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THE JOURNAL FOR GOVERNANCE PROFESSIONALS



Opportunities in **GST & INDIRECT TAXES**



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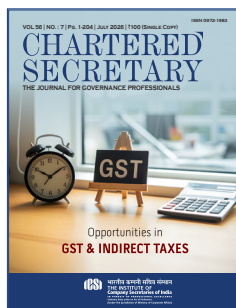


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EDITORIAL

The introduction of the Goods and Services Tax (GST) on 01 July, 2017 has marked one of the most significant tax reforms in India. Within less than a decade since its implementation, GST has matured from a compliance-centric regime into a dynamic framework powered by technology-driven compliance and revenue management framework. While the initial focus was creating a unified national market and eliminate cascading taxes, the current focus surrounding revenue buoyancy, compliance efficiency, litigation management and economic competitiveness influences business strategy across sectors, supply chains, technology adoption, and regulatory management. In this changing environment, unprecedented opportunities have emerged for Company Secretaries, the 'governance experts', to contribute beyond traditional compliance functions.

The theme of this month's Chartered Secretary Journal '**Opportunities in GST & Indirect Taxes**' revolves around how GST has transformed taxation into a technology-driven and continuously monitored ecosystem and how the Businesses are increasingly seeking CS Professionals who can interpret legal provisions, implement robust compliance systems, mitigate tax risks, and engage constructively with tax authorities. It is pertinent to note that GST has increasingly intersected with these domains and Boardrooms today expect comprehensive risk oversight, including tax governance. The CS Professionals are uniquely positioned to assist organizations in establishing robust internal controls, monitoring compliance frameworks, and ensuring accountability mechanisms.

The articles '**India's GST 2.0: From Compliance Control to Trust-Based Digital Tax Governance for Viksit Bharat 2047**', '**Integration of E-Invoicing and E-Way Bill Systems: A Paradigm Shift in Combating Tax Evasion under GST**', '**Digital Transformation in GST: The Efficacy of AI-Driven Invoice Matching, Digital Audits and the Reduction of Classification Disputes**' and '**Taxing Cross-Border E-Commerce and Digital Streaming Platforms: Challenges Impending**' collectively bring out a compelling view on the transformative role of technology in reshaping India's GST ecosystem. They highlight the shift from a compliance-centric framework to a transparent, intelligence-driven and trust-based tax administration. Articles on '**Opportunities in GST & Indirect Taxes: Digital Transformation in GST – AI-Driven Invoice Matching, Faceless Audit and the Decline of Classification Disputes**', '**GST 2.0: Navigating AI-Driven Compliance, Faceless Audits, and the Techno-Legal Frontier**', '**India's Indirect Tax Revolution: GST Development, GST 2.0 and the Road to Viksit Bharat 2047**' and '**GST's Digital Turn: AI-led invoice Matching, Faceless Scrutiny and the Future of Indirect Tax Governance in India**', present a forward-looking vision of GST 2.0 as a key pillar in India's journey towards efficient governance, ease of doing business and the realization of the *Viksit Bharat 2047* vision. The article '**Sunset of Anti-Profitsteering Rules under GST: Impact on Business Price Adjustments**' emphasizes the significance of the transition from the anti-profitsteering regime to a more mature and market-oriented GST framework. While the article in the Global Connect Section '**USA's Exit from Climate Agreements and Its Impact on ESG Governance: A Global and Indian Perspective**' analyses how the withdrawal of a major economy from global climate commitments can influence corporate sustainability strategies, another article published in the Global Connect Section '**Variable Capital Companies in India's IFSC: Architecture, Governance and the Road Ahead: An Analysis of the Draft IFSCA (Amendment) Bill, 2026**' provides an in-depth view of how the introduction of VCCs can enhance the attractiveness of GIFT IFSC for global funds, foster innovation in financial products, strengthen India's position in international financial markets, and contribute to the development of a robust and future-ready financial ecosystem. The research article '**Decriminalisation of Corporate Offences under the Corporate Laws (Amendment) Bill, 2026: Reform or Liability Relocation?**' presents a research overview on the evolving approach of corporate regulation towards facilitating ease of doing business while maintaining accountability and good governance standards. Article on '**India's Social Stock Exchange: Learning from Global Experiences to Build a Sustainable Impact Investment Ecosystem**' highlights the SSE's role in bridging the financing gap for social sector organizations, promoting accountable impact investing, and creating a robust ecosystem that aligns financial returns with social outcomes. An eye-opening article on '**Audit Committee's expanding Role in Governance**' highlights how the role of Audit Committees has evolved beyond traditional financial oversight to encompass risk management, internal controls, regulatory compliance, ESG reporting, cyber-risk monitoring and overall ethical governance.

I invite my esteemed professional colleagues, academicians, researchers and students to explore this enriching issue on "Opportunities in GST and Indirect Taxes" and to actively reflect on the emerging challenges and opportunities in GST & indirect taxation and contribute comprehensively to the ongoing discourse on building a robust governance framework for India.

Happy Reading!

CS Asish Mohan
(Editor - Chartered Secretary)

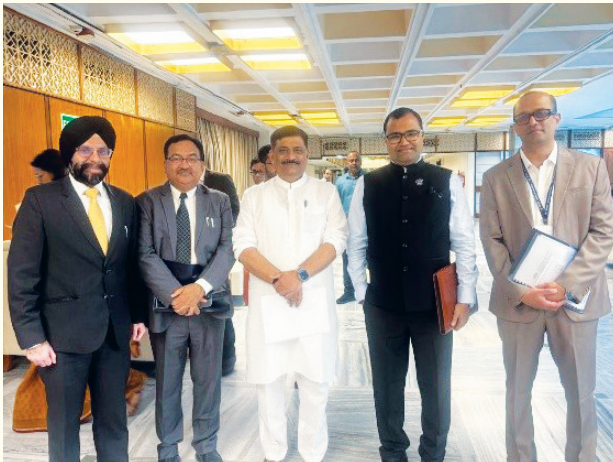
CS Pawan G. Chandak, President along with CS Dhananjay Shukla, Immediate Former President, CS NPS Chawla, Council Member, and CS Asish Mohan, Secretary, The ICSI represented before the Joint Parliamentary Committee on the Corporate Laws (Amendment) Bill, 2026 on June 12, 2026



Shri Sudhir Gupta, Chairman, Joint Committee on the Corporate Laws (Amendment) Bill, 2026 and Member of Parliament (Lok Sabha).



Shri Vinod Sridhar Tawde, Member of Parliament (Rajya Sabha).



Shri Sanjay Kumar Jha, Member of Parliament (Rajya Sabha).



Shri Devesh Chandra Thakur, Member of Parliament (Lok Sabha).



Shri Magunta Sreenivasulu Reddy, Member of Parliament (Lok Sabha).



Dr. Pankaj Kumar Singh, Member of the Legislative Assembly - Delhi.



Dr. Nishikant Dubey, Member of Parliament (Lok Sabha).



WIRC of The ICSI on behalf of the Institute signed an MoU with Smt. Devkiba Mohansinhji Chauhan College of Commerce & Science, Silvassa on June 17, 2026. This collaboration has led to the establishment of the ICSI Silvassa Study Centre. The MoU signing ceremony was graced by CS Rajesh Tarpura, Central Council Member, The ICSI.

Thane Chapter of The ICSI organized a seminar on May 23, 2026. CS Vishwas Pathak, Director, MSEB Holding Co. and spokesperson for BJP (Maharashtra) was the Chief Guest. Shri Krishnan Iyer, Senior VP, NSE, Mumbai and CS Anant Amdekar, PCS were the key speakers on the Seminar.



Chandigarh Chapter of The ICSI conducted Chandigarh UT Conference 2026 on May 29, 2026. Shri Rahul Rana, State Secretary, Haryana (BJP) was the Chief Guest and Shri Vinod Sharma, ICLS, Regional Director NR (II), MCA was the Guest of Honour in the programme. CS Suresh Pandey, Central Council Member, The ICSI also graced the occasion.



SIRC of The ICSI conducted the 23rd Batch of TDOP from June 16-18, 2026.



Inaugural session of the 44th Batch of EDP Classroom mode at Indore Chapter of The ICSI held on June 16, 2026.



Noida Chapter of The ICSI organized a Full-Day seminar on June 20, 2026 in the presence of CS Pawan Kumar Vijay, Former President, The ICSI as Chief Guest, Shri Purnava Ganguly (ICLS), Deputy Director, O/o RD, NR-1 as Guest of Honour. CS Rajiv Bajaj, Former Central Council Member, The ICSI and CS Suresh Pandey, Central Council Member, The ICSI graced the programme.



