDS THROUGH REQUEST FOR QUOTE (RFQ) PLATFORM BY STOCK BROKERS (SBs)
- RESERVE BANK OF INDIA – MASTER DIRECTION ON MINIMUM CAPITAL REQUIREMENTS FOR OPERATIONAL RISK
- STATUS OF MIFOR AS A SIGNIFICANT BENCHMARK
- REMITTANCES TO INTERNATIONAL FINANCIAL SERVICES CENTRES (IFSCs) UNDER THE LIBERALISED REMITTANCE SCHEME (LRS)
- SOVEREIGN GOLD BOND (SGB) SCHEME 2023-24
- AGENCY COMMISSION FOR COLLECTION OF INDIRECT TAXES THROUGH ICEGATE PAYMENT GATEWAY
- PRIORITY SECTOR LENDING (PSL) TARGETS / SUB-TARGETS AND CONTRIBUTION AGAINST SHORTFALL IN ACHIEVEMENT OF PSL TARGETS – PRIMARY (URBAN) CO-OPERATIVE BANKS (UCBs) - EXTENSION OF TIME
- GUIDELINES ON DEFAULT LOSS GUARANTEE (DLG) IN DIGITAL LENDING
- FRAMEWORK FOR COMPROMISE SETTLEMENTS AND TECHNICAL WRITE-OFFS
- RATIONALIZATION OF BRANCH AUTHORISATION POLICY FOR URBAN CO-OPERATIVE BANKS (UCBs)
- RESERVE BANK OF INDIA (CALL, NOTICE AND TERM MONEY MARKETS) DIRECTIONS, 2021-REVIEW
- EXPANDING THE SCOPE OF TRADE RECEIVABLES DISCOUNTING SYSTEM
- RISK MANAGEMENT AND INTER-BANK DEALINGS - NON-DELIVERABLE DERIVATIVE CONTRACTS (NDDCs)
- IMPLEMENTATION OF SECTION 51A OF UAPA,1967: UPDATES TO UNSC'S 1267/ 1989 ISIL (DA'ESH) & AL-QAIDA SANCTIONS LIST: REMOVAL OF 02 ENTRIES FROM SANCTION LIST
- IMPLEMENTATION OF SECTION 51A OF UAPA,1967: UPDATES TO UNSC'S 1267/ 1989 ISIL (DA'ESH) & AL-QAIDA SANCTIONS LIST: AMENDMENTS IN 01 ENTRY





## Corporate Laws

### 01 Relaxation in paying additional fees in case of delay in filing DPT- 3 for Financial Year ended on 31<sup>st</sup> March 2023 up to 31<sup>st</sup> July 2023-reg

**[Issued by the Ministry of Corporate Affairs [ENO. Policy-01/2/2021-CL-V-MCA-(Part- 1)] dated 31.06.2023. Published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-Section (1)]**

Due date for filing Form DPT-3 (Return of deposits) is 30<sup>th</sup> of June 2023 for the Financial Year ended on 31<sup>st</sup> March 2023. Keeping in view the transition of MCA-21 Portal from Version -2 to Version -3, it has been decided to allow companies to file Form DPT-3 for the financial year ended on 31<sup>st</sup> March 2023 without paying additional fees up to 31<sup>st</sup> July 2023.

This issues with the approval of the competent authority.

**SHOBHIT SRIVASTAVA**

Deputy Director

### 02 Bank Guarantees (BGs) created out of clients' funds

**[Issued by the Ministry of Corporate Affairs [F. No. Insol-30/1/2023-Insolvency-MCA] dated 14.06.2023. Published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-Section (1)]**

In exercise of the powers conferred by clause (a) of sub-section (3) of section 14 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016), the Central Government hereby notifies that the provisions of sub-section (1) of section 14 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016), shall not apply where the corporate debtor has entered into any of the following transactions, arrangements or agreements, namely: -

- (i) The Production Sharing Contracts, Revenue Sharing Contracts, Exploration Licenses and Mining Leases made under the Oilfields (Regulation and Development) Act, 1948 (53 of 1948) and rules made thereunder; and
- (ii) Any transactions, arrangements or agreements, including Joint Operating Agreement, connected or ancillary to the transactions, arrangements or agreements referred to in clause (i).

**ANITA SHAH AKELLA**

Joint Secretary

### 03 Modifications in the requirement of filing of Offer Documents by Mutual Funds

**[Issued by the Ministry of Corporate Affairs [E No. 1/19/2013-CL-V-Part III] dated 31.05.2023. Published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-Section (1)]**

In exercise of the powers conferred by sub-sections (1) and (3) of section 128, sub section (3) of section 129, section 133, section 134, sub-section (4) of section 135, sub-section (1) of section 136, section 137 and section 138 read with section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Accounts) Rules, 2014, namely:-

1. Short title and commencement.—(1) These rules may be called the Companies (Accounts) Second Amendment Rules, 2023.  
(2) They shall come into force on the date of their publication in the Official Gazette.
2. In the Companies (Accounts) Rules, 2014, in rule 12, in sub-rule (1B), after the second proviso, the following proviso shall be inserted, namely:-

"Provided also that for the financial year 2022-2023, Form CSR-2 shall be filed separately on or before 31st March, 2024 after filing Form No. AOC-4 or Form No. AOC-4-NBFC (Ind AS), as specified in these rules or Form No. AOC-4 XBRL as specified in the Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Rules, 2015 as the case may be."

**MANOJ PANDEY**

Joint Secretary

### 04 Disclosure of Information on Issuers Not Cooperating (INC) with CRAs

**[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/DDHS/DDHS-POD2/P/CIR/2023/ 105 dated 27.06.2023]**

- I. SEBI (Credit Rating Agencies) Regulations, 1999 ("CRA Regulations") *inter-alia* require every CRA to carry out periodic reviews of all published ratings during the lifetime of the securities, unless the rating is withdrawn. However, in case a client does not cooperate with the CRA, the CRA is required to carry out the review on the basis of best available information or in the manner specified by SEBI. Further, in such cases, CRAs are required to disclose that such ratings have been assigned based on the best available information.
- II. Over time, the number of issuers that are non-cooperative with CRAs have increased, with a vast majority of INC issuers being unlisted and small entities. In this regard, to provide enhanced transparency and information regarding non-cooperative issuers to various stakeholders, market participants and investors, the following is being prescribed:
  - A. A CRA shall disclose two lists of issuers who are non-cooperative with the CRA, separately for:

- i. Securities that are listed, or proposed to be listed, on a recognized stock exchange, and
  - ii. Other ratings
- B. The aforementioned lists shall be disclosed in the following format:

S. No.	Name of Non-cooperative issuer	Date of categorization of issuer as non-cooperative	Link to the webpage hosting the issuer's press releases

**RITESH NANDWANI**

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](http://www.sebi.gov.in)

## 05 Manner of achieving minimum public unitholding - REITs

**[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/DDHS/PoD2/P/CIR/2023/106 dated 27.06.2023]**

1. Regulation 14(2A) of SEBI (Real Estate Investment Trusts) Regulations, 2014 ("REIT Regulations") *inter-alia* mandates that any listed REIT which has public unitholding below twenty-five percent, shall increase its public unitholding to at least twenty-five percent within a period of three years from the date of listing of units pursuant to initial offer.
2. In order to facilitate REITs to achieve minimum public unitholding compliance as required under REIT Regulations, Manager of the REIT shall adopt any of the following methods:

**RITESH NANDWANI**

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](http://www.sebi.gov.in)

## 06 Manner of achieving minimum public unitholding - InvITs

**[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/DDHS/PoD2/P/CIR/2023/107 dated 27.06.2023]**

1. Regulation 14(1A) of SEBI (Infrastructure Investment Trusts) Regulations, 2014 ("InvIT Regulations") *inter-alia* mandates that any listed InvIT which has public unitholding below twenty-five percent, shall increase its public unitholding to at least twenty-five percent within a period of three years from the date of listing of units pursuant to initial offer.
2. In order to facilitate InvITs to achieve minimum public unitholding compliance as required under InvIT Regulations, Investment Manager of the InvIT shall adopt any of the following methods:

**RITESH NANDWANI**

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](http://www.sebi.gov.in)

## 07 Investor Service Centres of Stock Exchanges

**[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/MRD/MRD-POD- 3/CIR/P/2023/104 dated 26.06.2023]**

1. SEBI vide Circular No.SMD/POLICY/CIR-32/97 dated December 03, 1997 advised all stock exchanges to open or maintain atleast one Investor Service Centre (ISC) for the benefit of the investors. Such centres are required to, *inter alia*, provide counseling service and provide certain basic minimum facilities to the investors. The major stock exchanges were allowed to open as many ISCs as required.
2. Subsequently, vide SEBI Circulars No. CIR/MRD/DSA/03/2012 dated January 20, 2012, No.CIR/MIRSD/2/2012 dated February 15, 2012 and No. CIR/MRD/ICC/21/2013 dated July 05, 2013, it was mandated that apart from the ISCs that are operating in metro cities (viz., New Delhi, Mumbai, Chennai and Kolkata), stock exchanges having nationwide terminals shall open ISCs in Ahmedabad, Hyderabad, Kanpur, Indore, Bangalore, Pune, Jaipur, Ghaziabad, Lucknow, Gurgaon, Patna and Vadodara.
3. Considering significant development in the securities market including technological advancements since the issuance of abovementioned circulars, a need was felt to review the provisions related to ISCs of stock exchanges. Based on consultation with the stock exchanges, the following have been decided:
  - 3.1. In order to reach out to the investors across India, the stock exchanges shall make use of the existing ISCs at locations mentioned at paragraph-2 above and open additional ISCs wherever required; or as specified or to be specified by the Board from time to time. The ISCs can be set up either by one stock exchange or jointly by two or more stock exchanges as per their mutual agreement.

**HRUDA RANJAN SAHOO**

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](http://www.sebi.gov.in)

## 08 Format of Compliance Report on Governance for InvITs

**[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/DDHS-PoD-2/P/CIR/2023/100 dated 26.06.2023]**

1. Regulation 26K of SEBI (Infrastructure Investment Trusts) Regulations, 2014 ("InvIT Regulations") requires as under:
  - (1) The investment manager shall submit a quarterly compliance report on governance in the format as may be specified by the Board, to the recognized stock exchange(s) within twenty-one days from the end of each quarter.
  - (2) The report referred in sub-regulation (1) of this regulation shall be signed either by the compliance officer or the chief executive officer of the investment manager.

2. Accordingly, the formats of Compliance Report on Governance shall be as under:
  - (a) Annex - I – within twenty one days from the end of each quarter;
  - (b) Annex - II – within twenty one days from the end of financial year on an annual basis;
  - (c) Annex - III – within three months from the end of financial year on an annual basis;
3. Reporting and Monitoring
  - (a) The investment manager of the InvIT shall submit the compliance report on governance in the aforesaid format to the stock exchanges within the timelines as specified above. The compliance report on governance shall also be made part of annual report of the InvIT.
  - (b) The stock exchanges shall monitor the compliance of the above requirements and take appropriate action as specified by the Board from time to time.
4. This circular shall come into force with effect from the financial year 2023-24 onwards. Accordingly, the first reporting shall be made for the quarter ended June 30, 2023.
5. This circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 and Regulation 26K of the SEBI (Infrastructure Investment Trusts) Regulations, 2014. This circular is issued with the approval of the competent authority.
6. This circular is available on the website of Securities and Exchange Board of India at [www.sebi.gov.in](http://www.sebi.gov.in) under the category “Legal → Circulars”.

**RITESH NANDWANI**

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](http://www.sebi.gov.in)*

## 09 Format of Compliance Report on Governance for REITs

**[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/DDHS-PoD-2/P/CIR/2023/101 dated 26.06.2023]**

1. Regulation 26E of SEBI (Real Estate Investment Trusts) Regulations, 2014 (“REIT Regulations”) requires as under:
  - (1) The Manager shall submit a quarterly compliance report on governance in the format as may be specified by the Board, to the recognized stock exchange(s) within twenty-one days from the end of each quarter.
  - (2) The report referred in sub-regulation (1) of this regulation shall be signed either by the compliance officer or the chief executive officer of the Manager.

2. Accordingly, the formats of Compliance Report on Governance shall be as under:
  - (a) Annex - I – within twenty one days from the end of each quarter;
  - (b) Annex - II – within twenty one days from the end of financial year on an annual basis;
  - (c) Annex - III – within three months from the end of financial year on an annual basis;
3. Reporting and Monitoring
  - (a) The manager of the REIT shall submit the compliance report on governance in the aforesaid format to the stock exchanges within the timelines as specified above. The compliance report on governance shall also be made part of annual report of the REIT.
  - (b) The stock exchanges shall monitor the compliance of the above requirements and take appropriate action as specified by the Board from time to time.
4. This circular shall come into force with effect from the financial year 2023-24 onwards. Accordingly, the first reporting shall be made for the quarter ended June 30, 2023.
5. This circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 and Regulation 26E of the SEBI (Real Estate Investment Trusts) Regulations, 2014. This circular is issued with the approval of the competent authority.
6. This circular is available on the website of Securities and Exchange Board of India at [www.sebi.gov.in](http://www.sebi.gov.in) under the category “Legal → Circulars”.

**RITESH NANDWANI**

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](http://www.sebi.gov.in)*

## 10 Format for Annual Secretarial Compliance Report for REITs

**[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/DDHS-PoD-2/P/CIR/2023/103 dated 26.06.2023]**

1. Regulation 26D of SEBI (Real Estate Investment Trusts) Regulations, 2014 (“REIT Regulations”) requires as under:
  - (1) The Manager shall submit a secretarial compliance report given by a Practicing Company Secretary to the stock exchanges, in such form as specified, within sixty days from end of each financial year.
  - (2) The secretarial compliance report referred to in sub-regulation (1) of this regulation shall be annexed with the annual report of the REIT.



2. Accordingly, the following shall be complied with regard to annual secretarial compliance report:
  - (a) The Manager of the REIT, on an annual basis, shall appoint a Practicing Company Secretary to examine the compliance of all applicable SEBI Regulations and circulars/ guidelines issued thereunder, consequent to which, the practicing Company Secretary shall submit a report to the Manager of the REIT.
  - (b) The format for the annual secretarial compliance report is placed at Annex-A.
  - (c) The Manager of the REIT shall provide all such documents/information as may be sought by the practicing company secretary for the purpose of providing secretarial compliance report.
3. Reporting and Monitoring
  - (a) The Manager of the REIT shall submit the annual secretarial compliance report in the aforesaid format to the stock exchanges within sixty days from the end of each financial year. The annual secretarial compliance report shall also be made part of annual report of the REIT.
  - (b) The stock exchanges shall monitor the compliance of the above requirement and take appropriate action as specified by the Board from time to time.
4. This circular shall come into force with effect from the financial year 2023-24 onwards.
5. This circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 and Regulation 26D of the SEBI (Real Estate Investment Trusts) Regulations 2014. This circular is issued with the approval of the competent authority.
6. This circular is available on the website of Securities and Exchange Board of India at [www.sebi.gov.in](http://www.sebi.gov.in) under the category "Legal → Circulars".

**RITESH NANDWANI**

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](http://www.sebi.gov.in)*

## 11 Format for Annual Secretarial Compliance Report for InvITs

**[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/DDHS-PoD-2/P/CIR/2023/102 dated 26.06.2023]**

1. Regulation 26J of SEBI (Infrastructure Investment Trusts) Regulations, 2014 ("InvIT Regulations") requires as under:
  - (1) The investment manager shall submit a secretarial compliance report given by a Practicing Company

Secretary to the stock exchanges, in such form as specified, within sixty days from end of each financial year.