SIRC of The ICSI conducted a Certificate Course on AI for Company Secretaries from June 12-14, 2026.



The Institute organised a Retirement Felicitation Ceremony to honour employees attaining superannuation and to recognise their dedicated service and significant contributions to the Institute. Mr. M. N. Ravikumar and Mr. Ashok Kumar Shukla were felicitated upon their retirement. The ceremony was graced by senior officials, colleagues, and family members of the retirees, making the occasion both memorable and befitting their years of committed service.

GLIMPSES FROM ICSI CCGRTs



ICSI-CCGRT, Mumbai organised the 9th CLDP-Phase II in residential mode from May 29, 2026 to June 12, 2026. Former Presidents, The ICSI, CS Manish Gupta and CS B. Narasimhan graced the valedictory session.



ICSI-CCGRT, Mumbai organised Three days Residential/Non-Residential Certificate Course on AI for Company Secretaries from June 19-21, 2026.



ICSI-CCGRT, Manesar conducted 10th RCLDP from June 15-29, 2026. CS Dhananjay Shukla, Immediate Former President, The ICSI and CS Suresh Pandey, Central Council Member, The ICSI graced the programme.



Inauguration of the 7th CLDP Phase-2 batch from May 11-26, 2026 at ICSI-CCGRT, Hyderabad. CS Proteek Kumar Chakraborty, Director (Finance), ECIL, Hyderabad was the Chief Guest.



ICSI-CCGRT Hyderabad, conducted a Certificate Course on AI for Company Secretaries on May 29, 2026. CS Nagendra D. Rao, Former President, ICSI was the Chief Guest. CS Venkata Ramana R., Central Council Member, The ICSI graced the event.



Valedictory Session of the 9th Batch of CLDP Phase-2 conducted by ICSI-CCGRT, Hyderabad, on June 30, 2026. CS Dr. Kishore Nuthalapati, CFO BEKEM Infra Projects Pvt. Ltd., Hyderabad was the Chief Guest. CS P. Vikram Reddy, Former Chairman, The ICSI, Hyderabad Chapter was the Special Guest. CS Venkata Ramana R., Central Council Member, The ICSI graced the event.



ICSI-CCGRT, Kolkata conducted its 19th batch of the CLDP (Phase II) residential programme from June 09-23, 2026. CS Dhananjay Shukla, Immediate Former President, The ICSI, CS Sandip Kejriwal and CS Rupanjana De, Central Council Members, The ICSI graced the programme.



The 20th Batch of the CLDP (Phase II) commenced on June 30, 2026 at ICSI-CCGRT, Kolkata. CS Sandip Kejriwal and CS Rupanjana De, Central Council Members, The ICSI graced the programme.



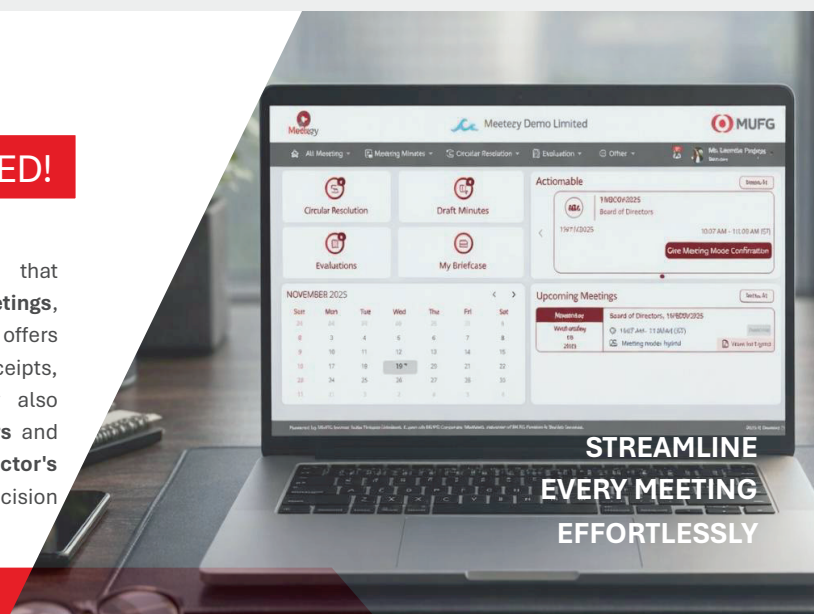
ICSI-CCGRT, Kolkata organized a 2-Day Capacity Building Workshop on 'India's Insolvency Framework – Exploring Procedural Dimensions' on June 27-28, 2026. CS Sandip Kejriwal, Central Council Member, The ICSI graced the programme.

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Your struggles will be admired only after you become successful.

- Anonymous



Dear Professional Colleagues,

As I sit to pen the message for this month's journal, it is indeed a pleasant coincidence that the day of today aligns with the theme of the edition - GST.

The Goods and Services Tax, launched in the year 2017, has truly been a revolution in the Indian business ecosystem. Not only did it subsume plethora of indirect taxes, but at the same time allowed entrepreneurs to comply with ease. And I believe that is what the definition of a good legislation is.

As I congratulate the Ministry of Finance, their leaders and officials on their tremendous efforts in smoothening the journey, I also congratulate all the members for their equally tremendous participation through effective advisory on the matters pertaining to this dynamic legislation.

If this message of mine is a reminiscence of the days gone by, I will begin with one of the most eventful events of the last month.

ICSI NATIONAL PCS CONFERENCE 2026

"A celebration of knowledge, shared strength and recognition..."

Each of the last 3 months' editions of this journal, carried reminders of registration, calls and invitations for participation and to be a part of this unique celebration. And indeed as I stood before the fraternity and quoted the participation numbers, there was an emotion of great gratitude and pride - one that was lent to me by each and every one of the delegates participating.

Even though I might not be able to share the names of all the Experts who joined us from various parts of the country, I would still take this opportunity to extend my gratefulness towards Prof. (Dr.) Gourav Vallabh, Member (Part-Time), Economic Advisory Council to the Prime Minister who not only presided over the Inaugural session

as our special guest, but with the sharing of his views and opinions, enthralled us all.

While the PCS Day is a reminder of a recognition accorded years ago, each and every session of the Conference was curated with the intent to empower the members with so much knowledge, experience and expertise that many more recognitions arrive at our doorstep without requesting for them.

And to complement these thought-provoking sessions, the ICSI also took the moment opportune to release publications and sign MoUs for collaborations with various entities. These MoUs, offering software support and more, are aimed at making the lives easier for our members as they pursue compliance and governance in true letter and spirit.

54TH NATIONAL CONVENTION OF COMPANY SECRETARIES: GEARING UP FOR EVENTFUL TIMES AHEAD

'Kaizen: Improve continuously'

(Kaizen is a Japanese concept of continuous improvement through small, consistent steps. It emphasizes patience, discipline, and steady progress over sudden change.)

Taking a cue from this single word holding immense wisdom, as we bask in the success of one event, preparations have begun for another. Gladly so, it was at the PCS Conference that we opened the registrations for the 54th edition of the National Convention of Company Secretaries. If the PCS Conference focused on the practising side alone, the Convention intends to bring both sides under one roof and plan the road ahead.

Themed upon **NextGen CS - Catalyst of Growth & Guardian of Governance**, the 54th National Convention of Company Secretaries is being hosted in the Temple City of India - Bhubaneswar, during September 05-07, 2026. And while I'm keeping a daily tab on the number of registrations, I am equally eager to be surprised - when with your eager participation this Convention will become the largest congregation of Company Secretaries till date in the history of ICSI.

So, as we finalise the finer details of the event, I have a task for each one of you at this very moment. Call up your friends, book your tickets, reserve your hotels - but most importantly utilise the Early Bird registration window to the fullest.

Come join us in a thoroughly eventful journey of learning under the blessings of Lingaraj and Jagannath !!!

ICSI ELECTIONS 2026: LEAP INTO THE FUTURE

It is indeed a matter of great responsibility for the person manning the Chair to the highest designation of this Institute - that the Elections to the next Central and Regional Councils as well as for the Chapter Managing Committees are conducted in an orderly manner.

And while that activity is a few months away - so is the guidance for the applicable Code of Conduct.