- (2) The secretarial compliance report referred to in sub-regulation (1) of this regulation shall be annexed with the annual report of the InvIT.
2. Accordingly, the following shall be complied with regard to annual secretarial compliance report:
  - (a) The investment manager of the InvIT, on an annual basis, shall appoint a practicing company secretary to examine the compliance of all applicable SEBI Regulations and circulars/ guidelines issued thereunder, consequent to which, the practicing company secretary shall submit a report to the investment manager of the InvIT.
  - (b) The format for the annual secretarial compliance report is placed at Annex-A.
  - (c) The investment manager of the InvIT shall provide all such documents/information as may be sought by the practicing company secretary for the purpose of providing secretarial compliance report.
3. Reporting and Monitoring
  - (a) The investment manager of the InvIT shall submit the annual secretarial compliance report in the aforesaid format to the stock exchanges within sixty days from the end of each financial year. The annual secretarial compliance report shall also be made part of annual report of the InvIT.
  - (b) The stock exchanges shall monitor the compliance of the above requirement and take appropriate action as specified by the Board from time to time.
4. This circular shall come into force with effect from the financial year 2023-24 onwards.
5. This circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 and Regulation 26J of the SEBI (Infrastructure Investment Trusts) Regulations 2014. This circular is issued with the approval of the competent authority.
6. This circular is available on the website of Securities and Exchange Board of India at [www.sebi.gov.in](http://www.sebi.gov.in) under the category "Legal → Circulars".

**RITESH NANDWANI**

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](http://www.sebi.gov.in)*

## 12 Trading supported by Blocked Amount in Secondary Market

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/MRD/MRD-PoD-2/P/CIR/2023/99 dated 23.06.2023]

1. In its continuing endeavour to provide protection to the investors from the default of member(s) ['trading member' (TM) / 'clearing member' (CM)], SEBI has decided to introduce a supplementary process for trading in secondary market based on blocked funds in investor's bank account, instead of transferring them upfront to the trading member, thereby providing enhanced protection of cash collateral. The said facility shall be provided by integrating Reserve Bank of India (RBI) approved Unified Payments Interface (UPI) mandate service of single-block-and-multiple-debits with the secondary market trading and settlement process and hereinafter referred as 'UPI block facility'.
2. Under the proposed framework, funds shall remain in the account of client but will be blocked in favour of the clearing corporation ('CC') till the expiry date of the block mandate or till block is released by the CC, or debit of the block towards obligations arising out of the trading activity of the client, whichever is earlier. Further, settlement for funds and securities will be done by the CC without the need for handling of client funds and securities by the member.
3. Further, while a UPI block upon creation shall be considered towards collateral, the same shall also be available for settlement purposes. For the clients who prefer to block lump sum amount, their block can be debited multiple times, subject to available balance, for settlement obligations across days.

**VISHAL SHUKLA**

General Manager

Complete details are not published here for want of space. For complete notification readers may log on to [www.sebi.gov.in](http://www.sebi.gov.in)

## 13 Standardised approach to valuation of investment portfolio of Alternative Investment Funds (AIFs)

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/AFD/PoD/CIR/2023/97 dated 21.06.2023]

1. SEBI (Alternative Investment Funds) Regulations, 2012 ("AIF Regulations"), have been amended and notified on June 15, 2023. Copy of the notification is available at link.
- A. Manner of valuation of AIF's investments**
2. In terms of Regulation 23(1), AIFs are *inter-alia* required to carry out valuation of their investments in the manner specified by SEBI from time to time.
  3. In this regard, following is specified:
    - 3.1. Valuation of securities for which valuation norms have already been prescribed under SEBI (Mutual

Funds) Regulations, 1996 ('MF Regulations'), shall be carried out as per the norms prescribed under MF Regulations.

- 3.2. Valuation of securities which are not covered in para 3.1 above, shall be carried out as per valuation guidelines endorsed by any AIF industry association, which in terms of membership represents at least 33% of the number of SEBI registered AIFs. The eligible AIF industry association shall endorse appropriate valuation guidelines after taking into account recommendations of Alternative Investment Policy Advisory Committee of SEBI.
- 3.3. The manager shall also disclose in PPM, the details of the valuation methodology and approach adopted under the stipulated guidelines for each asset class of the scheme of the AIF.

### B. Responsibility of manager of AIF with regard to valuation of investments of AIF

4. In terms of Regulation 23(5) of AIF Regulations, the Manager and the key management personnel of manager shall ensure that the independent valuer computes and carries out valuation of the investments of the scheme of the AIF in the manner as specified by the Board from time to time.
5. Further, in terms of Regulation 23(6) of AIF Regulations, Manager shall be responsible for true and fair valuation of the investments of the scheme of the AIF. In terms of proviso to aforesaid Regulation, in case the established policies and procedures of valuation do not result in fair and appropriate valuation, the Manager shall deviate from the established policies and procedures in order to value the assets or securities at a fair value and document the rationale for such deviation.

**SANJAY SINGH BHATI**

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](http://www.sebi.gov.in)

## 14 Modalities for launching Liquidation Scheme and for distributing the investments of Alternative Investment Funds (AIFs) in-specie

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/AFD/PoD-I/P/CIR/2023/098 dated 21.06.2023]

1. SEBI (Alternative Investment Funds) Regulations, 2012 ("AIF Regulations"), have been amended and notified on June 15, 2023, *inter alia*, to provide flexibility to AIFs to deal with investments of their schemes which are not sold due to lack of liquidity during the winding up process, by either selling such investments to a new scheme of the same AIF ('Liquidation Scheme') or distributing such unliquidated investments in-specie. Copy of the notification is available at link, wherein, *inter alia*, the following new regulations have been inserted in AIF Regulations –

- 1.1. Regulation 2(1)(pb): “Liquidation period’ means a period of one year following the expiry of tenure or extended tenure of the scheme for fully liquidating the scheme of an Alternative Investment Fund.”
- 1.2. Regulation 2(1)(pc): “Liquidation scheme’ means a close ended scheme launched by an Alternative Investment Fund only for the purpose of liquidating the unliquidated investments purchased from its scheme, whose tenure has expired.”
- 1.3. Regulation 29(9): “Notwithstanding anything contained in sub-regulation (7), during liquidation period of a scheme, an Alternative Investment Fund may distribute investments of a scheme which are not sold due to lack of liquidity, in-specie to the investors or sell such investments to a liquidation scheme, after obtaining approval of at least seventy five percent of the investors by value of their investment in the scheme of the Alternative Investment Fund, in the manner and subject to conditions specified by the Board from time to time.

Provided that in the absence of consent of unit holders for exercising the options under sub-regulation (9) during liquidation period, such investments of the scheme of the Alternative Investment Fund shall be dealt with in the manner as may be specified by the Board from time to time.”

**SANJAY SINGH BHATI**

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](http://www.sebi.gov.in)*

## 15

### Issuance of units of AIFs in dematerialised form

**[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/AFD/PoD1/CIR/2023/96 dated 21.06.2023]**

1. SEBI (Alternative Investment Funds) Regulations, 2012 (“AIF Regulations”), have been amended and notified on June 15, 2023. Copy of the notification is available at link.
2. In terms of Regulation 10(aa) of AIF Regulations, AIFs shall issue units in dematerialised form subject to the conditions specified by SEBI from time to time.
3. In this regard, the following is specified:
  - 3.1. All schemes of AIFs shall dematerialise their units in the following time frame:

Particulars	Schemes of AIFs with corpus ≥ Rs 500 Crore	Schemes of AIFs with corpus < Rs 500 Crore
Dematerialisation of all the units issued	Latest by October 31, 2023	Latest by April 30, 2024

Issuance of units only in dematerialised form	November 01, 2023 onwards	May 01, 2024 onwards

- 3.2. The requirement of dematerialisation of units of AIFs as specified at para 3.1 above, shall not be applicable for schemes whose tenure (excluding permissible extensions in tenure) ends on or before April 30, 2024.
- 3.3. The terms of transfer of units of AIF held by an investor in dematerialised form shall continue to be governed by the terms of private placement memorandum (“PPM”), agreements entered between the AIF and the investors and any other fund documents.
- 3.4. The Depositories are directed to:
  - 3.4.1. Make necessary amendments to the relevant Bye-laws, Rules and Regulations for the implementation of the above provisions;
  - 3.4.2. Put in place a system to facilitate that any transfer of units of AIF held in dematerialised form, which requires approval of the AIF/manager of AIF in terms of PPM or agreements entered between the AIF and the investors or any other fund documents, is carried out accordingly i.e. only after approval of AIF/manager of the AIF;
  - 3.4.3. Bring the provisions of this circular to the notice of their members / participants and also disseminate the same on their websites.
4. The manager of AIF shall submit report on compliance with the provisions of this circular on SEBI Intermediary Portal ([www.siportal.sebi.gov.in](http://www.siportal.sebi.gov.in)) in the format as specified therein.
5. The trustee/sponsor of AIF, as the case may be, shall ensure that the ‘Compliance Test Report’ prepared by the manager in terms of SEBI Circular No. CIR/IMD/DF/14/2014 dated June 19, 2014, includes compliance with the provisions of this circular.
6. The circular shall come into force with immediate effect.
7. This circular is issued with the approval of the competent authority.
8. This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
9. The circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the categories “Legal framework - Circulars” and “Info for - Alternative Investment Funds”.

**SANJAY SINGH BHATI**

Deputy General Manager



# 16 Trading Preferences by Clients

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/95 dated 21.06.2023]

- SEBI, vide Annexure – 3 of the circular no. CIR/MIRSD/16/2011 dated August 22, 2011(now rescinded due to issuance of Master Circular for Stock Brokers dated May 17, 2023), prescribed trading account related details, which clients would need to provide while opening a trading account with a stock broker.
- Vide, Para C of the aforementioned Annexure, the format of Trading Preferences has been prescribed as under:

**ARADHANA VERMA**  
General Manager

Complete details are not published here for want of space. For complete notification readers may log on to [www.sebi.gov.in](http://www.sebi.gov.in)

# 17 Adherence to provisions of regulation 51A of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 by Online Bond Platform Providers on product offerings on Online Bond Platforms

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/DDHS/POD1/P/CIR/2023/092 dated 16.06.2023]

- Regulation 51A of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (NCS Regulations), *inter-alia*, defines “online bond platform provider” as ‘any person operating or providing an online bond platform’ and “online bond platform” as ‘any electronic system, other than a recognised stock exchange or an electronic book provider platform, on which the debt securities which are listed or proposed to be listed, are offered and transacted.’
- SEBI Circular SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2022/154 dated November 14, 2022 (“OBP Circular”) provides for the registration and regulatory framework for Online Bond Platform Providers. Clause 5.2 of the OBP circular reads as follows:

*“An entity acting as an OBPP on or prior to this circular coming into force, shall cease to offer products or services or securities on its OBP other than the following:*

*5.2.1. Listed debt securities and*

*5.2.2. Debt securities proposed to be listed through a public offering.*

*Such OBPP shall divest itself of offerings of other products or services or securities.”*

- While a few Online Bond Platform Providers have commenced operations, the following are observed:
  - Certain Online Bond Platform Providers continue to offer products other than listed debt securities

and debt securities proposed to be listed through a public offering on their Online Bond platform;

- Certain Online Bond Platform Providers are offering unlisted bonds/ other products on a separate platform/ website and have not divested of such offerings in terms of clause 5.2 of the OBP circular; and
- Certain Online Bond Platform Providers have a link on the online bond platform/ website to another platform/ website for transacting in unlisted bonds/ other products.
- The aforesaid practices are not as per the mandate provided in the NCS Regulations and the OBP circular.
- Separately, SEBI is also in receipt of representations from Online Bond Platform Providers to permit them to offer other regulated and listed securities such as Government Securities, Commercial Paper etc. on Online Bond Platforms.

**PRADEEP RAMAKRISHNAN**  
General Manager

Complete details are not published here for want of space. For complete notification readers may log on to [www.sebi.gov.in](http://www.sebi.gov.in)

# 18 Amendment to Guidelines on Anti-Money Laundering (AML) Standards and Combating the Financing of Terrorism (CFT) /Obligations of Securities Market Intermediaries under the Prevention of Money-laundering Act, 2002 and Rules framed there under

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2023/091 dated 16.06.2023]

- Please refer to the Master Circular reference number SEBI/HO/MIRSD/MIRSD-SEC-5/P/CIR/2023/022 dated February 03, 2023 on the captioned subject issued by the Securities and Exchange Board of India (SEBI).
- The Government of India through gazette notification S.O. 1074(E) dated March 07, 2023 (PML eGazette dated March 07,2023) has amended the Prevention of Money Laundering (Maintenance of Records) Rules, 2005 with immediate effect.
- In view of the amendments to the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 and to further enhance the effectiveness of AML/ CFT framework, certain provisions of the aforesaid Master Circular shall stand modified as mentioned below: -
  - After paragraph 7 and before paragraph 8, the following paragraphs shall be inserted, namely-
 

“7A. “group” shall have the same meaning assigned to it in clause (cba) of sub-rule (1) of rule 2 of the Prevention of Money-laundering (Maintenance of Records) Rules, 2005 as amended from time to time.”

- 3.2. In Paragraph 8, sub-paragraph (i) shall be substituted with “issue a statement of policies and procedures and implement, on a group basis where applicable, for dealing with ML and TF reflecting the current statutory and regulatory requirements;”
- 3.3. In Paragraph 11, sub-paragraph (ii) shall be substituted with the following sub-paragraph, namely-
- “(ii) Verify the client’s identity using reliable, independent source documents, data or information. Where the client purports to act on behalf of juridical person or individual or trust, the registered intermediary shall verify that any person purporting to act on behalf of such client is so authorized and verify the identity of that person.”
- 3.4. In Paragraph 11, in sub-paragraph (iii), in item (a) titled “For clients other than individuals or trusts”, in the Explanation, in clause (i), for the numbers and symbol “25%”, the numbers and symbol “10%” shall be substituted.
- 3.5. In Paragraph 11, in sub-paragraph (iii), in item (b) titled “For client which is a trust”, for the numbers and symbol “15%”, the numbers and symbol “10%” shall be substituted.
- 3.6. In Paragraph 11, after sub-paragraph (viii), the following sub-paragraphs shall be inserted, namely:-
- “(ix) Every registered intermediary shall register the details of a client, in case of client being a non-profit organisation, on the DARPAN Portal of NITI Aayog, if not already registered, and maintain such registration records for a period of five years after the business relationship between a client and the registered intermediary has ended or the account has been closed, whichever is later.
- (x) Where registered intermediary is suspicious that transactions relate to money laundering or terrorist financing, and reasonably believes that performing the CDD process will tip-off the client, the registered intermediary shall not pursue the CDD process, and shall instead file a STR with FIU-IND.”
- 3.7. In Paragraph 12, in sub-paragraph (iii), item (e), shall be substituted as follows:
- “(e) “Politically Exposed Persons” (PEPs). PEP shall have the same meaning as given in clause (db) of sub-rule (1) of rule 2 of the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005. The additional norms applicable to PEP as contained in paragraph 14 of the Master Circular shall also be applied to the accounts of the family members or close relatives of PEPs.”
- 3.8. After paragraph 24 and before paragraph 25, the following paragraph shall be inserted, namely-
- “24A The Stock Exchanges and registered intermediary shall identify and assess the ML/TF risks that may arise in relation to the development of new products and new business practices, including new delivery mechanisms, and the use of new or developing technologies for both new and existing products. The Stock Exchanges and registered intermediaries shall ensure:
- To undertake the ML/TF risk assessments prior to the launch or use of such products, practices, services, technologies; and
  - Adoption of a risk based approach to manage and mitigate the risks”.
- 3.9. Paragraph 47 shall be substituted with the following, namely: -
- “In order to ensure expeditious and effective implementation of the provisions of Section 51A of UAPA, Government of India has outlined a procedure through an order dated February 02, 2021 (Annexure 1) for strict compliance. These guidelines have been further amended vide a Gazette Notification dated June 08, 2021 (Annexure 2). A corrigendum dated March 15, 2023 has also been issued in this regard (Annexure 3). The list of Nodal Officers for UAPA is available on the website of MHA”.
- 3.10. After paragraph 52 and before paragraph 53, the following paragraph shall be inserted, namely-
- “52A. “The Stock Exchanges and the registered intermediaries shall leverage latest technological innovations and tools for effective implementation of name screening to meet the sanctions requirements.”
- 3.11. In Paragraph 59, after sub-paragraph (vi), the following sub-paragraph shall be inserted, namely: -
- “(vii) Non-profit organization” means any entity or organisation, constituted for religious or charitable purposes referred to in clause (15) of section 2 of the Income-tax Act, 1961 (43 of 1961), that is registered as a trust or a society under the Societies Registration Act, 1860 (21 of 1860) or any similar State legislation or a Company registered under the section 8 of the Companies Act, 2013 (18 of 2013);”
4. This Circular is available at [www.sebi.gov.in](http://www.sebi.gov.in) under the link “Legal Circulars”

**SAPNA SINHA**  
General Manager

## 19 Amendment to Circular on issue of Certified copies of Orders and Circulars

**[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/LAD1/LAD1\_DoP3/P/CIR/2023/88 dated 13.06.2023]**

- Vide Circular no. CIR/LAD/1/2019 dated April 4, 2019, SEBI had issued a Circular on issue of certified copies of orders and circulars (“2019 Circular”) in order to streamline the procedure for issuance of certified copies of orders and circulars based

on requests for certified copies of orders passed by the Board, Adjudicating Officers or Recovery Officers or circulars issued by the departments of the Board.

2. It has been decided to do away with the acceptance of demand draft with respect to the fee charged for the certified copies of orders and circulars. Accordingly, paragraphs 8 and 9 of the 2019 Circular are modified as below:
  - (i) **Paragraph 8 shall stand modified as follows:** A non-refundable fee of Rs 50/- per order or circular or Rs 5/- per page, whichever is higher, shall be charged as fees for each certified copy. The same shall be paid along with the application or subsequently within such time as may be informed to the applicant, by way of direct credit in the bank account of the Board through NEFT/RTGS/IMPS or online payment using the SEBI payment gateway or any other mode as may be specified by SEBI from time to time.
  - (ii) **Paragraph 9 shall stand modified as follows:** The confirmation of payments made electronically through NEFT/RTGS/IMPS modes or online payment using the SEBI payment gateway should be sent to the concerned department and also to e- mail id:- tad@sebi.gov.in in the format as given below:
    - (i) Name of payer:
    - (ii) Date of payment:
    - (iii) Amount Paid:
    - (iv) Transaction no:
    - (v) Name of the Bank in which payment is made:
    - (vi) IFSC Code:
    - (vii) Virtual Account Code:
    - (viii) Purpose:
    - (ix) Whether registered with GST:
    - (x) If Yes, GST number:
3. All other provisions of the 2019 Circular shall continue to remain same.
4. This circular is issued in exercise of powers conferred under sub-section (1) of section 11 of the Securities and Exchange Board of India Act, 1992 and shall come into force with immediate effect.
5. This circular is issued with the approval of the competent authority.
6. This circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the category "Legal Framework → Circulars".

**DURGESH KUMAR THAKUR**

Deputy General Manager

## 20 Corrigendum to Circular on Participation of Mutual funds in repo transactions on Corporate Debt Securities dated June 8, 2023

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/IMD/IMD PoD-2/P/CIR/2023/87 dated 13.06.2023]

1. Reference is drawn to SEBI Circular SEBI/HO/IMD/IMD PoD-2/P/CIR/2023/85 dated June 8, 2023 on "Circular on Participation of Mutual funds in repo transactions on Corporate Debt Securities"
2. Clause 1 of the abovementioned circular shall be replaced as follows:
 

"Para 12.18 of SEBI Master Circular on Mutual Funds dated May 19, 2023 allows Mutual funds to participate in repos in corporate bond securities."
3. 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 the provisions of Regulation 77 of SEBI (Mutual Funds) Regulations, 1996, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

**LAKSHAYA CHAWLA**

Deputy General Manager

## 21 Regulatory framework for Execution Only Platforms for facilitating transactions in direct plans of schemes of Mutual Funds

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/86 dated 13.06.2023]

1. It has been observed that various SEBI registered Investment Advisors/Stock Brokers provide execution services in direct plans of Mutual Fund schemes through their technology/digital platforms. Such platforms are often availed by investors who are not their clients in terms of SEBI (Investment Advisers) Regulations, 2013 or SEBI (Stock Brokers) Regulations, 1992.
2. There is no specific framework presently available for technology/digital platforms (including platforms provided by Investment Advisers/Stock Brokers to non-clients) to provide execution-only services in direct plans of Mutual Fund schemes and to obtain data feeds with respect to such transactions. Thus, while the investors may find it convenient to avail the services of such online platforms, investors who are not clients of such intermediaries under the above specified Regulations may not have recourse or protection for the risks associated with respect to such transactions. Therefore, a need was felt to strike a balance between investor convenience and investor protection.
3. Pursuant to public consultation and discussions in the Mutual Funds Advisory Committee, it has been



decided to prescribe a framework for Execution Only Platforms for transacting in direct plans of schemes of Mutual Funds. In this regard, the SEBI (Stock Brokers) Regulations, 1992 (link) have been amended and notified on January 17, 2023.

4. The comprehensive framework for Execution Only Platforms ('EOPs') is specified at Annexure A to this circular.
5. The Stock Exchanges shall enact appropriate framework for EOP segment wherein the following requirements shall not be applicable for Category 2 EOP:
  - a) Trading rules applicable for equity, equity derivative and other segments.
  - b) Investor Protection Fund.
  - c) Rules applicable for clearing and settlement of trades relating to equity, equity derivative and other segments.
  - d) Pooling of client's funds by Trading Member.
  - e) Membership and other related requirements as a Self-Clearing Member (SCM) or requirement of Trading Member – Clearing Member agreement.
  - f) Risk management framework and settlement related policies applicable for equity, equity derivative and other segments where the Clearing Corporation provides novation and guarantee for settlement of trades.
  - g) Issuance of contract notes and issuance of funds & securities statement.
6. The Stock Exchanges desirous of providing an EOP segment are directed to:
  - a) Make necessary arrangements to their relevant bye-laws, rules and regulations for the implementation of the directions in this circular and provide status of implementation regarding the same to SEBI on a monthly basis; and
  - b) Monitor the operations carried out by EOPs who have obtained membership under EOP segment.
7. The AMFI is directed to:
  - a) Make necessary amendments for the implementation of the directions in this circular and provide status of implementation regarding the same to SEBI on a monthly basis; and
  - b) Issue necessary guidelines for Category 1 EOP before the date of this circular coming into force.
  - c) Monitor the operations carried out by EOPs registered with AMFI.

8. This circular shall come into force with effect from September 01, 2023.
9. This circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 to protect the interest of investors in securities and to promote the development of, and to regulate the securities market.
10. This circular is available at [www.sebi.gov.in](http://www.sebi.gov.in) under the link "Legal →Circulars".

**PETER MARDI**

Deputy General Manager

## 22 Upstreaming of clients' funds by Stock Brokers (SBs) / Clearing Members (CMs) to Clearing Corporations (CCs)

**[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/84 dated 08.06.2023]**

1. SEBI, through various circulars issued from time to time, has given necessary directions/guidelines to stock brokers (SBs)/clearing members (CMs), to ensure orderly functioning of the securities market and to protect the interest of investors in securities market.
2. In this regard, with a view to safeguard clients' funds placed with SBs/CMs, it has been decided to require the upstreaming of all client funds received by SBs/CMs to the Clearing Corporations (CCs).
3. As per the framework, no clients' funds shall be retained by SBs/CMs on End of Day (EoD) basis. The clients' funds shall all be upstreamed by SB/CMs to CCs only in the form of either cash, lien on FDR (subject to certain conditions enumerated below), or pledge of units of Mutual Fund Overnight Schemes (MFOS). The details of the framework are as follows:

### **A. Upstreaming via FDRs created out of clients' funds:**

- I. FDRs created by SBs/CMs out of clients' funds shall be allowed only under the following conditions:
  - a. SBs/CMs may create FDRs out of clients' funds only with those banks which satisfy the CC's exposure norms as specified by SEBI or CCs from time to time.
  - b. Every FDR created out of clients' funds shall necessarily be lien-marked to one of the CCs at all times.
  - c. Through this lien, CCs shall have explicit precedence on the FDR funds over every other stakeholder, including over the bank providing the FDR.
  - d. The tenure of such FDRs shall not be more than one year and the FDR should be pre-terminable on demand.

- e. The principal amount of the FDR shall remain protected throughout the tenure, even after accounting for all possible pre-termination costs.
- f. SBs/CMs shall not avail any funded or non-funded banking facilities based on FDRs created out of clients' funds.

**ARADHANA VERMA**

General Manager

Complete details are not published here for want of space. For complete notification readers may log on to [www.sebi.gov.in](http://www.sebi.gov.in)

## 23 Participation of Mutual funds in repo transactions on Corporate Debt Securities

**[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/IMD/IMD PoD-2/P/CIR/2023/85 dated 08.06.2023]**

1. SEBI vide circular no. CIR/IMD/DF/19/2011 dated November 11, 2011 and CIR/IMD/DF/23/2012 dated November 15, 2012 allowed mutual funds to participate in repo transactions on corporate debt securities.
2. In partial modification to the above circulars, the following has been decided:
  - 2.1. The Mutual Funds can participate in repos on following corporate debt securities:
    - 2.1.1. Listed AA and above rated corporate debt securities.
    - 2.1.2. Commercial Papers (CPs) and Certificate of Deposits (CDs).
  - 2.2. For the purpose of consideration of credit rating of exposure on repo transactions for various purposes including for Potential Risk Class (PRC) matrix, liquidity ratios, Risk-o-meter etc., the same shall be as that of the underlying securities, i.e., on a look through basis.
  - 2.3. For transactions where settlement is guaranteed by a Clearing Corporation, the exposure shall not be considered for the purpose of determination of investment limits for single issuer, group issuer and sector level limits.
  - 2.4. All other conditions mentioned in the abovementioned circulars shall remain the same.
3. The provisions of this circular shall come into force with immediate effect.
4. 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 the provisions of Regulation 77 of SEBI (Mutual Funds) Regulations, 1996, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

**LAKSHAYA CHAWLA**

Deputy General Manager

## 24 Online processing of investor service requests and complaints by RTAs

**[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/72 dated 08.06.2023]**

1. Holders of physical security certificates are required to submit various documents to the RTAs with respect to various service requests/ complaints including but not limited to:
  - a) Intimation of / updation of / change in Permanent Account Number, Nominee, Bank details, Contact details, Signature, Name etc.;
  - b) Processing of investor requests (Duplicate security certificates, folio consolidation, transmission, transposition etc.);
  - c) Services through depository participants such as dematerialization, re-materialization etc.
2. It is proposed to digitize this process in two phases and provide a mechanism for the investor to lodge service requests and complaints online and thereafter track the status and obtain periodical updates which would, *inter-alia*, confer the following benefits:
  - a) Database for service requests and complaints;
  - b) Online acknowledgement and intimation to the investor;
  - c) Online tracking of status of service requests and complaints by investors.

### Phase I of the Online Portal

3. All RTAs servicing listed companies shall have a functional website. Such website shall mandatorily display the following information, in addition to all such information, which have been mandated by SEBI from time to time:
  - a) Basic details of the RTA such as registration number, registered address of Head Office and branches, if any.
  - b) Names and contact details such as email ids etc. of key managerial personnel (KMPs) including compliance officer in the format provided at Annexure-A.
  - c) Step-by-step procedures for various service requests, Frequently Asked Questions (FAQs), procedure for filing a complaint and finding out the status of the complaint, etc.

**ARADHANA VERMA**

General Manager

Complete details are not published here for want of space. For complete notification readers may log on to [www.sebi.gov.in](http://www.sebi.gov.in)

## 25 Transactions in Corporate Bonds through Request for Quote (RFQ) platform by Stock Brokers (SBs).

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/83 dated 02.06.2023]

1. SEBI has been taking steps to increase the liquidity on RFQ platform of stock exchanges to enhance the transparency and disclosure pertaining to trading in secondary market in corporate bonds. Certain stipulations have been made for transactions on RFQ platform by Mutual Funds<sup>1</sup>, Portfolio Management Services<sup>2</sup> and Alternate Investment Funds<sup>3</sup>.
2. Similarly, it has been decided to take steps to increase liquidity on RFQ platform *vis-à-vis* trading in Corporate Bonds (CBs) by SBs, as under:
  - a. With effect from July 01, 2023, for all the trades in proprietary capacity, SBs shall undertake at least 10% of their total secondary market trades by value in CBs in that month by placing/seeking quotes through one-to-one (OTO) or one-to-many (OTM) mode on the RFQ platform of stock exchanges.
  - b. Further, with effect from April 01, 2024, for all the trades in proprietary capacity, SBs shall undertake at least 25% of their total secondary market trades by value in CBs in that month by placing/seeking quotes through OTO or OTM mode on the RFQ platform of stock exchanges.
  - c. SBs shall consider the trades executed by value through OTO or OTM mode of RFQ with respect to the total secondary market trades in CBs, during the current month and immediate preceding two months on a rolling basis. Only trades pertaining to proprietary capacity of SBs shall be considered for the purpose of such calculations.
  - d. Further, in terms of SEBI Circular SEBI/HO/DDHS/P/CIR/2022/142 dated October 19, 2022, quotes on RFQ platform can be placed to an identified counterparty (i.e. 'one-to-one' mode) or to all the participants (i.e. 'one-to-many' mode). SBs are encouraged to place bids (in proprietary capacity or for clients) on RFQ platform through OTM mode, as the same shall contribute towards achieving better price discovery.
3. The stock exchanges are directed to:
  - a. bring the provisions of this circular to the notice of their members and also disseminate the same on their websites;
  - b. make amendments to the relevant bye-laws, rules and regulations for the implementation of the above provisions;

- c. communicate to SEBI, the status of the implementation of the provisions of this circular in their monthly development report; and
  - d. file the compliance report beginning August 2023 with the Department of Debt and Hybrid Securities (DDHS), SEBI.
4. This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities markets.

**ARADHANA VERMA**

General Manager

## 26 Reserve Bank of India – Master Direction on Minimum Capital Requirements for Operational Risk

[Issued by the Reserve Bank of India vide RBI/DOR/2023-24/103 DOR.ORG.REC.22/21.06.050/2023-24 dated 26.06.2023]

In exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949, the Reserve Bank of India being satisfied that it is necessary and expedient in the public interest to do so, hereby issues the Directions hereinafter specified. These Directions require a specified Commercial Bank (covered under 'Applicability') to hold sufficient regulatory capital against its exposures arising from operational risk.

### Part A

1. **Short Title and Commencement** These Directions shall be called the Reserve Bank of India (Minimum Capital Requirements for Operational Risk) Directions, 2023.
2. **Effective Date**
  - 2.1 The effective date of implementation of these Directions shall be communicated separately.
  - 2.2 All existing approaches viz. Basic Indicator Approach (BIA), The Standardised Approach (TSA)/ Alternative Standardised Approach (ASA) and Advanced Measurement Approach (AMA) for measuring minimum operational risk capital (ORC) requirements shall be replaced by the new Standardised Approach (hereafter referred to as the 'Basel III Standardised Approach') with coming into effect of these Directions.
  - 2.3 Until then, the minimum operational risk regulatory capital requirements shall be computed in accordance with the instructions contained in paragraph 9 of 'Master Circular – Basel III Capital Regulations' issued vide circular DOR.CAP.REC.15/21.06.201/2023-24 dated May 12, 2023, as amended from time to time.

*Complete details are not published here for want of space. For complete notification readers may log on to [www.rbi.org.in](http://www.rbi.org.in)*



## 27 Status of MIFOR as a Significant Benchmark

[Issued by the Reserve Bank of India vide RBI/2023-24/46 FMRD.FMSD.03/03.07.25/2023-24 dated 23.06.2023]

Please refer to the RBI circular dated January 01, 2020 and December 01, 2022, notifying, inter-alia, the financial benchmarks administered by Financial Benchmarks India Pvt. Ltd. (FBIL) viz., Mumbai Interbank Forward Outright Rate (MIFOR) and Modified Mumbai Interbank Forward Outright Rate (MMIFOR) as 'significant benchmark'.