At this very moment, I am not only honoured and proud but equally humbled by the support of my Council in leaning towards one of the biggest decisions in the history of ICSI. While many of you would have known it from the PCS Conference or gotten a hint from the social media platforms, I am going to share this landmark decision with you through the pages of this journal.

And that is; ICSI has become the first governance institution to be hosting its Elections in a purely digital format. Not only will there be ease of counting and declaration of results, but it will also be our way of saving paper, promoting ESG and sustainability. For as they say, "Practice before you Preach".

ICSI CONVOCATIONS 2026: SHARING MOMENTS WITH GOVERNANCE TORCHBEARERS OF TOMORROW

Amidst other events, something that is most awaited amongst the youngest professionals is the opportunity to dress up in Indian Attires – adorn shades of white, and swear to protect and uphold the governance within corporates across the length and breadth of this nation.

The ICSI Convocations held twice a year, across all regions find us travelling to various cities, distributing Certificates signifying the completion of a long and fulfilling academic journey and the welcoming of fresh torchbearers of the profession.

Formal photography aside, the tons of selfies clicked are what makes way onto our social media profiles and memory journals. While I was not able to attend the one held for Eastern Region at Guwahati, I made sure that I did not miss the one for Northern Region at Amritsar.

And even as I write this message, bags are being packed for the next one of the Western Region at Ahmedabad and for the Southern Region at Thiruvananthapuram...!

ICSI AND POLICY ADVOCACY 2026: PARTNERING WITH LEGISLATORS

The year 2026 has indeed been one of regulatory collaborations. While the year began with ICSI joining hands with all other sister concerns in extending its support towards the Corporate Mitra and PMIS initiative, activities have been initiated on that front in full swing.

At the same time, another news that I am happy to share is that very recently the Board of Trade under the Ministry of Finance was reconstituted and for the first time ICSI has been taken on this Board as a proud nominated member. The 5th Meeting of the Board was held recently in the presence of Shri Piyush Goyal, Union Minister of Commerce and Industry and Shri Jitin Prasada, Minister of State for Commerce and Industry.

As ICSI gears up to support the Indian journey of growth, investment and sustainable action, I expect each of our members to update and upgrade their existing levels of knowledge, skill and expertise to be fully ready to support this journey.

Even further, the Boards constituted, also share the intent to contribute to the matters of policy formulation and to contribute to the overall agenda of Viksit Bharat@2047.

ICSI OF TODAY AND TOMORROW: BUILDING BRAND ICSI 2026

"A brand is a promise. A good brand is a promise kept."
- Muhtar Kent

Aligning with the national thought, and to bring about cohesiveness in practices across India, the Council accorded approval for placing the Regional/Local Language name of the respective Regional/Chapter Offices of ICSI and Hindi name before the English name of the ICSI in the design of the ICSI Logo-Masthead, to be implemented across signboards, letterheads, stationery etc.

Going forward, the ICSI Logo-Masthead – across all communications will be found in this order and I would request all my Regional Council Colleagues and my Team of representatives at the Chapter levels to ensure that this change is embraced at all levels of activity with utmost diligence to promote uniformity and avoid any lag in compliance.

As we move towards the second half of the year, I am enthusiastic about hosting our varied stakeholders at some of the very uniquely curated events of ICSI. While the ICSI Invest India Summit scheduled for July 31, 2026 at Bengaluru aims to bring together Startups, MSMEs, Institutional Investors and large-scale investing entities under one roof; the ICSI PSU Conference at Ahmedabad during August 08-09, 2026 aims to empower Company Secretaries in the Public Sector Ecosystem through Governance, Strategy & Leadership.

And in between that preparations are in order to raise intellectually stimulating deliberations at a global level in yet another scenically-endowed nation – Mauritius. The ICSI 5th International Conference on the theme 'Strengthening Governance in VUCA World' is a call for all of you to join us during August 03-05, 2026 and deliberate upon global governance.

For whatever goal we may pursue, the vision remains the same,

"To be a global leader in promoting good Corporate Governance."

With warm regards



CS Pawan G. Chandak
President, ICSI

Activity Highlights of June, 2026

MEETINGS WITH DIGNITARIES

- Shri Sudhir Gupta, Chairman, Joint Committee on the Corporate Laws (Amendment) Bill, 2026 and Member of Parliament (Lok Sabha)
- Shri Vinod Sridhar Tawde, Member of Parliament (Rajya Sabha)
- Shri Sanjay Kumar Jha, Member of Parliament (Rajya Sabha)
- Shri Devesh Chandra Thakur, Member of Parliament (Lok Sabha)
- Shri Magunta Sreenivasulu Reddy, Member of Parliament (Lok Sabha)
- Dr. Nishikant Dubey, Member of Parliament (Lok Sabha)
- Dr. Pankaj Kumar Singh, Member of the Legislative Assembly - Delhi

ICSI GLOBAL CONNECT

ICSI 5TH INTERNATIONAL CONFERENCE 2026

The ICSI is organising its 5th International Conference during August 03-05, 2026 in Mauritius, on the theme “Strengthening Governance in VUCA World”. The three-day programme is set to bring together thought leaders, policymakers, industry experts, and business leaders, for meaningful discussions and networking opportunities on the following sub-themes :

- Geopolitics and Risk Oversight in Boardrooms
- Agile Board Leadership for Strategic Resilience
- Sustainability for Inclusive Growth
- India-Mauritius Partnership: A Strategic Gateway to Africa
- Responsible AI for Future-Ready Institutions
- Stewardship and Value Creation
- Reimagining Shareholder Participation and Engagement

To offer a deeper understanding of Mauritius’ financial services sector, governance framework, compliance ecosystem, and economic planning architecture, a Study Tour has also been planned for the delegates on August 05, 2026, at the Ministry of Financial Services and Economic Planning, Government of Mauritius.

ICGN SUMMER CONFERENCE 2026 – AMSTERDAM

The International Corporate Governance Network (ICGN) organised its 2026 Summer Conference, hosted

by Eumedion, on 25–26 June 2026 in Amsterdam, the Netherlands. The programme offered a global perspective on governance and stewardship, examining regulatory developments, emerging standards, and their implications for investors and companies. CS Asish Mohan, Secretary, The ICSI, and Ms. Preeti Kaushik Banerjee, Joint Secretary, The ICSI, participated in the Conference. During the visit, the ICSI delegation met Ms. Jen Sisson, CEO, ICGN, and Ms. Carol Nolan Drake, J.D., Senior Advisor – Americas, ICGN, to explore opportunities for mutual collaboration and joint participation.

On 24 June 2026, the ICSI delegation met Ms. Priya Goel, First Secretary (Economic & Commerce), Embassy of India, The Hague, the Netherlands, and explored potential areas of collaboration to enhance institutional engagement and support professional growth in the Netherlands.

ICSI INDIA-AUSTRALIA FACILITATION CENTRE

The India-Australia Facilitation Centre is an initiative of the Institute of Company Secretaries of India, established to promote and strengthen bilateral trade, investment, and commercial collaboration between India and Australia. The Centre aims to support businesses from both countries by facilitating:

- Regulatory guidance and professional support
- Cross-border trade and investment opportunities

The portal for the Centre has been launched to bring together and build a curated pool of qualified Company Secretaries with specialized expertise in India-Australia business, legal, and regulatory frameworks.

ICSI MEMBERS

27TH NATIONAL CONFERENCE OF PRACTICING COMPANY SECRETARIES

The Institute organized its 27th National Conference of Practicing Company Secretaries on June 13-14, 2026 at Hotel Conrad Pune on the theme “Company Secretaries as Leaders: AI, ESG & Stewardship”. The Conference was inaugurated by Special Guest, Prof. (Dr.) Gourav Vallabh, Member (Part-Time), Economic Advisory Council to the Prime Minister. The Conference witnessed the presence of 700 delegates in person and around 5700 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. To commemorate the event, the Institute released a Souvenir featuring curated collection of articles, spotlighting developments around the theme along with the conference sub-themes.

PUBLICATIONS RELEASED AT 27TH NATIONAL CONFERENCE OF PRACTICING COMPANY SECRETARIES

- Guidance Note on Related Party Transactions (Revised Edition, 2026)
- Corporate Governance - From Compliance to Excellence Version 5.0
- Handbook on Business Responsibility and Sustainability Version 4.0
- Guidance Note on Secretarial Compliance Report (SCR) for Real Estate Investment Trusts (REITs)
- Guidance Note on Secretarial Compliance Report (SCR) for Infrastructure Investment Trusts (InvITs)

OTHER RELEASES AT 27TH NATIONAL CONFERENCE OF PRACTICING COMPANY SECRETARIES

54TH NATIONAL CONVENTION OF COMPANY SECRETARIES – REGISTRATIONS OPEN

The Institute is organising the 54th National Convention of Company Secretaries scheduled from 05th September to 07th September, 2026 at MAYFAIR Sanctuary, Niladri Vihar, Bhubaneswar. The Registrations for the event have been opened. Members are requested to reap benefits of Early Bird Registration. Detailed flyer of the event is placed elsewhere in this Journal.

26TH ICSI NATIONAL AWARDS FOR EXCELLENCE IN CORPORATE GOVERNANCE

In pursuit of its commitment to foster a culture of good governance across the Indian corporate sector, the Institute established the ICSI National Awards for Excellence in Corporate Governance in 2001. Since then, the Awards have evolved to encompass new categories recognising best practices and innovation in diverse domains. Building on this proud legacy, applications for the 26th edition of the ICSI National Awards for Excellence in Corporate Governance will be opening shortly.

ICSI INVEST INDIA SUMMIT

ICSI is organizing the ICSI Invest India Summit, a flagship one-day event on the theme, “Building a Viksit Bharat Through Strategic Investments” in Bengaluru on July 31, 2026. The Summit aims to bring together a diverse and distinguished group of investors, founders, policymakers, and ecosystem enablers to foster responsible capital formation and accelerate the growth of Indian enterprises. The platform aims to connect capital with opportunity and ideas with growth.

JOINT CERTIFICATION COURSE ON TRADEMARKS

To empower Company Secretaries with specialised knowledge and practical expertise in this field, ICSI, in association with the Office of Controller General of Patents, Designs & Trademarks (CGPDTM), is launching the Joint Certificate Course on Trademarks during July 20-22, 2026

in Ahmedabad, Gujarat. Covering the entire trademark lifecycle, from searches and filings to enforcement and international protection, this programme offers a unique blend of legal and practical learning.

ONLINE FRENCH LANGUAGE COURSE

ICSI, in collaboration with *Alliance Française de Delhi*—a premier Indo-French Cultural centre—announced Online French Language Course for its Members and Students at a discounted fee. In today’s interconnected world, proficiency in French, a widely spoken global language, offers a valuable advantage in international business, governance, and cross-cultural engagement. The programme, aligned with internationally recognised standards, is aimed at strengthening their language skills and will open avenues for a global career and academic opportunities, reinforcing ICSI’s commitment to developing globally competent professionals.

CERTIFICATE COURSE ON ESG AND UK REGULATORY COMPLIANCE

The Certificate Course on ESG and UK Regulatory Compliance equips professionals with essential knowledge of sustainability principles, governance standards, and UK regulatory frameworks. It emphasizes on risk management, reporting obligations, and strategic compliance, enabling participants to strengthen corporate responsibility, enhance operational efficiency, and align with evolving global sustainability and financial regulations.

CERTIFICATE COURSE ON ONLINE DISPUTE RESOLUTION, DIGITAL ARBITRATION AND MEDIATION

ICSI, in collaboration with the ICSI International ADR Centre, launched the **Certificate Course on Online Dispute Resolution (ODR), Digital Arbitration & Mediation** at the 27th National Conference of Practising Company Secretaries. This comprehensive 20-hour program, is specifically designed to equip professionals with the tools to navigate the modern landscape of technology-driven dispute resolution. The course aims to build technological competence by exploring the impact of AI, blockchain, and smart contracts on the legal field, while ensuring participants are well-versed in the statutory frameworks governing ODR, such as the Information Technology Act, 2000, and the Digital Personal Data Protection Act, 2023.

IMPORTANT TIMELINES FOR PCS UNDER ICSI GUIDELINES

A flyer outlining mandatory timelines for Practising Company Secretaries under the ICSI (Management and Development of Company Secretaries in Practice) Guidelines, 2023 and the ICSI UDIN Guidelines, 2019 was also released at the event. It aims to serve as a ready reference tool to help Company Secretaries in Practice meet their ICSI obligations in a timely manner.

MoUs EXCHANGED AT 27TH NATIONAL CONFERENCE OF PRACTICING COMPANY SECRETARIES

MoU WITH SYMBIOSIS SKILLS & PROFESSIONAL UNIVERSITY, PUNE

The MoU between ICSI and Symbiosis Skills & Professional University aims to upskill Students, Staff and Members of ICSI in the critical areas of RegTech, FinTech & more. With the advent of cutting-edge Technology, continuous upskilling is the need of the hour and this collaboration would strive to achieve this requirement. Symbiosis with a legacy of more than 55+ years is a beacon of Learning excellence in Academics, Skill Development & Professional Training empowering the Learners.

EXCHANGE OF MoU WITH AJVA FINTECH PRIVATE LIMITED (EMSME)

ICSI renewed its collaboration with AJVA Fintech Pvt. Ltd. (eMSME) bringing forth the innovative eMSME Saarthi platform, designed to empower micro, small, and medium enterprises with simplified access to government schemes, compliance health checkups, financial linkages, and expert guidance.

MoU WITH AXAR DIGITAL SERVICES PVT. LTD.

The signing of MoU between ICSI and Axar Digital Services Pvt. Ltd. strengthens the availability of InsiderLens IFCo, a cutting-edge compliance management platform designed

to strengthen corporate governance practices. Through this MoU, ICSI members will gain exclusive benefits including special annual pricing, free training sessions, dedicated support, and assured confidentiality in data handling. The platform offers advanced features such as automated trading window closure alerts, secure structured digital databases, UPSI management, insider tracking, timestamped audit trails, and effortless compliance report generation — all backed by robust encryption and security.

MoU WITH BHARATH CLOUD SERVICES

ICSI signed MoU with Bharath Cloud (BCDC Cloud Centers Pvt. Ltd.) ensuring exclusive benefits for ICSI members, including special subscription packages, free training, and dedicated support. With Bharath Cloud's AI-integrated ecosystem, secure digital solutions, and enterprise-grade protection, this collaboration strengthens professional excellence and digital compliance.

MoU WITH M/S TSS CONSULTANCY SERVICES PVT. LTD.

ICSI formalized its MoU with TSS Consultancy Services Pvt. Ltd. (Screenzaa) equipping ICSI members with 30 free compliance checks, discounted pricing, assured confidentiality, and dedicated support. Screenzaa's advanced screening and monitoring tools, covering sanctions, adverse lists, and suspicious transaction reporting will strengthen due diligence and regulatory compliance for professionals.

MASTER KNOWLEDGE SERIES EEE 6.0 (ENABLE, ENRICH, EXCEL)

Date	Topics	Faculty	Link
03.06.2026	Data Protection and Cybersecurity	Dr. CS Gopal Krishna Raju	Live Webinar on Data Protection and Cybersecurity
10.06.2026	Social Stock Exchange: Regulatory Framework and Compliance Landscape	CS S. C. Sharada Mr. Koushal Kumar, NSE	Social Stock Exchange: Regulatory Framework, Registration Process and Compliance Landscape
17.06.2026	IPO: Regulatory and Legal Landscape in India	CS Nitin Somani	Live Webinar on IPO: Regulatory and Legal Landscape in India
24.06.2026	Governance Framework for KMPs: Companies Act, SEBI Regulations and TCWG Perspectives	CS Narayan Shankar	Live Webinar on KMPs & Independent Directors: Governance, Compliances, Case Laws & TCWG Perspectives

JOINT PROGRAMME WITH WOMEN'S COLLECTIVE FORUM (WCF)

The ICSI partnered with the Women's Collective Forum (WCF) for the SPARK – The 100K Collective, an initiative to empower 100,000 women entrepreneurs across India with essential legal literacy and compliance knowledge through masterclasses. The ICSI will deploy resource persons at WCF identified locations for conducting these masterclasses. The Delhi boot camps, held on 26th, 27th and 28th June, 2026 featured ICSI-nominated speakers addressing the theme: Legal Literacy and Compliance Essentials: Understanding Business Structures, Registrations & Corporate Governance.