2. In light of the cessation of the publication/non-representativeness of US Dollar London Interbank Offered Rate (USD LIBOR) settings after June 30, 2023, FBIL has been accorded approval to cease the publication of the MIFOR after June 30, 2023, in terms of provisions of the Financial Benchmark Administrators (Reserve Bank) Directions, 2019. Accordingly, the MIFOR administered by FBIL shall cease to be a 'significant benchmark' after June 30, 2023.
3. The updated list of 'significant benchmarks' administered by FBIL is given below:
  - (i) Overnight Mumbai Interbank Outright Rate (MIBOR)
  - (ii) USD/INR Reference Rate
  - (iii) Treasury Bill Rates
  - (iv) Valuation of Government Securities
  - (v) Valuation of State Development Loans (SDL)
  - (vi) Modified Mumbai Interbank Forward Outright Rate (MMIFOR)
4. The updated list of 'significant benchmarks' shall come into effect from July 01, 2023.

**DIMPLE BHANDIA**  
Chief General Manager

## 28 Remittances to International Financial Services Centres (IFSCs) under the Liberalised Remittance Scheme (LRS)

[Issued by the Reserve Bank of India vide RBI/2023-24/45 A.P. (DIR Series) Circular No. 06 June 22, 2023 dated 22.06.2023]

Attention of Authorised Persons is invited to A.P. (DIR Series) Circular No. 11 dated February 16, 2021 and A.P. (DIR Series) Circular No. 03 dated April 26, 2023 on "Remittances to International Financial Services Centres (IFSCs) in India under the Liberalised Remittance Scheme (LRS)".

2. Presently, remittances to IFSCs under LRS can be made only for making investments in securities in terms of A.P. (DIR Series) Circular No. 11 dated

February 16, 2021. In view of the gazette notification no. SO 2374(E) dated May 23, 2022 issued by the Central Government, it is directed that Authorised Persons may facilitate remittances by resident individuals under purpose 'studies abroad' as mentioned in Schedule III of Foreign Exchange Management (Current Account Transactions) Rules, 2000 for payment of fees to foreign universities or foreign institutions in IFSCs for pursuing courses mentioned in the gazette notification *ibid*.

3. Authorised Persons shall bring the contents of this circular to the notice of their constituents and customers.
4. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions/approvals, if any, required under any other law.

**AJAY KUMAR MISRA**  
Chief General Manager

## 29 Sovereign Gold Bond (SGB) Scheme 2023-24

[Issued by the Reserve Bank of India vide RBI/2023-24/44 IDMD.CDD.No.5650/14.04.050/2023-24 dated 15.06.2023]

Government of India, vide its Notification No F.No 4.(6) - B(W&M)/2023 dated June 14, 2023, has announced Sovereign Gold Bond Scheme 2023-24. Under the Scheme, there will be a distinct series (starting from series I) which will be indicated on the Bond issued to the investor. The terms and conditions of the issuance of the Bonds shall be as per the above notification.

### 2. Date of Issue

The bonds shall be issued as per the details given below:

S. No.	Tranche	Date of Subscription	Date of Issuance
1.	2023-24 Series I	June 19 – June 23, 2023	June 27, 2023
2.	2023-24 Series II	September 11 – September 15, 2023	September 20, 2023

### 3. Period of subscription

Subscription for the Gold Bonds under the Scheme shall be open (Monday to Friday) on the dates specified above, provided that the Central Government may, with prior notice, close the Scheme at any time before the period specified above.

### 4. Application

Subscription for the Bonds may be made in the prescribed application form Form A or in any other form as near as thereto, stating clearly the units (in grams) of gold and the

full name and address of the applicant. Every application must be accompanied by valid 'PAN details' issued by the Income Tax Department to the investor(s).

Designated Scheduled Commercial Banks, Designated Post Offices, Stock Holding Corporation of India Ltd., Clearing Corporation of India Ltd. and recognized stock exchanges, viz. National Stock Exchange of India Ltd. and Bombay Stock Exchange Ltd. are the Receiving Offices authorized to receive applications for the Bonds either directly or through agents and render all services to the customers. The Receiving Office shall issue an acknowledgment receipt in Form B to the applicant.

5. All online applications should be accompanied by email Id of the investor/s which should be uploaded on the Ekuber portal of the Reserve Bank of India along with the subscription details.
6. In addition to receipt of application, the Receiving Offices are also entrusted with the responsibility of providing service to the investors and are required to be guided by the instructions issued by the Reserve Bank of India in this regard from time to time. With a view to facilitate availability of all current operative instructions regarding servicing of these bonds at one place, Reserve Bank of India has issued Consolidated Procedural Guidelines vide circular IDMD.CDD.1100/14.04.050/2021-22 dated October 22, 2021 (updated as on October 4, 2022), and the same is available on RBI website. The Receiving Offices shall be guided by these instructions while dealing with all the procedural aspects and providing service to the investors.
7. All other terms and conditions specified in the notification of the Government of India, Ministry of Finance (Department of Economic Affairs) F.No.4(2)-W&M/2018 dated March 27, 2018 shall apply to the Bonds.

**G ANANDAKRISHNAN**  
Deputy General Manager

## 30 Agency Commission for collection of indirect taxes through ICEGATE payment gateway

**[Issued by the Reserve Bank of India vide RBI/2023-24/43 CO.DGBA.GBD. No.S295/31-12-010/2023-2024 dated 14.06.2023]**

Please refer to Para 21 of our Master Circular on Conduct of Government Business by Agency Banks - Payment of Agency Commission dated April 1, 2023 related to claiming of agency commission.

2. Since certain transactions related to collection of indirect taxes through ICEGATE (CEP) payment gateway are now being reported by agency banks to Mumbai Regional Office (MRO), RBI with effect from April 01, 2023, it has been decided to modify paragraph 21 of the aforesaid Master Circular. The modified paragraph 21 will read as follows:

“Agency banks are required to submit their claims for agency commission in the prescribed format to CAS Nagpur in respect of Central government transactions and the respective Regional Office of Reserve Bank of India for State government transactions. However, agency commission claims pertaining to GST receipt transactions, transactions related to direct tax collection under TIN 2.0 regime, and transactions pertaining to collection of indirect taxes through ICEGATE payment gateway reported to Mumbai Regional Office, RBI will be settled at Mumbai Regional Office of Reserve Bank of India only and accordingly all agency banks, authorized to collect GST, direct tax collection under TIN 2.0 and indirect taxes through ICEGATE payment gateway, are advised to submit their agency commission claims pertaining to the respective receipt transactions at Mumbai Regional Office only. The agency commission claim for Central Government transactions reported to CAS, Nagpur, RBI will be continued to be settled at CAS, Nagpur, RBI. The formats for claiming agency commission for all agency banks and separate and distinctive set of certificates to be signed by the branch officials and Chartered Accountants or Cost Accountants are given in Annex 2, Annex 2A and Annex 2B respectively. These certificates would be in addition to the usual Certificate from ED / CGM (in charge of government business) to the effect that there are no pension arrears to be credited / delays in crediting regular pension / arrears thereof.”

3. All other instructions of the said Master Circular remain unchanged.

**INDRANIL CHAKRABORTY**  
Chief General Manager

## 31 Priority Sector Lending (PSL) targets / sub-targets and contribution against shortfall in achievement of PSL targets – Primary (Urban) Co-operative Banks (UCBs) - Extension of time

**[Issued by the Reserve Bank of India vide RBI/2023-24/42 DOR.CRE. REC.18/07.10.002/2023-24 dated 08.06.2023]**

Please refer to para 3 of the circular DOR (PCB).BPD.Cir No.10/13.05.000/2019-20<sup>1</sup> dated March 13, 2020, and para 5 of Master Direction on Priority Sector Lending (PSL) - Targets and Classification dated September 4, 2020, in terms of which, a glide path for achieving overall PSL target and sub-target for advances to weaker sections was prescribed till March 31, 2024.

2. As announced in the Statement on Developmental and Regulatory Policies (para no. 4 Annexed), in order to address implementational challenges faced by the UCBs and to make the transition non-disruptive, it has been decided to extend the glide path for these PSL targets by an additional period of two years as under:

Financial Year ended	March 31, 2024	March 31, 2025	March 31, 2026
<b>Overall PSL Target<sup>@</sup></b>	60% of ANBC <sup>2</sup> or CEOBSE <sup>3</sup> , whichever is higher	65% of ANBC or CEOBSE, whichever is higher	75% of ANBC or CEOBSE, whichever is higher
<b>Sub-target for advances to weaker sections<sup>#,4</sup></b>	11.50% of ANBC or CEOBSE, whichever is higher	11.75% of ANBC or CEOBSE, whichever is higher	12.00% of ANBC or CEOBSE, whichever is higher

- In terms of para 28 of Master Direction on Priority Sector Lending (PSL) - Targets and Classification dated September 4, 2020 and para 2 of the circular DOR (PCB).BPD.Cir.No.12/09.09.002/2019-20<sup>5</sup> dated April 24, 2020, all UCBs (excluding those under all-inclusive directions), were advised to contribute to Rural Infrastructure Development Fund (RIDF) established with NABARD and other Funds with NABARD / NHB / SIDBI / MUDRA Ltd., against their PSL shortfall *vis-à-vis* the prescribed target/sub-targets, with effect from March 31, 2021.
- In view of the implementation challenges observed, it has been decided that:
  - UCBs would not be required to contribute to RIDF or other eligible funds for shortfall in PSL target/ sub-targets during Financial Year (FY) 2020-21 and FY 2021-22.
  - UCBs shall contribute to RIDF and other eligible funds against their shortfall in PSL target/ sub-targets *vis-à-vis* the prescribed targets with effect from March 31, 2023.
  - Also, in case contribution has been made by any UCB towards the above PSL shortfall during the FY 2020-21 and/ or FY 2021-22, that contribution can be used to offset any shortfall that may have occurred during FY 2022-23. Excess deposit, if any, after offsetting the PSL shortfall during FY 2022-23 will be refunded.
- Incentives to UCBs meeting the PSL targets shall be announced separately.

**MANORANJAN MISHRA**

Chief General Manager

## 32 Guidelines on Default Loss Guarantee (DLG) in Digital Lending

[Issued by the Reserve Bank of India vide RBI/2023-24/41 DOR.CRE. REC.21/21.07.001/2023-24 dated 08.06.2023]

A reference is invited to Para (3.4.3.1) of Section C of Annex-II to the RBI Press Release "Recommendations of the Working group on Digital Lending – Implementation" dated August 10, 2022 in terms of which it was stated that the recommendation pertaining to First Loss Default Guarantee (FLDG) was under examination with the Reserve Bank.

- Arrangements between Regulated Entities (REs) and Lending Service Providers (LSPs) or between two REs involving default loss guarantee (DLG), commonly known as FLDG, has since been examined by the Bank and it has been decided to permit such arrangements subject to the guidelines laid down in the Annex to this circular. DLG arrangements conforming to these guidelines shall not be treated as 'synthetic securitisation'<sup>1</sup> and/or shall also not attract the provisions of 'loan participation'<sup>2</sup>.
- The guidelines shall come into effect from the date of this Circular.
- These directions are issued under sections 21, 35A and 56 of the Banking Regulation Act, 1949, sections 45JA, 45L and 45M of the Reserve Bank of India Act, 1934, section 30A of the National Housing Bank Act, 1987 and section 6 of the Factoring Regulation Act.

**MANORANJAN MISHRA**

Chief General Manager

## 33 Framework for Compromise Settlements and Technical Write-offs

[Issued by the Reserve Bank of India vide RBI/2023-24/40 DOR.STR. REC.20/21.04.048/2023-24 dated 08.06.2023]

The Reserve Bank of India has issued various instructions to regulated entities (REs) regarding compromise settlements in respect of stressed accounts from time to time, including the Prudential Framework for Resolution of Stressed Assets dated June 7, 2019 ("Prudential Framework"), which recognises compromise settlements as a valid resolution plan. With a view to provide further impetus to resolution of stressed assets in the system as well as to rationalise and harmonise the instructions across all REs, as announced in the Statement on Developmental and Regulatory Policies released on June 8, 2023, it has been decided to issue a comprehensive regulatory framework governing compromise settlements and technical write-offs covering all the REs, as detailed in the Annex.sw

- The provisions of this framework shall be applicable to all REs to which this circular is addressed and shall be without prejudice to the provisions of the Prudential Framework, or any other guidelines applicable to the REs on resolution of stressed assets.
- These instructions on operationalising the framework have been issued in exercise of the powers conferred by the Sections 21 and 35A of the Banking Regulation Act, 1949 read with Section 56 of the Banking Regulation Act, 1949; Chapter IIIB of the Reserve Bank of India Act, 1934 and Sections 30A, 32 and 33 of the National Housing Bank Act, 1987. They shall come into force with immediate effect and REs shall take necessary steps to ensure compliance with these instructions.

**MANORANJAN MISHRA**

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](http://www.rbi.org.in)



## 34 Rationalization of Branch Authorisation Policy for Urban Co-operative Banks (UCBs)

**[Issued by the Reserve Bank of India vide RBI/2023-24/39 DOR.REG. No.19/07.01.000/2023-24 dated 08.06.2023]**

A reference is made to the circular on the revised criteria for classifying a UCB as Financially Sound and Well Managed (FSWM) issued by RBI vide circular DOR.REG. No.85/07.01.000/2022-23 dated December 01, 2022 on "Review of norms for classification of Urban Co-operative Banks (UCBs) as Financially Sound and Well Managed (FSWM)".

- In order to rationalise the process of branch opening and to enable the UCBs to tap growth opportunities in the sector, it has been decided to grant general permission for branch expansion in the approved area of operation to financially strong UCBs. This is as per the Revised Regulatory Framework for Urban Co-operative Banks (UCBs) released by RBI on July 19, 2022 based on the recommendation of the Expert Committee on Primary (Urban) Co-operative Banks. The details of the scheme are provided in Annex-I.
- In addition to the general permission, the branch expansion under the prior approval route as per the existing framework will also continue, as hitherto, for other eligible UCBs. However, the process has been simplified to reduce the time taken for granting approvals for opening new branches, the details of which are provided in Annex-II.

### Commencement

- The revised instructions shall come into force with immediate effect.

**PRAKASH BALIARSINGH**

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](http://www.rbi.org.in)*

## 35 Reserve Bank of India (Call, Notice and Term Money Markets) Directions, 2021-Review

**[Issued by the Reserve Bank of India vide RBI/2023-24/38 FMRD. DIRD.02/14.01.001/2023-24 dated 08.06.2023]**

Please refer to Paragraph 1 of the Statement on Developmental and Regulatory Policies, announced as a part of the Bi-monthly Monetary Policy Statement for 2023-24 dated June 08, 2023, regarding Borrowing in Call and Notice Money Markets by Scheduled Commercial Banks. Attention is also invited to the Master Direction – Reserve Bank of India (Call, Notice and Term Money Markets) Directions, 2021 dated April 01, 2021, as amended from time to time (hereinafter referred as 'Master Direction').

- On a review, it has been decided that henceforth, Scheduled Commercial Banks (excluding small finance banks and payment banks) may set their own limits for borrowing in Call and Notice Money Markets. As in the case of Term Money Market borrowing, Scheduled

Commercial Banks shall put in place internal board approved limits for borrowing through Call and Notice Money Markets within the prudential limits for inter-bank liabilities prescribed by Department of Regulation.

- The instruction shall be applicable with immediate effect. The Master Direction has been accordingly updated.

**DIMPLE BHANDIA**

Chief General Manager

## 36 Expanding the Scope of Trade Receivables Discounting System

**[Issued by the Reserve Bank of India vide RBI/2023-24/37 CO.DPSS.POLC. No.S-258/02-01-010/2023-24 dated 07.06.2023]**

To ease constraints faced by Micro, Small and Medium Enterprises (MSMEs) in converting their trade receivables to liquid funds, the Reserve Bank of India (RBI) had issued the 'Guidelines for the Trade Receivables Discounting System (TReDS)' (updated as on July 2, 2018). The guidelines allow financing / discounting of MSME receivables on "without recourse" basis by permitted financiers. Currently, three entities operate TReDS platforms in the country; one more entity has also been given in-principle authorisation to operate such platform.

- Based on the experience gained, and as announced in the Statement on Developmental and Regulatory Policies dated February 8, 2023, it has been decided to make the following enhancements to the TReDS guidelines :
  - Facilitate insurance for transactions : Financiers place their bids on the TReDS platforms keeping in view the credit rating of buyers. They are generally not inclined to bid for payables of low rated buyers. To overcome this, insurance facility is being permitted for TReDS transactions, which would aid financiers to hedge default risks, subject to the following:
    - Apart from MSME sellers, buyers and financiers, insurance companies are permitted to participate as "fourth participant" in TReDS.
    - In their business / operational rules, the TReDS platform operators may specify the stage at which insurance facility can be availed.
    - Premium for insurance shall not be levied on the MSME seller.
    - Collection of premium and related activities could be enabled through National Automated Clearing House (NACH) system used for settlement of TReDS transactions.
    - Based on consent received from financiers and insurance companies, TReDS platforms could facilitate automated processing of insurance claims and specify timelines for their settlement through the NACH system.
    - As of now, the credit insurance shall not be treated as a Credit Risk Mitigant (CRM) to avail any prudential benefits.

**P. VASUDEVAN**

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](http://www.rbi.org.in)*

## 37 Risk Management and Inter-Bank Dealings - Non-deliverable derivative contracts (NDDCs)

[Issued by the Reserve Bank of India vide RBI/2023-24/36 A. P. (DIR Series) Circular No. 05 dated 06.06.2023]

Please refer to Paragraph 1 of the Statement on Developmental and Regulatory Policies announced as a part of the first Bi-monthly Monetary Policy Statement for 2023-24 dated April 06, 2023 regarding development of the onshore non-deliverable derivative market. Attention of Authorised Dealers Category – I (AD Cat-I) banks is invited to the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 dated May 3, 2000 (Notification No. FEMA.25/RB-2000 dated May 3, 2000), as amended from time to time, and Master Direction – Risk Management and Inter-Bank Dealings dated July 5, 2016, as amended from time to time.

2. As per the extant regulatory framework, AD Cat-I banks operating International Financial Services Centre (IFSC) Banking Units (IBUs) are permitted to offer non-deliverable derivative contracts (NDDCs) to persons resident outside India. Such derivatives are cash-settled in foreign currency. With a view to developing the onshore INR NDDC market and providing residents the flexibility to efficiently design their hedging programmes, it has been decided to permit:
  - (a) AD Cat-I banks operating IBUs to offer NDDCs involving INR to resident non-retail users for the purpose of hedging. Such transactions shall be cash settled in INR; and
  - (b) The flexibility of cash settlement of NDDCs transactions between two AD Cat-I banks, and between an AD Cat-I bank and a person resident outside India in INR or any foreign currency.
3. Accordingly, the amendments being made to the Master Direction – Risk Management and Inter-Bank Dealings dated July 5, 2016, as amended from time to time, are placed at Annex herewith.
4. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions/ approvals, if any, required under any other law.

**DIMPLE BHANDIA**

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](http://www.rbi.org.in)*

## 38 Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Removal of 02 entries from Sanction List

[Issued by the Reserve Bank of India vide RBI/2023-24/35 DOR.AML REC.17/14.06.001/2023-24 dated 06.06.2023]

Please refer to Section 51 of our Master Direction on Know Your Customer dated February 25, 2016 as amended on May 04, 2023 (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/15309 dated June 05, 2023 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, removed the below mentioned entries from the ISIL (Da'esh) and Al-Qaida Sanctions List after concluding its consideration of the de-listing requests for these names submitted through the Office of the Ombudsperson established pursuant to Security Council resolution 1904 (2009), and of the Comprehensive Reports of the Ombudsperson on these de-listing requests. Therefore, the assets freeze, travel ban and arms embargo set out in paragraph 1 of Security Council resolution 2610 (2021) and adopted under Chapter VII of the Charter of the United Nations no longer apply to the names set out below:

**SANTOSH KUMAR PANIGRAHY**

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](http://www.rbi.org.in)*

## 39 Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Amendments in 01 Entry

[Issued by the Reserve Bank of India vide RBI/2023-24/34 DOR.AML REC.16/14.06.001/2023-24 dated 05.06.2023]

Please refer to Section 51 of our Master Direction on Know Your Customer dated February 25, 2016 as amended on May 04, 2023 (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/15307 dated June 02, 2023 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 entry 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 1 of Security Council resolution 2610 (2021), and adopted under Chapter VII of the Charter of the United Nations.

**SANTOSH KUMAR PANIGRAHY**

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](http://www.rbi.org.in)*



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

**ICSI Motto**  
सत्यं वद। धर्मं चर। इष्टार्थं कुरु तन्मते: श्रेयते स्युः कुरु त्वत्तः।

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

# E-BOOK ON COMPANIES ACT, 2013



**One Stop Destination**  
All amendments pertaining  
to each section and rule  
placed therewith



**Prompt updation of  
Circulars/Notifications**  
(within 2 working days  
of issue)



**Hyperlink facility  
available in Sections  
to the relevant Rules**



**Search facility  
available in all 4 tabs**



**Dedicated tabs for:**

- Companies Act, 2013
- Companies Rules
- Effective Dates
- Notifications/Circulars



**Access at: <https://e-book.icsi.edu/default.aspx>**



# 5

## NEWS FROM THE INSTITUTE



- MEMBERS RESTORED DURING THE MONTH OF MAY 2023
- CERTIFICATE OF PRACTICE SURRENDERED DURING THE MONTH OF MAY 2023
- LIST OF PEER REVIEWED UNITS
- NEW ADMISSIONS
- UPLOADING OF PHOTOGRAPH AND SIGNATURE
- CHANGE / UPDATION OF ADDRESS
- OBITUARIES
- PAYMENT OF ANNUAL MEMBERSHIP AND CERTIFICATE OF PRACTICE FEE FOR THE YEAR 2023-2024



## Institute News

### MEMBERS RESTORED DURING THE MONTH OF MAY 2023

SL. NO	NAME	MEMB NO	REGION
1	CS KOVILLOOR VIJAYARAGHAVACHARI SAMPATHKUMAR	ACS - 106	SIRC
2	CS R KRITHIVASAN	ACS - 10695	SIRC
3	CS VENKATRAGHAVAN VISHWANATH	ACS - 11531	WIRC
4	CS HITESH MEHRA	ACS - 13114	NIRC
5	CS LAKSHMI V. KRISHNAN	ACS - 14051	SIRC
6	CS SHANKAR LAL KUMHAR	ACS - 14663	NIRC
7	CS SUJIT KUMAR PANDEY	ACS - 15375	NIRC
8	CS SHRUTI SONI	ACS - 15779	NIRC
9	CS SANJEEV KUMAR GOYAL	ACS - 16334	EIRC
10	CS PREETY MAHESHWARI	ACS - 16358	NIRC
11	CS AMIT BHUPENDRA SHAH	ACS - 16720	WIRC
12	CS SANJEEV DAHIYA	ACS - 17028	SIRC
13	CS DEEPIKA RAVINDRA K. GUPTA	ACS - 17212	SIRC
14	CS PRIYANKA BANSAL	ACS - 22432	NIRC
15	CS BABITA GOEL	ACS - 22998	NIRC
16	CS GAURAV MISHRA	ACS - 24727	SIRC
17	CS SAURABH MISRA	ACS - 25150	SIRC
18	CS SHEETAL SONTHALIA	ACS - 27036	EIRC
19	CS KRUTI PAREKH	ACS - 27064	WIRC
20	CS SUGEEETA KURADA	ACS - 31204	SIRC
21	CS DENZIL RALPH DSOUZA	ACS - 31275	WIRC
22	CS VISHNU CHAVDA	ACS - 31301	SIRC
23	CS PRACHI SINGH	ACS - 32444	NIRC
24	CS ROOPALI S	ACS - 33407	SIRC
25	CS SAKSHI SAXENA	ACS - 34398	NIRC
26	CS ANSHITA JAIN	ACS - 35667	NIRC
27	CS KAVIN ARORA	ACS - 36013	NIRC
28	CS PIYUSH MOHTA	ACS - 39145	EIRC
29	CS GURPRIYA SABHARWAL	ACS - 39700	NIRC
30	CS VIJAY KUMAR	ACS - 40118	NIRC
31	CS DIVYA AGARWAL	ACS - 40184	NIRC
32	CS VIDHI KISHORE SHAH	ACS - 40503	WIRC
33	CS PAWANSUT SWAMI	ACS - 40937	WIRC
34	CS KHANISH JUNEJA	ACS - 41117	WIRC
35	CS NEHA YADAV	ACS - 41860	NIRC
36	CS MANSI SONI	ACS - 42109	NIRC
37	CS ANU JAIN	ACS - 42271	WIRC
38	CS POOJA SONI	ACS - 42453	NIRC
39	CS A SELVAM	ACS - 43070	SIRC

40	CS SHUNAYA RAKESH PARWANI	ACS - 43568	NIRC
41	CS VIJAY BISHNOI	ACS - 45030	NIRC
42	CS POOJA JAIN	ACS - 45201	NIRC
43	CS RUCHIKA BERIWAL	ACS - 45977	WIRC
44	CS AJAY KUMAR GOEL	ACS - 4598	NIRC
45	CS SMITA ANAND MISHRA	ACS - 46005	WIRC
46	CS HITI TARANJIT SINGH JHEETA	ACS - 47347	SIRC
47	CS PRERNA BANSAL	ACS - 48292	NIRC
48	CS SHALU VARSHNEY	ACS - 51347	WIRC
49	CS RIDDHI KHATRI	ACS - 51522	SIRC
50	CS CHHAVI CHAWLA	ACS - 52446	WIRC
51	CS SOURAV SAMIR	ACS - 52665	NIRC
52	CS UPENDRA KUMAR SINGH	ACS - 53773	EIRC
53	CS MONU KUMAR	ACS - 54779	NIRC
54	CS SAURABH GUPTA	ACS - 58389	NIRC
55	CS RAJ MAHESHBHAI RAVAL	ACS - 59619	WIRC
56	CS MANISHRAJ BHUWANCHADNRA BHATT	ACS - 63754	WIRC
57	CS SANJAY KUMAR TAILOR	ACS - 63920	WIRC
58	CS SAHIL PUNJABI	ACS - 63926	WIRC
59	CS DEEPIKA SINHA	ACS - 65394	WIRC
60	CS PAYAL JALAN	ACS - 65838	EIRC
61	CS RADHIKA ANAND	ACS - 67077	NIRC
62	CS VAIBHAV TEKRIWAL	ACS - 67939	EIRC
63	CS RAHUL KIRAN JAIN	ACS - 67969	WIRC
64	CS MANALI JAYANT PAREKH	ACS - 8189	WIRC
65	CS VINIT SIKKA	FCS - 7292	NIRC
66	CS PRITAM MARUTI KHAWALE	FCS - 7705	WIRC
67	CS GOVIND DEORA	FCS - 8585	WIRC

### CERTIFICATE OF PRACTICE SURRENDERED DURING THE MONTH OF MAY 2023

SL. NO	NAME	MEMB NO	COP NO	REGION
1	CS SOUNDARYA	ACS - 67115	25043	SIRC
2	CS AAKANSHA VAID	ACS - 33013	12244	WIRC
3	CS ABHISHEK PRAFUL KUMAR CHHAG	ACS - 45143	21555	WIRC
4	CS AJAY NOLAKHA	ACS - 55783	21526	NIRC
5	CS AKHIL BHANDARI	ACS - 49253	19966	NIRC
6	CS ALKA DAGA	ACS - 67938	25418	EIRC
7	CS ANANT AGRAWAL	ACS - 66508	25187	WIRC
8	CS ANANT VATS	FCS - 5575	23924	NIRC
9	CS ANKUR GOYAL	ACS - 66864	25546	NIRC
10	CS ARPIT JAYANTI BHAI VYAS	ACS - 53348	23450	WIRC
11	CS AVINASH SHARMA	ACS - 32281	26361	WIRC
12	CS BAIJ NATH MALI	FCS - 1505	15269	NIRC
13	CS BHARATHI JAGADEESAN	ACS - 66474	24897	SIRC
14	CS BHARTI KHANDELWAL	ACS - 56413	22326	NIRC
15	CS FAYIZ MOHAMMED KASSIM	ACS - 53236	22481	SIRC
16	CS HASNU PUTHUSSERY ASHARAF	FCS - 12534	26148	SIRC
17	CS HIMANSHU SHARMA	FCS - 9529	11553	NIRC
18	CS JITASHA GROVER	ACS - 37424	25481	NIRC

19	CS JYOTI KUMARI KHANDELWAL	ACS - 44032	21584	NIRC
20	CS KOSHA NAYANBHAI SHAH	ACS - 60334	23360	WIRC
21	CS KRATIKA AGARWAL	ACS - 65234	26014	NIRC
22	CS KRISH NARAYANAN	FCS - 8915	26008	SIRC
23	CS MADHURA KIRAN UBALE	FCS - 9338	25038	WIRC
24	CS MANAS CHAMPA PATRA	ACS - 33514	24453	EIRC
25	CS MEGHA VERMA	ACS - 63650	24276	NIRC
26	CS MENKA RAJDEV YADAV	ACS - 58030	22473	WIRC
27	CS MUTHUSAMY SUBANANTINI	ACS - 54729	20775	SIRC
28	CS NEHA MANISH PARADKAR	ACS - 66406	24729	SIRC
29	CS NIRMAL KUMAR	ACS - 28323	22453	NIRC
30	CS NITIKA GOEL	ACS - 61265	23032	NIRC
31	CS PRABHJOT KAUR	ACS - 36665	13676	NIRC
32	CS PRACHI MAYUR AGRAWAL	ACS - 26953	25800	WIRC
33	CS PRANITA PRAKASH DUGANE	ACS - 54839	20462	WIRC
34	CS PRIYA BAHETI	ACS - 41440	25702	EIRC
35	CS PUNAM KUMARI JAIN	ACS - 58931	23439	NIRC
36	CS RAGHU BABU GUNTURU	FCS - 4448	2820	SIRC
37	CS RAJAT GUPTA	ACS - 35414	18423	WIRC
38	CS RAJESH SINGH CHAHAR	FCS - 9496	24609	NIRC
39	CS REHANA MOHAMMED KHALID PATEL	ACS - 34833	17302	WIRC
40	CS RIDDHI KIRIT BARFIWALA	ACS - 61247	23908	WIRC

41	CS RIDDHI MEHUL PATEL	FCS - 11121	13577	WIRC
42	CS ROHIT BHARDWAJ	ACS - 70417	26295	NIRC
43	CS ROHIT JOHARI	ACS - 65873	26512	NIRC
44	CS SANJIT BHAGAT	ACS - 47763	18824	EIRC
45	CS SAPNA GARG	ACS - 29757	10716	NIRC
46	CS SHARMILA PARAMBATT	ACS - 42864	16765	SIRC
47	CS SHYAM AGRAWAL	FCS - 6624	7178	NIRC
48	CS SUMITHRA GIRI	FCS - 11714	17921	SIRC
49	CS SWARUPA V	ACS - 57729	26075	SIRC
50	CS TUMMALAPALLI SUHASINI	ACS - 66157	24735	SIRC
51	CS UNNATTI NISHANT JAIN	ACS - 39639	15899	WIRC
52	CS VAISHNAVI AJINKYA KHAIRE	ACS - 49822	21355	WIRC
53	CS VARUN JITENDRA KIRATSATA	ACS - 54895	21316	WIRC
54	CS VENKATESH ACHANTA	ACS - 53326	25657	SIRC
55	CS VIJAY JANI	ACS - 11204	25655	WIRC

#### LIST OF PEER REVIEWED UNITS

The List of Peer Reviewed Units is updated on ICSI Website from time to time and can be accessed at <https://tinyurl.com/PRList2023>

We request members to visit the list for their reference and records.