FORMATION/RENEWAL OF ICSI STUDY CIRCLES

The ICSI has been promoting the Formation/Renewal of Study Circles for creating knowledge upgradation avenues through professional discussion and deliberation. Study Circles renewed in June 2026 for the FY 2026-27 were as under:

Region	Name of the Study Circle	Status
EIRC	Tollygunge Study Circle of ICSI	Renewal

REPRESENTATION SUBMITTED

Date	Particulars	Authority
12.06.2026	Request for relief to the stakeholders facing practical difficulties due to fire incidence at MeA Data Centre site	Ms. Deepti Gaur Mukerjee Secretary, MCA
19.06.2026	Request for authorising Company Secretaries in Practice to appear before Debt Recovery Tribunal (DRT) and Debt Recovery Appellate Tribunal (DRAT)	Shri Sanjay Lohiya Secretary, Department of Financial Services, MoF
19.06.2026	Representation regarding ensuring compliance with the provisions relating to appointment of Whole-time Company Secretaries by eligible companies	Ms. Deepti Gaur Mukerjee Secretary, MCA
19.06.2026	Representation for inclusion of Company Secretaries as an eligible qualification for Board-level and Functional Director positions in CPSEs	Smt. Mallika Srinivasan Hon'ble Chairperson Public Enterprises Selection Board, DoPT

VIEWS AND SUGGESTIONS SUBMITTED

Date	Suggestions shared on	Authority
19.06.2026	Proposal to amend Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 regarding the applicability of Independent Directors in unlisted public companies	Shri Chiradeep Balooni Deputy Director, MCA

PEER REVIEW CERTIFICATES ISSUED

During the month June 2026, Peer Review of around 105 Practice Units was completed and accordingly Peer Review Certificate issued. The updated list of Peer Reviewed Units can be accessed at www.icsi.edu/media/webmodules/List_Peer_Reviewed_Practice_Units.pdf

ONLINE ASSESSMENT FOR PMQ COURSES

Online Assessment of following PMQ Courses was organised on June 20, 2026:

- PMQ Course on Corporate Governance
- PMQ Course on Internal Audit
- PMQ Course on Arbitration
- PMQ Course on Direct Tax

ONLINE CLASSES OF ICSI COURSES

During the month, Online Classes of Crash Course on MSME – Batch 3 were organised during June 15-19, 2026. Around 250 members have registered for this course.

ASSESSMENT OF IFSCA ACCREDITED COURSES

The assessment for following Courses was conducted in the current month on June 20, 2026:

- Certificate Course on Regulatory framework for Capital Market Intermediaries in IFSC
- Certificate Course on Regulatory Framework for Fund Management in IFSC: AIFs and
- Certificate Course on Regulatory Framework for Fund Management in IFSC: Retail Schemes

ONLINE REGISTRATIONS FOR CERTIFICATE COURSES

Online Registration of following Certificate Courses has commenced in the current month:

Certificate Course on Securities Laws	Batch 7
Certificate Course on POSH	Batch 11
Certificate Course on ESG	Batch 3
Certificate Course on Independent Director	Batch 10
Certificate Course on CSR Professionals	Batch 13
Certificate Course on CCM	Batch 9
Certificate Course on Online Dispute Resolution, Digital Arbitration and Mediation	Batch 1

PLACEMENT OPPORTUNITIES FOR COMPANY SECRETARIES

The Institute receives requests from various offices of the Government/ PSUs/ Banks/ Corporates regarding the positions of Company Secretary/ CS Trainee from time to time and resumes of eligible Members and Students are sent to them.

(June 2026)

No. of entities that Posted Jobs on the ICSI Placement Portal	137
No. of Openings available on the ICSI Placement Portal	267

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

STATUS OF REGISTRATIONS AND POSTINGS AT THE PLACEMENT PORTAL

(On June 30, 2026)

Registered Users			Total no. of Vacancies
Members	Students	Corporates	Jobs / Trainings
23,194	36,687	8,535	42,109

ICSI MEGA PLACEMENT DRIVE – I, JULY 2026 - ANNOUNCED

Recruiter Registration Link: <https://forms.gle/ELCu6PUgahreczPK7>

Member Registration Link: <https://www.icsi.edu/placement/megaplacementdrivei2026/>

Date	Host	Address
03.07.2026 (Friday)	ICSI-NIRO	Plot No. 4, Prasad Nagar Institutional Area, New Delhi - 110005
10.07.2026 (Friday)	ICSI-CCGRT, Mumbai	Hotel Krishna Avatar, Plot No. F-3, Sector 14, CBD Belapur, Navi Mumbai, Maharashtra – 400614
10.07.2026 (Friday)	ICSI-CCGRT, Hyderabad	Survey No. 1, Genpact Road, Nr. Mallikarjunaswamy Temple, IDA Uppal, Hyderabad - 500 039 (Telangana)
11.07.2026 (Saturday)	ICSI-EIRO / ICSI-CCGRT, Kolkata	Action Area II, New Town (Near Newtown Coffee House) Kolkata - 700 135 (West Bengal)
18.07.2026 (Saturday)	ICSI-WIRO, Mumbai	13, 56, 57 Jolly Maker Chambers No. II, Nariman Point, Mumbai - 400021 (Maharashtra)
21.07.2026 (Tuesday)	ICSI-CCGRT, Manesar	Plot No. 3, Sector - 2, IMT Manesar, Gurugram - 122052 (Haryana)
24.07.2026 (Friday)	ICSI-SIRO, Chennai	No. 9, Wheat Crofts Road, Nungambakkam, Chennai – 600 0034 (Tamil Nadu)

ICSI SECTION 8 COMPANIES

ICSI INSTITUTE OF INSOLVENCY PROFESSIONALS

• Workshops

Date	Topic	Speaker(s)	YouTube link
05.06.2026 06.06.2026	Going Concern under CIRP and PG Cases	- CS and IP Siva Rama Prasad Puvvala - IP Devvart Rana	Workshop Going Concern under CIRP and PG Cases (Part I) Workshop Going Concern under CIRP and PG Cases (Part II)
11.06.2026 12.06.2026	Navigating Recent Amendments in the IBC Framework	CS and IP Suhasini Ashok B.	https://www.youtube.com/@theicsiip
24.06.2026	Real Estate Insolvency and IBC Amendments	- IP Manish Paliwal - CS and IP Harmeet Kaur	Workshop Real Estate Insolvency and IBC Amendments

- **Webinars**

Date	Topic	Speaker	YouTube link
03.06.2026	IBC 2026: Analysis of Recent Judicial Pronouncements and Emerging Trends	CS and IP Sucheta Gupta	Webinar IBC 2026: Analysis of Recent Judicial Pronouncements and Emerging Trends
13.06.2026	Use of AI under IBC	IP Atul Grover	Webinar Use of AI under IBC
23.06.2026	Voluntary Liquidation - Practical Study on Process, Income Tax and Other Act	CS and IP Vighneshwar Bhat	Webinar Voluntary Liquidation - Practical Study on Process, Income Tax and Other Acts
29.06.2026	Distribution Matrix under IBC - Practical Case Studies and Judicial Trends	CS and IP Sucheta Gupta	Webinar Distribution Matrix under IBC - Practical Case Studies and Judicial Trends

- **Joint Program**

- ♦ ICSI IIP jointly with ICSI CCGRT Kolkata conducted 2 days Capacity Building Workshop on India's Insolvency Framework Exploring Procedural Dimensions on 27-06-2026 and 28-06-2026.

ICSI INTERNATIONAL ADR CENTRE

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

INSTITUTE OF GOVERNANCE PROFESSIONALS OF INDIA

7th ICSI Board Mentorship Programme

The Institute of Governance Professionals of India (IGPI) conducts the ICSI Board Mentorship Programme for Directors, Independent Directors, Key Managerial Personnel, and Senior Managerial Personnel, to build hands-on, industry-relevant competencies that enable individuals to lead with impact in the domain of Corporate Governance and Sustainability. The programme focuses on enhancing leadership acumen, personal resilience, risk management capabilities, cross-functional skills, and strategic thinking—preparing participants to navigate the complexities of the modern corporate ecosystem. In line with this objective, IGPI is pleased to announce its 7th ICSI Board Mentorship Programme, to be held at Sri Vijaya Puram (Port Blair), Andaman & Nicobar Islands, from 7th to 10th October, 2026. Registrations will be opening shortly.