Peer Review Secretariat

**ICSI**

#### 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](http://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



## 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](http://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](http://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>

## OBITUARIES

Chartered Secretary deeply regrets to record the sad demise of the following members:

**CS Baldev Parkash** (05.01.1959 – 28.04.2023), an Associate Member of the Institute from Amritsar.

**CS S Ramanathan** (01.06.1944 – 17.04.2023), an Associate Member of the Institute from Mumbai.

**CS Muralidharan D Shet** (25.06.1972 – 21.05.2023), an Associate Member of the Institute from Mangaluru.

**CS Sandeep Garg** (25.08.1987 – 22.05.2023), an Associate Member of the Institute from Faridabad.

**CS Bishwanath Khandelwal** (10.03.1939 – 22.05.2023), an Associate Member of the Institute from Kolkata.

**CS Manni Subramaniam** (12.05.1935 – 12.02.2023), an Associate Member of the Institute from Chennai.

May the Almighty give sufficient fortitude to the bereaved family members to withstand the irreparable loss.

May the departed souls rest in peace

## PAYMENT OF ANNUAL MEMBERSHIP AND CERTIFICATE OF PRACTICE FEE FOR THE YEAR 2023-2024

The annual membership fee and certificate of practice fee for the year 2023-24 has become due for payment w.e.f. 1<sup>st</sup> April, 2023. The last date for the payment of annual membership fee and certificate of practice fee will be 31<sup>st</sup> July, 2023.

The membership and certificate of practice fee payable are as follows:

Particulars	Associate*	Fellow*
Annual Membership fee	Rs. 2950	Rs. 3540
Annual Membership fee (Opting out to receive the physical copy of Chartered Secretary Journal)	Rs.2360	Rs. 2950
Annual Certificate of Practice fee	Rs. 2360	Rs. 2360
Entrance fee** (Restoration of Associate and Fellow Membership)	Rs. 2360	Rs. 2360
Restoration fee***	Rs. 295	Rs. 295

\* All Fee inclusive of applicable GST@18%.

\*\* Applicable if annual membership fee is not received by 31<sup>st</sup> July, 2023.

\*\*\* Applicable if annual membership fee and certificate of practice fee is not received by 31<sup>st</sup> July, 2023

A member who is of the age of seventy years or above can claim 75% concession in the payment of Associate/ Fellow Annual Membership fee.

A member who is Divyangjan can seek concession in annual membership fee @ 50% w.e.f. 1<sup>st</sup> April, 2021. Concession of 50% is also applicable additionally to members who are of the age seventy years or above. The member needs to submit a medical certificate to this effect for seeking this concession.

#### MODE OF REMITTANCE OF FEE

The fee can be remitted through ONLINE mode only using the payment gateway of the Institute's website [www.icsi.edu](http://www.icsi.edu) → Online Services through Members Portal login.

1. Use ONLINE SERVICES tab on [www.icsi.edu](http://www.icsi.edu)
2. Select Member Portal from dropdown
3. Login using your membership number e.g. A1234/F1234
4. Enter your password
5. Click on renew link under Notifications on your Home Page
6. Check the details and pay the fee

Payment made through any other mode is not acceptable.

The following are to be done while making online payment of annual membership fee:

1. Declaration of PAN & AADHAAR
2. Verification of your address as per Regulation 3 of the CS (Amendment) Regulations, 2020 by clicking on the given check box
3. Declaration of eCSIN (if applicable)
4. Declaration of UDIN (if applicable)
5. Declaration of GSTIN number (optional)

For more detail kindly refer FAQs on home page of [www.icsi.edu](http://www.icsi.edu) , if unclear raise query at <http://support.icsi.edu>

**Team ICSI**



## 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)

### 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 5<sup>th</sup> 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.





## COMPANY SECRETARIES BENEVOLENT FUND

Be a proud member of CSBF

The Company Secretaries Benevolent Fund (CSBF) provides safety net to the Company Secretaries who are members of the Fund and their family members in distress.

### CSBF

- Registered under the Societies Registration Act, 1860 Recognised under Section 12A of the Income Tax Act, 1961
- Subscription/Contribution to the Fund qualifies for deduction under section 80G of the Income Tax Act, 1961
- Has a membership base of over 15000

**ELIGIBILITY:** A member of the Institute of Company Secretaries of India (ICSI) is eligible for the membership of the CSBF.

**HOW TO JOIN:** By making an online application using the link <https://stimulate.icsi.edu/> alongwith one time subscription of ₹10,000/-.

### BENEFITS

- ₹10,00,000 in the event of death of a member under the age of 60 years
- Upto ₹3,00,000 in the event of death of a member above the age of 60 years
- Upto ₹50,000 per child on time (upto two children) for education of minor children of a deceased member upto the age of 60 years.
- Upto ₹75,000 for medical expenses in deserving cases
- Limited benefits for Company Secretaries who are not members of the CSBF

**DONATION:** The donation to CSBF can be made online at link [www.icsi.in/ICSIDonation](http://www.icsi.in/ICSIDonation)

**CONTACT:** For further information / clarification, please write at email id [csbf@icsi.edu](mailto:csbf@icsi.edu) or contact on telephone no. 0120-4522000

For more details please visit <https://www.icsi.edu/csbf/home/>



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"

### ICSI Motto

सत्यं वद। धर्मं चर। इष्टकं कुरु। त्वाकं बोधेत् तु त्वं त्वं।

### MISSION

"To develop high calibre professionals facilitating good corporate governance"

Connect with ICSI

[www.icsi.edu](http://www.icsi.edu) | [f](#) [t](#) [in](#) [v](#) [e](#) | Online Helpdesk : <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। इच्छते फेद त्वाते। बोलेते हेतु फेद डेव।

**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](http://www.icsi.edu) | [f](#) [t](#) [in](#) [v](#) [@](#) | Online helpdesk : <http://support.icsi.edu>

# 6

## MISCELLANEOUS CORNER



- GST CORNER
- ETHICS IN PROFESSION
- CG CORNER



## E-INVOICE VERIFIER APP BY GSTN

The E-Invoice Verifier App developed by GSTN, has been introduced which offers a convenient solution for verifying e-Invoices and other related details.

### Key Features and Benefits:

**QR Code Verification:** The app allows users to scan the QR code on an e-Invoice and authenticate the embedded value within the code. This helps in identifying the accuracy and authenticity of the e-Invoice.

**User-Friendly Interface:** The app provides a user-friendly interface with intuitive navigation, making it easy for users to navigate through the app's features and functionalities.

**Comprehensive Coverage:** The app supports verification of e-Invoices reported across all six IRPs, ensuring comprehensive coverage and convenience.

**Non-Login Based:** The app operates on a non-login basis, meaning users are not required to create an account or provide sensitive personal information to access its functionalities.

### How to use the e-Invoice Verifier App:

**Download the App:** Visit the Google Play Store and search for "E-Invoice QR Code Verifier". Download and install the app on your mobile device free of charge. The iOS version will be available shortly.

**QR Code Scanning:** Utilise the app to scan the QR codes on your e-Invoices. The app will authenticate the information embedded in the code and one can compare it with information printed on the invoice.

For more detailed information please see the FAQs in the app. This comprehensive FAQ document will provide you with additional guidance on using the app and resolving any queries you may have.

GSTN is also working towards launching Version 2 with the Search IRN functionality, to further streamline e-Invoice verification.

**Source:** <https://www.gst.gov.in/newsandupdates/read/588>

## UPDATE ON ENABLEMENT STATUS FOR TAXPAYERS FOR E-INVOICING

As per Notification No. 10/2023 - Central Tax dated 10<sup>th</sup> May 2023, the threshold for e-Invoicing for B2B transactions has been lowered from Rs. 10 crores to 5 crores. This change will be applicable from 1<sup>st</sup> August 2023.

To this effect GSTN has enabled all eligible taxpayers with an Aggregate Annual Turnover (AATO) of Rs. 5 crores and above as per GSTN records in any preceding financial year for e-Invoicing. These taxpayers are now enabled on all six IRP portals including NIC-IRP for e-Invoice reporting.

The enablement status can be checked on the e-Invoice portal at <https://einvoice.gst.gov.in>.

It would be in the interest of trade to register and utilize the sandbox testing facility available at the IRP portals. This will help taxpayers to familiarize themselves with the invoice reporting mechanism and ensure a seamless transition to the e-Invoice system.

Please note that the enablement status indicated on the e-Invoice portal does not indicate a legal obligation on taxpayers to use e-Invoicing. However, actual liability to generate IRN shall be checked by taxpayers with respect to applicable notification in the light of facts pertaining to them.

While the listing of enabled GSTINs is purely based on the turnover criteria reported in GSTR-3B, it is essential for taxpayers to confirm whether they fulfil the conditions outlined in the notification/rules. Thus, it is the legal responsibility of the concerned taxpayer, both buyers and suppliers, to ensure compliance.

In case, a taxpayer who is otherwise but not auto enabled on the e-Invoice portal, can self-enable for e-Invoicing using the functionality provided on the portal.

**Source:** <https://www.gst.gov.in/newsandupdates/read/591>

## ONLINE COMPLIANCE PERTAINING TO LIABILITY / DIFFERENCE APPEARING IN GSTR1 AND GSTR-3B (DRC-01B)

GSTN has developed a functionality to enable the taxpayer to explain the difference in GSTR-1 & GSTR-3B return online as directed by the GST Council. This feature is now live on the GST portal.

The functionality compares the liability declared in GSTR-1/IFF with the liability paid in GSTR-3B/3BQ for each return period. If the declared liability exceeds the paid liability by a pre-defined limit or the percentage difference exceeds the configurable threshold, taxpayer will receive an intimation in the form of DRC-01B.

Upon receiving an intimation, the taxpayer must file a response using Form DRC-01B, Part B. The taxpayer has the option to either provide details of the payment made to settle the difference using Form DRC-03, or provide an explanation for the difference, or even choose a combination of both options.

A detailed manual on the functionality containing the navigation details is available on the GST portal at [https://tutorial.gst.gov.in/downloads/news/return\\_compliance\\_in\\_form\\_drc\\_01b.pdf](https://tutorial.gst.gov.in/downloads/news/return_compliance_in_form_drc_01b.pdf). It offers step-by-step instructions and addresses various scenarios related to the functionality.

**Source:** <https://www.gst.gov.in/newsandupdates/read/592>

# Professional Misconduct By The Members Under Part II of The Second Schedule to The Company Secretaries Act, 1980

Chapter V of the Company Secretaries Act, 1980 deals with Misconduct. The term “professional and other misconduct” is defined under Section 22 of the Company Secretaries Act, 1980.

As per Section 22 of the Company Secretaries Act, 1980, the expression “professional and other misconduct in relation to Company Secretaries shall be deemed to include any act or omission provided in any of the Schedules i.e. First and Second Schedule to the Company Secretaries Act, 1980, 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 of the Company Secretaries Act, 1980 to inquire into the conduct of any member of the Institute under any other circumstances.

The two schedules - First Schedule and Second Schedule to the Company Secretaries Act, 1980 includes acts or omissions of professional and other misconduct by the Members of the Institute.

Part II of the Second Schedule to the Company Secretaries Act, 1980 contains four clauses on acts or omissions of professional misconduct which are applicable to Members of the Institute generally. A member of the Institute, shall be deemed to be guilty of professional misconduct under Part II of the Second Schedule to the Company Secretaries Act, 1980, if he:-

- (1) Contravenes any of the provisions of the Act or the regulations made there under or any guidelines issued by the Council
- (2) Being an employee of any company, firm or person, discloses confidential information acquired in the course of his employment, except as and when required by any law for the time being in force or except as permitted by the employer;
- (3) Includes in any information, statement, return or form to be submitted to the Institute. Council or any of its Committees, Director (Discipline). Board of Discipline, Disciplinary Committee, Quality Review Board or the Appellate Authority any particulars knowing them to be false:
- (4) Defalcates or embezzles moneys received in his professional capacity.

## CASE STUDY 1

An Information of professional and other misconduct has been filed *inter-alia* alleging that the Respondent is degrading the ICSI by showing the rate list of his professional services. Being a CS he is promoting astrology through Facebook posts and this will demotivate new students.

The Respondent has stated that he is not medically fit. He has deleted his Facebook account. He will not use social media in future or will not do anything against Law. The Respondent has resigned from his employment with a company.

The Disciplinary Committee observed from the Facebook posts that the Respondent has indulged in providing online consultancy services by all types of professionals. He is also indulged in consultancy on matters other than profession. He has openly quoted his fees for various services. As per the records of the Institute, the Respondent was in employment with a company as ‘Company Secretary’ and has resigned in the year, 2020 and has been holding Certificate of Practice of the Institute after that. Earlier to his employment also he was holding Certificate of Practice of the Institute.

The Disciplinary Committee observed that the Respondent is ‘Guilty’ of professional misconduct under Clause (1) of Part II of Second Schedule to the Company Secretaries Act, 1980, as the Respondent has attracted the provisions contained in Section 2(2) of the Company Secretaries Act, 1980. And, therefore, he has violated the provisions of the Company Secretaries Act, 1980 and the Company Secretaries Regulations, 1982, and also, indirectly, the Resolution dated 12<sup>th</sup> May, 1991 passed by the Council of the ICSI which prohibits simultaneous practice and employment by the members of ICSI.

The Respondent pleaded ‘guilty’ of professional misconduct before the Disciplinary Committee. The Respondent apologized and prayed for leniency. The Disciplinary Committee after giving him an opportunity of being heard passed the Order of Reprimand against the Respondent.

## CASE STUDY 2

A complaint of professional and other misconduct has been filed *inter-alia* alleging that the Respondent while being in full time employment in Canada is also holding a Certificate of Practice of the ICSI and has issued Compliance Certificate under section 383A of the Companies Act, 1956.

The Respondent has stated that the complaint deserves no consideration and is fit to be dismissed.

The Disciplinary Committee held that the Respondent is ‘Guilty’ of professional misconduct under clause (1) of Part II of the Second Schedule of the Company Secretaries Act, 1980 as she, while being in employment in Canada was also holding a Certificate of Practice which is in violation of the resolution passed by the Council of the ICSI. The Disciplinary Committee has passed an order of Removal of name of the Respondent from the Register of Members for a period of 60 days and fine of Rs. 50,000/- against the Respondent.

# International Sustainability Standards Board (ISSB)- IFRS S1 and IFRS S2



The International Sustainability Standards Board (ISSB) issued its inaugural standards—IFRS S1 and IFRS S2—on 26 June 2023. The Standards have ushered in a new era of sustainability-related financial disclosures in capital markets worldwide. The Standards will help to improve trust and confidence in company disclosures about sustainability to inform investment decisions. The Standards create, for the first time, a common language for disclosing the effect of climate-related risks and opportunities on a company's prospects.

IFRS S1 provides a set of disclosure requirements designed to enable companies to communicate to investors about the sustainability-related risks and opportunities they face over the short, medium and long term. IFRS S2 sets out specific climate-related disclosures and is designed to be used with IFRS S1. Both fully incorporate the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

The ISSB Standards are designed to ensure that companies provide sustainability-related information alongside financial statements—in the same reporting package. The Standards have been developed to be used in conjunction with any accounting requirements. They are also built on the concepts that underpin the IFRS Accounting Standards, which are required by more than 140 jurisdictions. The ISSB Standards are suitable

for application around the world, creating a truly global baseline.

## IFRS S 1

*IFRS S1 is effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted as long as IFRS S2 Climate-related Disclosures is also applied.*

The objective of IFRS S1 is to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to users of general purpose financial reports in making decisions relating to providing resources to the entity.

IFRS S1 requires an entity to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term (collectively referred to as 'sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects').

IFRS S1 prescribes how an entity prepares and reports its sustainability-related financial disclosures. It sets out general requirements for the content and presentation of those disclosures so that the information disclosed is useful to users in making decisions relating to providing resources to the entity.