ICSI CCGRTs

ICSI-CCGRT HYDERABAD

- **Member's Programme**

Date	Name of Event/ Activity	Participants
27.05.2026-29.05.2026	ICSI Certificate Course on AI for Company Secretaries	62

- **Student's Programmes**

Date	Event	Participants
30.05.2026-13.06.2026	8 th batch of CLDP – Phase-II	46
15.06.2026-30.06.2026	9 th batch of CLDP – Phase-II	43

ICSI-CCGRT KOLKATA

- **Member's Programmes**

Date	Event	Participants
27.06.2026-28.06.2026	2 Days Capacity Building Workshop on India's Insolvency Framework – Exploring Procedural Dimensions	25

- **Student's Programmes**

Dates	Event	Participants
09.06.2026-23.06.2026	19 th batch of CLDP – Phase-II	54
30.06.2026-14.07.2026	20 th batch of CLDP – Phase-II	49

- **Any Other Activity**

Date	Name of Event / Activity	Participants
21.06.2026	International Yoga Day Celebrations, 2026	55

ICSI-CCGRT MANESAR

- **Member's Programmes**

Dates	Event	Participants
20.06.2026-21.06.2026	2 Days Non-Residential Capacity Building Workshop on New Labour Codes	32
21.06.2026	PCS Day 2026 Celebration (Theme: Emerging Tools and Techniques for PCS)	32

- **Student's Programmes**

Dates	Event	Participants
30.05.2026-13.06.2026	9 th batch of RCLDP	48
15.06.2026-29.06.2026	10 th batch of RCLDP	49

- **Any Other Activity**

Date	Name of Event / Activity	Participants
21.06.2026	International Yoga Day Celebrations, 2026	52

ICSI-CCGRT MUMBAI

- **Member's Programmes**

Dates	Event	Participants
18.06.2026	Half-Day Workshop on Capital Market under the theme of Emerging Tools and Techniques for PCS	20
19.06.2026-21.06.2026	ICSI Certificate Course on AI for Company Secretaries	50

- **Student's Programmes**

Dates	Name of Event/ Activity	Participants
29.05.2026-12.06.2026	9 th batch of CLDP – Phase - II	50
15.06.2026-29.06.2026	10 th batch of CLDP – Phase - II	49

- **Any Other Activity**

Date	Name of Event / Activity	Participants
21.06.2026	International Yoga Day Celebrations, 2026	45

ICSI REGIONAL OFFICES

ICSI-EIRO

- **Member's Programmes**

Date	Event / Activity
20.06.2026	Full-Day Programme on PCS Day

- Student's Programmes

Date	Event
10.06.2026	11 th Student Induction Programme
10.06.2026	12 th Student Induction Programme
16.06.2026 to 03.07.2026	39 th 15-days Classroom EDP
23.06.2026 to 25.06.2026	36 th Three Days Orientation Programme
23.06.2026 to 25.06.2026	37 th Three Days Orientation Programme
30.06.2026	13 th Student Induction Programme
30.06.2026	14 th Student Induction Programme

- Any Other Activity

Date	Name of Event/Activity
06.06.2026	1 st Bi-annual Convocation of Eastern Region at Guwahati, Assam

ICSI-SIRO

- Member's Programmes

Date	Event / Activity	Participants
11.06.2026	Opportunities for CS under IAGES Guest Speaker: Major Aparijita Bhattachariya, Vice President, Accreditation	14
12.06.2026-14.06.2026	Certificate Course on AI for Company Secretaries	

- Student's Programmes

Date	Event
16.06.2026	Commencement of Executive Programme Classes for December 2026 examination for Module-I & II
16.06.2026 to 18.06.2026	23 rd Batch TDOP
19.06.2026	7 th & 8 th Batch SIP
21.06.2026	12 th International Day of Yoga
27.06.2026	Discussion on AI and Compliances for the students of ICSI
29.06.2026	Debate Competition for the students of ICSI

ICSI-WIRO

- Member's Programmes

Date	Event	Participants
19.06.2026	Managerial Personnel: Appointment, Remuneration Regulatory Compliance & Case Laws	129
20.06.2026	Corporate Social Responsibility (CSR): Challenges and Opportunities	114
20.06.2026	Navigating Shareholders Agreement: From Investment to Exit	184
20.06.2026	PCS Day Celebration 2026	230

- Student's Programmes

Date	Name of Event / Activity
04.06.2026-22.06.2026	6 th Batch of CLDP – Phase - I (55)
08.06.2026-25.06.2026	71 st Classroom Mode EDP (49)
23.06.2026-25.06.2026	27 th Batch of Three Days Orientation Program (TDOP)
12.06.2026	8 th Batch of Student Induction Program (SIP) (47)
12.06.2026	9 th Batch of Student Induction Program (SIP) (44)
30.06.2026	10 th Batch of Student Induction Program (SIP) (44)
30.06.2026	11 th Batch of Student Induction Program (SIP) (44)

- Study Circle Meetings

Date	Study Circle	Topic
19.06.2026	Mahindra (Corporate) Study Circle	Governance in Listed Entities and Critical Issues in Related Party Transactions and their Implications
20.06.2026	Jamnagar Study Circle	CCFS and Proposed Amendments in Companies Act, 2013
26.06.2026	Santacruz (Corporate) Study Circle	Critical Issues under Companies Act, 2013

- Any Other Activity

Date	Name of Event / Activity
17.06.2026	Establishment of ICSI Silvassa Study Centre
21.06.2026	International Yoga Day Celebrations, 2026

ICSI-NIRO

- Member's Programmes

Date	Event	Participants
09.06.2026	ICSI- Convocation	2000
11.06.2026	Placement Drive	23
12.06.2026	Gyan Vridhi Programme on GIFT IFSC Driving 'India – Global' Financial Synergies	80
13.06.2026	Discussion on Corporate Laws (Amendment Bills, 2026	200
19.06.2026	Gyan Vridhi Programme on "Emerging Tools and Techniques for PCS" and PCS Day Celebrations	120
27.06.2026-28.06.2026	Uttarakhand State Conference 2026 on theme "Igniting a New Era: The CS Mandate in Local Laws, Agreements and Licenses" at Rishikesh	35

- Student's Programmes

Date	Name of Event / Activity	Participants
11.06.2026-29.06.2026	12 th CLDP – Phase - I	53
18.06.2026-06.07.2026	13 th CLDP – Phase - I	41
09.06.2026-27.06.2026	70 th Executive Development Programme	51
27.06.2026-13.07.2026	71 st Executive Development Programme	52
09.06.2026-11.06.2026	66 th Three Day Orientation Programme	35
16.06.2026-18.06.2026	67 th Three Day Orientation Programme	54
23.06.2026-25.06.2026	68 th Three Day Orientation Programme	34
12.06.2026	20 th Student Induction Programme	53
19.06.2026	21 st Student Induction Programme	46
21.06.2026	22 nd Student Induction Programme	55
25.06.2026	23 rd Student Induction Programme	31
25.06.2026	Trainee Drive	60
June, 2026	Commencement of Class Room Teaching for Executive Programmed- for December Session	44

- Any Other Activity

Date	Name of Event / Activity	Participants
21.06.2026	International Yoga Day Celebrations, 2026	45
24.06.2026	Discussion on AI and Compliances	38
29.06.2026	Elocution Competition on Green Governance Day	42

ICSI EMPLOYEES

- Webinar on "Low Back Pain: Causes, Prevention, and Management" by Dr. Reddy's Foundation**

A webinar was organized on 10th June, 2026 on the topic "Low Back Pain: Causes, Prevention, and Management" by Dr. Reddy's Foundation for the benefit of ICSI employees and pensioners. All employees/veterans participated in the webinar presented by Dr. Sunil KS Gowda, Consultant Orthopedic surgeon.

- Webinar on "Sleep Better, Wake Less: Understanding Prostate" by Dr. Reddy's Foundation**

A webinar was organized on 24th June, 2026 on the topic "Sleep Better, Wake Less: Understanding Prostate" by Dr. Reddy's Foundation for the benefit of ICSI employees and pensioners. All employees/veterans participated in the webinar presented by Dr. Prithwiraj Ghosal, Urologist.

- Retirement Felicitation Ceremony**

The Institute organised a Retirement Felicitation Ceremony on the last working day of the month to honour employees attaining superannuation and to recognise their dedicated service and significant contributions to the Institute. On this occasion, Mr. M. N. Ravikumar and Mr. Ashok Kumar Shukla were felicitated upon their retirement. The ceremony was graced by senior officials, colleagues, and family members of the retirees, making the occasion both memorable and befitting their years of committed service. The Institute placed on record its deep appreciation for the invaluable contributions made by the retiring employees during their distinguished tenure and extended its heartfelt gratitude and best wishes for a healthy, happy, and fulfilling post-retirement life. The programme concluded with a Hi-Tea, providing an opportunity for colleagues, friends, and family members to interact and convey their good wishes to the retirees as they embark on a new phase of life.

ICSI STUDENTS

STUDENT EVENTS AND ACTIVITIES

- **25th All India Debate Competition-2026**
ICSI-EIRC is hosting the 25th All India Debate Competition. All Chapters will conclude their Chapter rounds by July 18, 2026.
- **24th All India Moot Court Competition – 2026**
ICSI-SIRC is hosting 24th All India Moot Court Competition. All Chapters will conclude their Chapter rounds on or before July 11, 2026.
- **26th All India Essay Writing Competition – 2026**
ICSI-WIRC is hosting the 26th All India Essay Writing Competition. The last date of submission of Essays are on or before July 20, 2026.
- **26th All India Company Law Quiz (AICLQ)**
The All-India Company Law Quiz 2026 is organized to promote academic excellence and enhance students' understanding of Company Law. Online registration for the quiz was open from 14th June, 2026 to 30th June, 2026. The competition comprises multiple rounds, beginning with the Preliminary Round in online MCQ format on July 11, 2026, followed by the Quarter Final Round on 25 July, 2026 and the Semi-Final Round on 8 August, 2026. The Final Round will be held on 29 August, 2026 in physical mode.
- **Annual Student Activities 2026**
The Regional Offices and Chapters from June 2026 have started Annual Student Activities, wherein the Regional Offices and Chapters shall organize at least two student activities per month throughout the year to ensure sustained engagement and participation of CS students in various academic and non-academic initiatives of the Institute.

FACILITATION AND RELAXATION

- **ICSI Student Amnesty Scheme 2025**
The Institute has introduced a special Amnesty Scheme for 3 Months w.e.f. December 01, 2025, Subsequently, the duration has been extended, and the Scheme shall remain in force until **August 31, 2026**. This initiative provides an opportunity for former students to re-enrol, recommence their studies, and rebuild their pathway towards qualifying as Company Secretaries.

Category	Eligibility	Fee
I	Earlier Students of Intermediate / Executive Programme Stage OR Final /Professional Programme Stage; and Registrations expired and are not eligible for Registration De-novo	₹5,000
II	Existing students who have taken fresh registration or re-registration under syllabus 2022 after expiry of their earlier registration and wish to avail exemptions benefits based on papers passed/exempted under previous syllabus	₹1,000

- **CS Mittr Scheme:**
ICSI has introduced CS Mittr incentive Scheme wherein any person who is above 18 years of age is eligible to become CS Mittr under the scheme. Incentive @ ₹500 will be paid per student to the CS Mittr for each student registered

in Executive Programme. To register visit: smash.icsi.edu/Scripts/Registration/Mitr_Registration.aspx?rmode=1# As on date, ICSI has 1379 registered CS Mittr.

- **ICSI Contact Centres**
For Student Outreach, ICSI visibility and driving new registrations The ICSI has opened ICSI Muzaffarpur Contact Centre at Ram Dayalu Singh College, Muzaffarpur, Bihar and ICSI Bhagalpur Contact Centre at Marwari College Bhagalpur. Bihar
- **ICSI Waiver Scheme for Indian Armed Forces, Paramilitary Forces, Agniveers and Families of Martyrs**
The Institute in alignment with the various initiatives of Govt. of India has launched ICSI Waiver/ Concession scheme for Indian armed forces, paramilitary forces, Agniveers and families of Martyrs. Under the scheme, 100% concession will be given to the various categories in full Fee payable at the time of Registration in CS Executive programme.
- **ICSI Students Education Fund Trust (SEFT)**
With a view to encourage and motivate economically backward and academically bright students to pursue the Company Secretaryship Course, a Trust, viz., "ICSI Students Education Fund Trust" has been established by the Institute. Eligible students are fully exempted from paying the various fees payable under Executive and Professional Programmes.
- **Encouraging Students to Complete CS Course After Passing Executive Programme**
Many students started their CS Course with enthusiasm and ambition, but due to some personal reasons, the students discontinued their studies after passing the Executive. However, completing CS Course can be one of the best decisions they will ever make for their future. Considering this we are regularly communicating with the students via bulk mail/bulk SMS who have passed Executive but not registered for Professional to complete their CS Course. As a result, 20369 students registered in Professional Programme since August 2023.

- **Welcome Back Scheme via Re-Registration Policy**
The Institute has introduced a special initiative for students who:
 - ♦ have successfully passed the Executive Programme.
 - ♦ did not register for the Professional Programme.
 - ♦ have an expired registration term and not eligible for de-novo.
 Students can continue their study from Professional Programme, eliminating the need to repeat Executive level.

Key Benefits:

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

The detailed information is available at: icsi.edu/docs/Webmodules/REREGISTRATION.pdf

- **ICSI Samadhan Diwas**
68th Samadhan Diwas was organised on June 10, 2026 through virtual mode for "on-the-spot" resolution to

issues/grievances of students. In the Samadhan Diwas, students get opportunity to present their cases and interact directly with the Officials of the ICSI.

- **Transcripts & Education Verification**

It has been observed that on completion of Course the professionals are also applying for Foreign Courses / degrees /or immigration based on CS Qualification. During the month, **07** Transcripts were issued. Likewise, on request of the employer/PSU/government authorities and other Education verifier agencies, **06** Education Verification requests of CS students were processed.

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

The Institute has facilitated Executive Programme students to register directly for the Executive Programme classes conducted by the Regional/Chapter Offices at the time of Executive registration.

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

The Institute has decided that the students enrolling into the Company Secretary Course shall be eligible for paper-wise exemption(s) based on the higher qualifications acquired by them. Accordingly, necessary announcement including process of claiming paper-wise exemption has been shared on ICSI Website for information to all concerned: [Attention_students_reciprocal_exemption_new_syllabus_2022.Pdf](#)

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

The Institute has enabled issuance of Professional Programme Pass Certificate online via DIGILOCKER. The students who have passed on or after June 2021 Session of Examination can download Professional Pass Certificate from DIGI Locker.

- **Dedicated Helpline Number for Student Queries**

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

JUNE 2026 EXAMINATIONS

- **Successful Conclusion of CSEET, Executive & Professional June 2026 Examination**

The CSEET Examination for the June 2026 session was successfully conducted from 1st June to 4th June 2026, while the Executive and Professional Programme Examinations were held as scheduled from 1st June to 7th June 2026.

TRAINING OPPORTUNITIES

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

No. of Corporates/ MCA and other Government Bodies/ PSUs/ PCS Firms that Posted Training and Semi-qualified Job Opportunities on the ICSI Placement Portal	134
No. of Training/Semi-qualified Opportunities available on the ICSI Placement Portal	183

Number of PCS registered with the Institute for imparting training during the month	26
Number of Company/LLP/ Other Entities registered with the Institute for imparting training during the month	37

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

KNOWLEDGE UPGRADATION

- **Knowledge on Demand for Students of ICSI**

The ICSI has launched a subscription-based service “Knowledge on Demand” for students to access recorded sessions on important topics such as Behavioural Skills, Court Craft and Drafting, and so on. Students according to their convenience can update their knowledge on the ICSI’s LMS (E-Learning) platform.

Subscription Fees

Single Video	₹250 (inclusive of Tax)
All videos (Annual Subscription)	₹1000 (exclusive of Tax)

- **Student Company Secretary e-journal and CSEET Communique**

The journals for the month of **June, 2026** are available at: www.icsi.edu/e-journals/

- **Recorded Video Lectures** of eminent faculties to help students to prepare for examination. Access recorded videos available on E-learning platform by logging in to elearning.icsi.in

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

- **Info Capsule:**

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

Student Outreach Activity

Date	Name of Institution	Venue/City
06.06.2026	Professional Enrichment Programme for Commerce Teachers in association with CTF	Sri Sankara Senior Secondary School, Chennai
10.06.2026	National Universities Fair	The Newtown School, Kolkata
11.06.2026-12.6.2026	ET Education Annual Education Summit 2026	Yashobhoomi, New Delhi
20.06.2026	Professional Enrichment Programme for Commerce Teachers in association with CTF	Delhi Public School, Ruby Park, Kolkata
21.06.2026	Mission Admission 2026	Double Tree by Hilton, Gurugram

THIS MONTH THAT YEAR



Inauguration of National Seminar on New Company Law (Dr. J. J. Irani, Expert Committee Report), Chief Guest - Shri Prem Chand Gupta {Hon'ble Minister of State for Company Affairs (Independent Charge)} seen lighting the lamp. Others standing from Left: Preeti Malhotra, Jitesh Khosla (Jt. Secretary, MCA and Member - Convener, Dr. J. J. Irani, Expert Committee), R. Ravi, Dr. J.J. Irani (Director Tata Sons Ltd. and Chairperson, Expert Committee) and V.K. Aggarwal.