IFRS S1 sets out the requirements for disclosing information about an entity's sustainability-related risks and opportunities. In particular, an entity is required to provide disclosures about:

- a. The governance processes, controls and procedures the entity uses to monitor, manage and oversee sustainability-related risks and opportunities;
- b. The entity's strategy for managing sustainability-related risks and opportunities;
- c. The processes the entity uses to identify, assess, prioritise and monitor sustainability-related risks and opportunities; and
- d. The entity's performance in relation to sustainability-related risks and opportunities, including progress towards any targets the entity has set or is required to meet by law or regulation.

### IFRS S 2

IFRS S2 is effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted as long as IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* is also applied.

The objective of IFRS S2 is to require an entity to disclose information about its climate-related risks and opportunities that is useful to users of general purpose financial reports in making decisions relating to providing resources to the entity.

IFRS S2 requires an entity to disclose information about climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term (collectively referred to as 'climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects').

IFRS S2 applies to:

- a. Climate-related risks to which the entity is exposed, which are:
  - i. Climate-related physical risks; and
  - ii. Climate-related transition risks; and
- b. Climate-related opportunities available to the entity.

IFRS S2 sets out the requirements for disclosing information about an entity's climate-related risks and opportunities. In particular, IFRS S2 requires an entity to disclose information that enables users of general purpose financial reports to understand:

- a. The governance processes, controls and procedures the entity uses to monitor, manage and oversee climate-related risks and opportunities;
- b. The entity's strategy for managing climate-related risks and opportunities;

- c. The processes the entity uses to identify, assess, prioritise and monitor climate-related risks and opportunities, including whether and how those processes are integrated into and inform the entity's overall risk management process; and
- d. The entity's performance in relation to its climate-related risks and opportunities, including progress towards any climate-related targets it has set, and any targets it is required to meet by law or regulation.

## TEN IMPORTANT FACTS ABOUT ISSB'S IFRS S1 AND IFRS S2

### 1. Global disclosure standards

ISSB Standards allow companies and investors to standardise on a single, global baseline of sustainability disclosures for the capital markets, with any additional jurisdictional requirements being built on top of this global baseline.

### 2. International support

The ISSB's work has received strong support from investors, companies, policy makers, market regulators and others from around the world, including the International Organization of Securities Commissions (IOSCO), the Financial Stability Board, the G20 and the G7 Leaders.

### 3. Disclosure of decision-useful, material information

Focusing exclusively on capital markets means that ISSB Standards only require information that is material, proportionate and decision-useful to investors. Moreover, by beginning with climate, companies can phase-in their sustainability disclosures.

### 4. Building on and consolidating existing initiatives

IFRS S1 and IFRS S2 are built on and consolidate the TCFD recommendations, SASB Standards, CDSB Framework, Integrated Reporting Framework and World Economic Forum metrics to streamline sustainability disclosures. Consolidation will help companies to benefit from their investments they've already made in sustainability disclosures while reducing the 'alphabet soup' of sustainability disclosures.

### 5. Reducing duplicative reporting

The baseline approach provides a way to achieve global comparability for financial markets, and allow jurisdictions to further develop additional requirements if needed to meet public policy or broader stakeholder needs. This approach helps to reduce duplicative reporting for companies subject to multiple jurisdictional requirements.

### 6. Helping companies communicate worldwide cost-effectively

ISSB Standards have been designed to provide reliable information to investors; helping companies to communicate how they identify and manage the sustainability-related risks and opportunities they face over the short, medium and longer term.

## 7. Connections with financial statements

The information required by the ISSB Standards is designed to be provided alongside financial statements as part of the same reporting package. ISSB Standards have been developed to work with any accounting requirements, but they are built on the concepts underpinning IFRS Accounting Standards, already required for use by more than 140 jurisdictions.

## 8. Developed through rigorous consultation

ISSB Standards have been developed using the same inclusive, transparent due process used to develop IFRS Accounting Standards – with more than 1,400 responses to the ISSB’s proposals. All ISSB papers, feedback and technical decision-making are available to view online.

## 9. Interoperability with broader sustainability reporting

The ISSB’s partnership with the Global Reporting Initiative enables the ISSB to build its requirements

to be interoperable with GRI standards, helping to reduce the disclosure burden for companies using both ISSB and GRI Standards for reporting.

## 10. A partnership for capacity building

The ISSB’s responsibilities do not stop at standard setting. At COP27, the ISSB announced plans for a capacity building partnership programme, helping to establish the necessary resources for high quality, consistent reporting across developed and emerging economies.

Thus, the aforesaid standards and the ISSB’s capacity building programme will assist in building trust, confidence and much-needed global comparability to the sustainability disclosure landscape.

## REFERENCES:

- i. <https://www.ifrs.org/news-and-events/news/2023/06/issb-issues-ifrs-s1-ifrs-s2/>
- ii. <https://www.ifrs.org/news-and-events/news/2023/06/ten-things-to-know-about-the-first-issb-standards/>



ICSI House, 22, Institutional Area, Lodi Road, New Delhi –110003  
Phone : 011-45341036/92 email : [hr.dept@icsi.edu](mailto:hr.dept@icsi.edu)  
Website : [www.icsi.edu](http://www.icsi.edu)

## CORRIGENDUM

This has reference to the advertisement published by the Institute of Company Secretaries of India (ICSI) for various posts in “Chartered Secretary” Journal (June,2023 issue), newspapers namely Times of India (Ascent) dated 31<sup>st</sup> May,2023, The Hindu dated 31<sup>st</sup> May,2023 and Employment News dated 1<sup>st</sup> July,2023 and the advertisement uploaded on the Institute’s website ([www.icsi.edu](http://www.icsi.edu)) on the career page

As some technical error had occurred, candidates who had submitted their applications online for any post on 14<sup>th</sup>, 15<sup>th</sup> or 16<sup>th</sup> June,2023 are requested to apply again Online by visiting the website [www.icsi.edu/careers](http://www.icsi.edu/careers). Last date for submission of application (Online) is 23<sup>rd</sup> July, 2023.



[www.icsi.edu/careers](http://www.icsi.edu/careers)

The HR Directorate  
The Institute of Company Secretaries of India  
New Delhi  
Email : [hr.dept@icsi.edu](mailto:hr.dept@icsi.edu)  
website : [www.icsi.edu](http://www.icsi.edu).

**Comments?  
Suggestions?  
We want to hear from you!**

**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](mailto:cs.journal@icsi.edu).

# 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](mailto:cs.journal@icsi.edu) latest by 25<sup>th</sup> 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

A new section '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](mailto:cs.journal@icsi.edu) latest by 25<sup>th</sup> 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.





M/s. Muneraka Electricals India Private Limited (hereinafter referred to as “the applicant”) are engaged in business of supply of various electronic items. Applicant is having GST Registration Number 25AACCV2163K1MG. The company purchases various electronic items from M/s. Sumedha Electricals Private Limited (hereinafter referred as “the supplier”) having GST Registration Number 25AACCV2093K1SG.

The supplier issued Tax Invoice in terms of Rule 46 of CGST Rules, 2017 and charged GST on such taxable value, calculated in terms of section 15 of CGST Act, 2017. The applicant submits that, supplier paid GST and filed GSTR3B for the relevant tax period and reported details of supplies of GSTR1. Applicant has received the goods and made the payment for consideration as per tax invoice for the goods received from the supplier.

Various incentives are received by the applicant, in the nature of “discounts” from its supplier viz. Turnover Discount, Quantity Discount, Cash Discounts, Additional Scheme Discounts, 3 months regular scheme discounts, etc. year wise from effective date of registration till date. All these discounts are in the form of after sale discounts. For these discounts, the supplier has raised financial commercial credit note without GST for accounting purposes only. The financial Credit Notes were accounted for by the Applicant and also disclosed by distributors in their Income Tax returns. Further, supplier does not reduce its output tax liability in respect to said Financial/commercial Credit Notes, as section 15 does not permit to exclude “Post Supply Discount” from transaction value. Supplier also filed affidavit stating that they don’t reduce GST liability on account of financial/commercial credit note.

The applicant submits that section 16 of CGST Act, 2017 deals with eligibility to avail credit of Input Tax paid by the recipient of goods or services on inward supplies subject to fulfillment of certain conditions. He is satisfying all the conditions mentioned in section 16 e.g. he is in possession of tax invoice issued by a supplier registered under this Act, he has received the goods, the goods received by him are intended to be used for his business further and most importantly, GST charged in respect of such supply has actually been paid to the Government along with timely filing of return


under section 39. Therefore, he is eligible to avail credit of input tax charged on payment made by him of the amount towards the value of supply of goods along with tax payable thereon.

The applicant further submits that “amount towards the value of supply” to be the commercial price, which is mutually agreed upon between the supplier and the buyer and claims that the said proviso of section 16 of CGST Act does not have any application to this case. Further, legislative intention is to merely ensure that suppliers essentially those in MSME sector are paid the commercially agreed price on time.

The applicant further submits that a conjoint reading of section 15 and 16 of the CGST Act, 2017 leads to the conclusion that a registered person is entitled to take full credit of the input tax charged on the supply of goods or services or both.

**Q. Whether the applicant is duly eligible to take full credit of GST charge in Tax Invoice issued by supplier and GST was paid by such supplier to government even though later commercial/financial credit note is issued for part amount of invoice corresponding to “after sales discount”?**

**Q. Whether the applicant is required to reverse the ITC (input tax credit) proportionately to the extent of financial/commercial credit note issued by supplier?**

**Q. What would have been the situation in above two cases if after sales discount is established as per the terms of the agreement before or at the time of such supply and a link established with relevant invoices of the discounts given and supplier has reduced output GST liability on account of financial/commercial credit note?** 

**Winner of Case Study – June 2023**

**CS Himanshu Bhardwaj**

ACS-67805

# BEST ANSWER CASE STUDY JUNE 2023

**Q1-** Whether the Naib Tehsildar was at all justified in not taking possession of the secured assets / properties as per order passed by the District Magistrate under Section 14 of the SARFAESI Act?

**Answer** – Section 14 of the SARFAESI Act, enables secured creditors to seek assistance from the Chief Metropolitan Magistrate or District Magistrate for the possession of secured assets. The Magistrate is required to facilitate the transfer of possession and has the authority to take appropriate measures to ensure compliance. The actions taken by the Magistrate under this section are immune from challenge in any court or authority.

The contention that Naib Tehsildar was at all justified in not taking possession of secured assets / properties as per order passed by the District Magistrate under section 14 of the SARFAESI Act is not maintainable and out of the jurisdiction designated authorities under section 14.

## Case Brief:

The secured creditor, initiated recovery proceedings under Section 13(2) of the SARFAESI Act. The bank filed an application under Section 14 of the SARFAESI Act before the District Magistrate for seeking assistance in taking possession of the secured assets. The District Magistrate (“DM”) granted the application and directed the SDM to take vacant possession of the assets. However, no action was taken which led secure creditor to complaints of non-compliance of order to both the District Magistrate and the SDM. Finally, The SDM instructed the Naib Tehsildar to comply with the District Magistrate's order and obtain possession with police assistance. However, the Naib Tehsildar refused to comply, citing pending recovery proceedings initiated by an MSME and recovery certificates issued under the MSMED Act. The Naib Tehsildar argued that the MSMED Act, being a subsequent special enactment, would prevail over the SARFAESI Act.

## Rationals:

1. The power exercisable by the DM under sec 14 of SARFAESI Act are considered ministerial in nature and does not required to adjudicate the dispute between the borrower and the secured creditor and between any other third party with respect to secured assets.
2. It is the duty cast upon the DM to assist the secured creditor in obtaining the possession as well as the documents related to the secured assets even with help of any officer subordinate to him after being satisfied by the secured creditor that he complied with the requirements of SARFAESI Act.
3. Any objections and disputes should be raised in proceedings under section 17 SARFAESI Act before debt recovery tribunal.

## Supporting Case:

In the Balkrishna Rama Tarle Dead Thr LRS & Anr. versus Phoenix ARC Private Limited & Ors, the supreme court had examined Section 14 of the SARFAESI Act grants ministerial powers to the

Chief Metropolitan Magistrate or District Magistrate, without involving an adjudicatory process. Once the secured creditor fulfils the requirements of Section 14, it is the duty of the CMM/DM to assist the creditor in obtaining possession of the secured assets and related documents. The CMM/DM is not required to settle disputes between the borrower and the creditor at this stage. Any objections can be raised during proceedings under Section 17 before the Debts Recovery Tribunal.

## Conclusion:

The Naib Tehsildar was not at all justified in not taking possession of the secured assets / properties as per order passed by the District Magistrate under Section 14 of the SARFAESI Act for the reason the recovery certificate under MSMED Act is pending and also without jurisdiction. Even the District Magistrate is not having jurisdiction in this regard to decide the dispute. The District Magistrate is only to give assistance the secured creditor to take over the assets. If any person is aggrieved by the steps, then the aggrieved person has to approach the Debts Recovery Tribunal by way of appeal / application under Section 17 of the SARFAESI Act.

**Q2** - Whether recovery proceedings / recoveries under the MSMED Act would prevail over the recoveries made / recovery proceedings under provisions of the SARFAESI Act in view of the non-obstante clause of section 24 of the MSMED Act?

**Answer** – Section 24 of the MSMED Act, containing the non-obstante clause, provides that provisions mentioned in Section 15-23 of the MSMED Act pertaining to special mechanism for adjudication of the dispute between the supplier and buyer along with enforcing certain other contractual and business terms on the parties such as time limit for payments and interest in case of delayed, shall have effect notwithstanding anything inconsistent therewith under any other law in effect.

## Case Brief:

The submission on behalf of MSME argues that Section 24 of the MSMED Act, which contains a non-obstante clause, gives it overriding effect over other laws, including the SARFAESI Act. They contend that since the MSMED Act is a later enactment, it should prevail over the SARFAESI Act. The principle is that when two enactments have competing non-obstante provisions, the later statute takes precedence. The MSME Act's non-obstante clause, Section 24, should prevail over the recovery mechanism

of the SARFAESI Act. Additionally, the IBC, 2016 is said to override the SARFAESI Act, and the MSMED Act may also have precedence in this context.

It is a settled law that where two enactments have competing non-obstante Clause then non-obstante clause of the subsequent would prevail over the earlier. The Hon'ble Supreme court laid down principle in Bank of India vs. Ketan Parekh & Ors, 2008 that wherein if two enactments have competing non-obstante clauses then the non - obstante clause of the subsequent statute would prevail over the earlier.

In above context, SARFAESI Act enacted before MSMED Act in case of any conflict between the same on non-obstante clause, the non-obstante clause of MSMED Act shall have prevailing and overriding effect. However, through Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions (Amendment) Act, 2016, section 26-E of SARFAESI Act was inserted which states that after the registration of a security interest, the debts owed to a secured creditor take priority over all other debts, revenues, taxes, and rates payable to the Central Government, State Government, or local authority, regardless of any other laws in force.

Since 26E of the SARFAESI Act, being subsequently inserted vide amendment in 2016, the non-obstante clause in section 26-E shall prevail over the provisions of MSMED Act,

#### **Rationals:**

1. Section 15 to 23 of MSMED Act only provide for special mechanism for adjudication of the dispute along with enforcing certain other contractual and business terms on the parties such as time limit for payments and interest in case of delayed payments.
2. There is no express priority envisaged for payments over the dues of secured creditors or over any taxes or cesses payable to Government or local authority.
3. The provisions of SARFAESI Act provide expressly and unambiguously for a legal framework exclusively on the issue of priority of payment of dues.
4. In the absence of such express provisions, specific scheme of priority of payments provided by SARFAESI Act as compare to MSMED Act have prevailing effect.

#### **Supporting Case:**

In Kotak Mahindra Bank Limited Vs. Girnar Corrugators Pvt. Ltd. & Ors, facts of the case are similar, supreme court observe the question of non-obstante nature of section 24 of MSMED Act and Section 26-E of SARFAESI Act. Where court held that section 15 to 23 of MSMED Act provide special mechanism for adjudication of the disputes and to adjudicate and resolve the same. It does not provide any priority over the debt dues of secured creditors akin to section 26-E of SARFAESI Act. Since section 26-E was subsequently inserted, it has overriding effect over the section 24 of MSMED Act.

#### **Conclusion:**

Even though there is non-obstante clause in both SARFAESI Act and MSMED Act. The MSMED Act is silent on the payment of dues under this Act on priority basis whereas in the SARFAESI Act Section 26E it is provided that the secured creditors are having the priority over the other dues. On that basis SARFAESI Act overrides the provisions of MSMED Act.

**Q3** - Whether there is conflict between scheme of SARFAESI Act and the MSMED Act?

**Answer** - There is no inherent conflict between the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act and the Micro, Small and Medium Enterprises Development (MSMED) Act.

The SARFAESI Act, enacted in 2002, provides a framework for banks and financial institutions to recover their non-performing assets (NPAs) by enforcing the security interests created in their favor. It enables secured creditors to take possession of and sell the assets of defaulting borrowers without requiring court intervention.

On the other hand, the MSMED Act, enacted in 2006, aims to promote and facilitate the development of micro, small, and medium enterprises (MSMEs). It provides certain benefits and protections to MSMEs, including the provision of timely credit and settlement of their dues.

Conflicts between two enactments can arise when the provisions of one law contradict or are incompatible with the provisions of another law. In such cases, it becomes necessary to determine which law takes precedence or whether they can be interpreted and applied together in a harmonious manner. Therefore, courts play a crucial role in interpreting laws and resolving conflicts. If a conflict arises, the court may carefully examine the provisions, legislative intent, and context of both laws to determine their compatibility and the appropriate course of action.

#### **Supporting Case and conclusion:**

In context of given facts of the case, supreme court in Kotak Mahindra Bank Limited Vs. Girnar Corrugators Pvt. Ltd. & Ors, held that there is no conflict or repugnancy between the SARFAESI Act and the MSMED Act. The SARFAESI Act provides a specific mechanism for handling financial assets and security interests, while the MSMED Act has provisions for adjudicating and resolving disputes between suppliers and micro or small enterprises. The MSMED Act does not provide priority to the debt dues of secured creditors like the SARFAESI Act does. However, the award passed by the Facilitation Council shall be entitled to execute the same like other debts / creditors. The court concluded that the two acts can be applied harmoniously as they serve different purposes, and there is no conflict between their schemes.



# CROSSWORD PUZZLE – JUNE 2023

## ANSWERS

														<sup>4</sup> F															5F			
														I															O			
														F															R			
			<sup>5</sup> T E N D A Y S																	T												
														E															Y			
<sup>4</sup> P	R	E	L	<sup>2</sup> I	M	I	N	A	R	Y	E	X	P	E	<sup>3</sup> N	S	E	S														
A			N															I			E											
S			T	<sup>2</sup> F O R M C A																			N			V						
2			H	R															E			E										
														A															T			N
														S															I			T
														R															E			H
														U															T			
														S						<sup>3</sup> F I V								H				
														A															T			
														N															H			
														D															C			
				<sup>4</sup> T W O H U N D R E D C R O R E																												
														U																		
														R																		
														E																		

### Winners - Crossword June 2023

**1<sup>st</sup>** CS Chetan Sharma ACS-23055

**2<sup>nd</sup>** CS Anushka Vohra ACS-65159

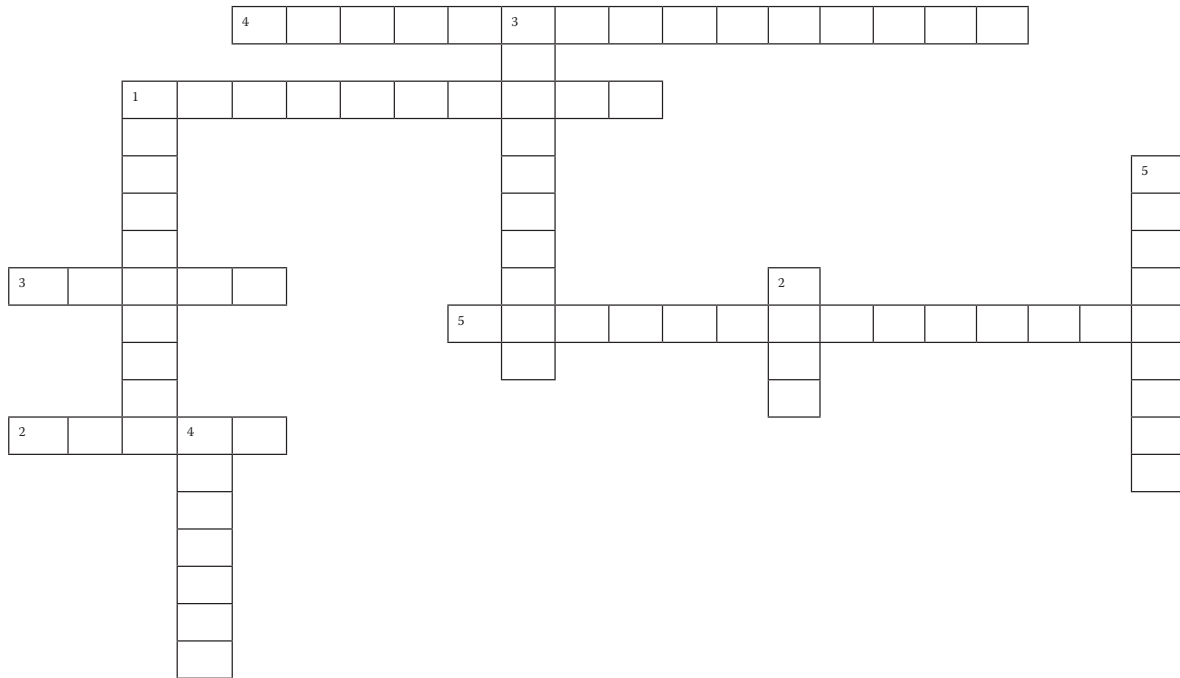
**3<sup>rd</sup>** CS Bharatsinh C. Parmar ACS-20704

### 3<sup>rd</sup> Winner of the - Crossword May 2023

**3<sup>rd</sup>** CS Chandrashekar Bhargav Prabhumirashi FCS-12504

# CROSSWORD PUZZLE – COMPANY LAW

## JULY 2023



### ACROSS

1. One Person Companies and other companies having members upto \_\_\_\_\_are not required to transact any business through postal ballot.
2. A copy of report on Annual General Meeting shall be filed by Listed Company with the Registrar in such form.
3. The insolvency professional, interim resolution professional or resolution professional on an electronic platform of the Board, shall file such form within 7 days of filing of application in respect of preferential transaction, undervalued transaction, fraudulent transaction, and extortionate transaction.
4. As per Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016, The Liquidator shall submit a Preliminary Report to the Adjudicating Authority within \_\_\_\_\_ days from the liquidation commencement.
5. The provisions of Section 190 related to Contract of employment with managing or whole-time director are not applicable to such company:

### DOWN

1. A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than \_\_\_\_\_of the total share capital of the company carrying voting rights:
2. Register of Significant Beneficial Owners maintained in such form by the Company:
3. The interim resolution professional or the resolution professional shall preserve a physical copy of records for a minimum period of \_\_\_\_\_; from the date of completion of the corporate insolvency resolution process or the conclusion of any proceeding relating to the corporate insolvency resolution process, before the Board, the Adjudicating Authority, Appellate Authority or any Court, whichever is later.
4. As per SEBI LODR Regulations, 2015 The meetings of the risk management committee shall be conducted in such a manner that on a continuous basis not more than \_\_\_\_\_days shall elapse between any two consecutive meetings.
5. As per Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016, The liquidator shall constitute a consultation committee, comprising of all creditors of the corporate debtor, within \_\_\_\_\_days from the liquidation commencement date.

# 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	
4 Insertions	₹ 3,60,000		4 Insertions	₹2,52,000	
6 Insertions	₹ 5,28,000		6 Insertions	₹ 3,69,000	
12 Insertions	₹ 10,20,000		12 Insertions	₹ 7,14,000	
FULL PAGE (COLOURED)			HALF PAGE (COLOURED)		
	Non – Appointment	Appointment		Non – Appointment	Appointment
Per Insertion	₹ 50,000	₹ 15,000	Per Insertion	₹ 25,000	₹ 7,500
4 Insertions	₹ 1,80,000	₹ 54,000	4 Insertions	₹ 90,000	₹ 27,000
6 Insertions	₹ 2,64,000	₹ 79,200	6 Insertions	₹ 1,32,000	₹ 39,600
12 Insertions	₹ 5,10,000	₹ 1,53,000	12 Insertions	₹ 2,55,000	₹ 76,500
PANEL (QTR PAGE) (COLOURED)			EXTRA BOX NO. CHARGES		
Per Insertion	₹15,500	₹4,500	For 'Situation Wanted' ads	100	
(Subject to availability of space)			For Others	200	
MECHANICAL DATA					
Full Page - 18X24 cm		Half Page - 9X24 cm or 18X12 cm		Quarter Page - 9X12 cm	

- ♦ The Institute reserves the right not to accept order for any particular advertisement.
- ♦ The Journal is published in the 1<sup>st</sup> week of every month and the advertisement material should be sent in the form of typed manuscript or art pull or open file CD before 20<sup>th</sup> of any month for inclusion in the next month's issue.

For further information  
write to:  
The Editor  
CHARTERED SECRETARY  
Mail to : cs.journal@icsi.edu  
Ext. 0120-4082123



**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)





# NON-RECEIPT OF CHARTERED SECRETARY JOURNAL RESOLUTION OF GRIEVANCES



CONTACT US



The Institute has been making due efforts to bring out the Chartered Secretary Journal on varied topics and dispatch to all members as per the corresponding address opted by Member in ICSI Membership Database. Nevertheless, we understand that some of our Members/Subscribers are not receiving the journal in time.

As the regular bulk dispatch is done through India Post, there is also a possibility of non-delivery or loss in transit by the Post Office officials at some locations.

While we have been taking steps to minimize the complaints of non-receipt of the journal by checking the Membership database as available with ICSI and sending e-mails to Members and other stakeholders at regular intervals for keeping database up-to-date owing to change of job or shift of office / residence, if any, we also make efforts to resolve any complaint within 24 hours and sending the replacement copy as per their requirement.

**In order to serve the stakeholders with uninterrupted supply of the journal, we request members to check and update their corresponding address, add some more location/landmark for easy access by India Post delivery officials.**

Further, we are also sending additional copies of CS Journal to All ICSI Chapters and Regional Offices pan India. Members may also collect copies from nearest Chapter or Regional office in case of non receipt of CS Journal.

**For all queries relating to non-receipt of Chartered Secretary, write at the dedicated email [cs.journal@icsi.edu](mailto:cs.journal@icsi.edu)**

**Or**

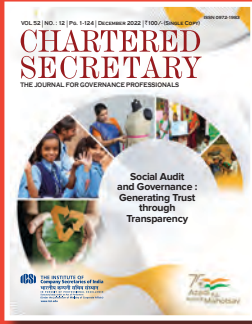
**Register your complaint at:**

**<https://smash.icsi.in/Scripts/Complaint/ComplaintForm.aspx>**

**Members may also opt for Speed Post delivery by paying nominal fees of Rs. 500/- Per Year for CS Journal.**

Soliciting your cooperation in providing enhanced service.

**Team ICSI**



# Subscribe to India's No. 1 Journal for Governance Professionals



Chartered Secretary, a prestigious monthly corporate Journal having a readership of more than 100,000 per month is rated to be one of the best journals for the professionals. The Journal enjoys a revered position amongst its peer journals not only for its thought provoking articles contributed by leading professionals from the Corporate World and the Government, but also other information such as:

- ❖ Articles on **special issues of the Chartered Secretary** on current or contemporary topic like Governance from Grassroots to Global, Companies (Amendment) Act, 2020 & Recent Labour Reforms, Futuristic Governance, MSMEs and Role of Professionals in Self-Reliant India, Ease of doing Business, Revival of Economy and Role of Professionals, Governance from Ancient Indian Scriptures, Women Leadership etc.
- ❖ Articles from international author, recognised leader, eminent expert etc.
- ❖ Special article of Guest Author such as MD, CEO of top companies, chairman / members of NCLT / NCLAT, senior functionaries in MCA, Regulators, veterans etc.
- ❖ Gist of latest Corporate & related laws
- ❖ Important notifications, circulars and clarifications from the Government
- ❖ Economic, trade and related events of corporate relevance.
- ❖ Information/Events of the Institute
- ❖ International best practices, etc., as per the Code Manual
- ❖ Global Corporate Corner
- ❖ Quality research-based articles on global contemporary issues
- ❖ Corporate Governance
- ❖ Start-up India
- ❖ Ethics in Profession
- ❖ GST Corner
- ❖ Research Corner
- ❖ Important Announcement, Publications released etc.

**YES I WISH TO SUBSCRIBE TO THE CHARTERED SECRETARY JOURNAL**

(Please tick your subscription choice and send the form to Printing Cell, ICSI, C-36 Sector 62, Noida 201301 (Uttar Pradesh). The mega subscription for multiple years guarantee uninterrupted supply of journal at a discounted rate.

Annual Subscription (12 issues) From - January - December	Subscription for 3 years (36 issues)	Subscription for 4 years (48 issues)	Subscription for 5 years (60 issues)
Rs.1000/- by Ordinary Post, Plus Rs.500 for Registered/Speed Post	Rs.2400/- by Ordinary Post, Plus Rs.1500 for Registered/Speed Post	Rs.3200/- by Ordinary Post, Plus Rs.2000 for Registered/ Speed Post	Rs.4000/- by Ordinary Post, Plus Rs.2500 for Registered/ Speed Post

**Subscription Form :**

The Institute of Company Secretaries of India

I wish to subscribe Chartered Secretary for a period of ..... years (tick the box /write for the years you wish to subscribe). Please send the journal at the address given below :

I enclose a cheque /Draft No..... dated .....drawn on .....

For Rs..... Payable to the Institute of Company Secretaries of India

Date : Signature.....

Place : Name .....

Students and others can also subscribe to the journal by using ICSI online services at the following link (by filling the online form and selecting the payment mode/gateway) : <https://smash.icsi.in/Scripts/CSJ/Default/SubscribeCSJournal.aspx>

❖ Students Annual Subscription (12 issues) - Rs. 500/-by Ordinary Post, Plus Rs. 500 for Registered/Speed Post

Please rush your order to -

The Joint Director (Printing) ICSI, C-36 Sector 62, Noida 201301 (Uttar Pradesh)

For more details, you may contact through below options :

Phone : 0120-4082130, Fax : 011-24626727;

Email: [cs.journal@icsi.edu](mailto:cs.journal@icsi.edu)

Regn. No. 21778/71  
Postal Regn. No. DL(S)-17/3197/2021-23  
WPP License No. MR/Tech/WPP-145/DL(C)/2022-23  
Posting Date : 10/11-07-2023 of Every Month  
Date of Publication : 10<sup>th</sup> and 11<sup>th</sup> of Every Month

Licensed to post without prepayment  
at Patrika Channel Sorting Office,  
Mumbai 400 001.



clear

# India's Best Board Meeting Software **BLISS**



Peace of mind and 100% compliance  
with the Companies Act, 2013 and SEBI's LODR

#### For Secretarial Team

- ☑ Create agenda in your formats effortlessly
- ☑ Provide curated access to secretarial auditors for quick audits
- ☑ Securely retrieve your historical secretarial records anywhere, anytime

#### For Directors

- ☑ Secure & direct access to board documents
- ☑ Easy to collaborate for informed decision making
- ☑ Single-click electronic voting on resolutions



Secure data with ISO27001,  
ISO27017 & ISO27018, & SOC2  
Type2 certification



Domain-rich software, integrating  
over 170+ compliances with real-  
time updates on regulatory changes

**Trusted by 1000+ Companies Nationwide**

Please contact us at [080-23324212](tel:080-23324212) or email us at [contact@simplyfive.com](mailto:contact@simplyfive.com) to request a free demo.