Meeting of the ICSI President and the Secretary with Hon'ble Union Minister - Mahesh Anant Athavale and N. K. Jain seen interacting with Shri Prem Chand Gupta, Hon'ble Union Minister of State for Company Affairs.



Sixth National Conference of Practising Company Secretaries on Profession of Company Secretaries in Practice - Managing Excellence in Competitive Environment - Inaugural Session - Sitting (L to R) - A.K. Pareek, B.L. Bajoria, Amit Kumar Sen, Dipanker Chatterjee {Former Chairman, CII (ER)}, Mahesh Anant Athavale, L.M. Gupta (RD, MCA), R. Ravi, H.M. Choraria and N.K. Jain.



ICSI President's Meeting with Union Minister of State for Railways and Parliamentary Affairs - Hon'ble O. Rajagopal seen with Dr. PVS Jagan Mohan Rao (left) and Dr. S.P. Narang.

27th National Conference of Practicing Company Secretaries held on June 13-14, 2026 at Pune

Theme - Company Secretaries as Leaders: AI, ESG & Stewardship

Special Guest: Prof. (Dr.) Gourav Vallabh, Member (Part-Time),
Economic Advisory Council to the Prime Minister

INAUGURAL SESSION



FIRST TECHNICAL SESSION - IPR PRACTICES & PROCEDURES



SECOND TECHNICAL SESSION - COMPLIANCE IN THE AGE OF AI



OPEN HOUSE SESSION



SPECIAL SESSION - PANEL DISCUSSION ON CS PROFESSION IN THE NEXT DECADE



SPECIAL SESSION - PANEL DISCUSSION ON DISCIPLINARY MECHANISM OF ICSI



THIRD TECHNICAL SESSION - STRENGTHENING STEWARDSHIP THROUGH ESG INTEGRATION



FOURTH TECHNICAL SESSION - CATALYSING GROWTH FOR MSMEs & START-UPS



SPECIAL SESSION – DTIL



SPECIAL SESSION – LEXLEGIS



PRESS CONFERENCE



GROUP PHOTOS



RELEASES

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

27th National Conference of Practicing Company Secretaries

THEME
Company Secretaries as Leaders : AI, ESG & Stewardship

June 13-14, 2026 (Saturday & Sunday)

Hotel Conrad Pune

SOUVENIR

CS Pawan G Chaudhary, President, The ICSI
CS Dwaraknath Chaturvedi, Vice President, The ICSI
CS Sandip Kumar Kapilani, Chairman, ICSI, The ICSI
CS Anish Mohan, Secretary, The ICSI
CS Bishal Varshney, Chairman, ICSI, The ICSI
CS Simranjit Bohra, Chairman, ICSI, The ICSI

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National Convention of Company Secretaries

54th NATIONAL CONVENTION OF COMPANY SECRETARIES

September 5-6-7, 2026 (Saturday, Sunday & Monday)

MAYFAIR Hotels & Resorts, Bhubaneswar

BLOCK YOUR DIARY

CS Pawan G Chaudhary, President, The ICSI
CS Dwaraknath Chaturvedi, Vice President, The ICSI
CS Sandip Kumar Kapilani, Chairman, ICSI, The ICSI
CS Anish Mohan, Secretary, The ICSI
CS Bishal Varshney, Chairman, ICSI, The ICSI
CS Simranjit Bohra, Chairman, ICSI, The ICSI

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ICSI Guidelines: Important Timelines for PCS

Registration for PCS Orientation Programme
(Clause 2.1 of Chapter 2 of ICSI (MCOCP) Guidelines, 2023)

Before filing application for Certificate of Practice

Completion of PCS Orientation Programme
(Clause 2.2(b) of Chapter 2 of ICSI (MCOCP) Guidelines, 2023)

Within 30 days of registration in PCS Orientation Programme

Application for Certificate of Practice
(Clause 2.3(a) of Chapter 2 of ICSI (MCOCP) Guidelines, 2023)

Within 90 days from completion of PCS Orientation Programme

Application for allotment of Licence Registration
(Clause 4.1(b) of Chapter 4 of ICSI (MCOCP) Guidelines, 2023)

Within 30 days of incorporation of LLP

Intimation of particulars of officers and firms to the Institute
(Clause 4.1(c) of Chapter 4 of ICSI (MCOCP) Guidelines, 2023)

Within 3 months from the commencement of practice or formation of the firm, as the case may be

Intimation of Branch Office of the Firm to the Institute
(Clause 4.1(d) of Chapter 4 of ICSI (MCOCP) Guidelines, 2023)

Within 30 days of setting up of Branch Office

Discontinue usage of CS logo to use the membership by the Company/Office on the date of expiry of firm which may render the Certificate Inoperative and voidable
(Clause 4.1(e) of Chapter 4 of ICSI (MCOCP) Guidelines, 2023)

Within 30 days of each event

Time limit for generating ADRs
(Clause 5.1 of ICSI (ADR) Guidelines, 2023)

At the time of signing of Certificate/Report/Other Documents or 7 days in advance in the date of each signing

Intimation of ADRs in case of interpretation of law by the Company/Office on the date of expiry of firm which may render the Certificate Inoperative and voidable
(Clause 5.2 of ICSI (ADR) Guidelines, 2023)

Not later than 45 days of ADRs generation

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Handbook on Best Practices

CORPORATE GOVERNANCE

Version 5.0

From Compliance to Excellence



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HANDBOOK ON

Business Responsibility and Sustainability

Version 4.0

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Joint Certificate Course on TRADEMARKS FOR COMPANY SECRETARIES

3 DAYS NON-RESIDENTIAL PROGRAMME

20th to 22nd July, 2026 | Ahmedabad, Gujarat

Designed exclusively for Company Secretaries, this joint certification fits into the full lifecycle of intellectual property protection - from preliminary searches to international prosecution and digital enforcement. Participants will master both theoretical legal framework and practical drafting skills necessary to navigate modern trademark landscape.

The sessions will be taken by expert faculties from the Office of CGDPM.

Key Highlights

- Foundations of IP
- Patents, Copyrights & Trademarks
- Promotion, Commercialization & Enforcement
- Digital Economy & Trademark Strategy
- Case Study Workshop

In case of query please contact: Email: info@icshandbook.org | Contact No: 011-43241041

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CS Dhanraj Tyagi, Chairman, ICSI, The ICSI
CS Anish Mohan, Secretary, The ICSI

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GN-5

GUIDANCE NOTE ON RELATED PARTY TRANSACTIONS (Revised Edition, 2026)

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GN-15

GUIDANCE NOTE ON SECRETARIAL COMPLIANCE REPORT (SCR) FOR REAL ESTATE INVESTMENT TRUSTS (REITs)

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GN-16

GUIDANCE NOTE ON SECRETARIAL COMPLIANCE REPORT (SCR) FOR INFRASTRUCTURE INVESTMENT TRUSTS (InvITs)

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INTERNATIONAL ADR CENTRE

CERTIFICATE COURSE ON
**ONLINE DISPUTE RESOLUTION (ODR),
DIGITAL ARBITRATION
& MEDIATION**

Learning Objectives

Upon completion of this course, participants will be able to understand the legal and regulatory framework governing ODR, digital arbitration, and mediation in India and globally; evaluate and navigate leading ODR platforms and the technologies that power them; apply practical skills in drafting ODR clauses, conducting virtual hearings, and managing digital submissions; analyze sectoral applications of ODR across industries such as BFSI, e-commerce, MGNs, and real estate; and identify career and empowerment opportunities within the growing ODR ecosystem, including through the ICSI International ADR Centre.

Course Delivery | **Course Duration** | **Eligibility** | **Assessment**

Online Live Webinars with interactive content, Recordings of live classes, Reference Material and PPTs will be available on LMS platform for one year.

20 Hours of training through once in a week live sessions

Members of ICSI, ICAI, ICMAI, Advocates, Lawyers, Graduates in any program, Student of ICSI Executive Programme or higher

MCQ based test - 50% weightage, Project Report - 50% weightage

Award of Certificate

Certificate of Completion will be awarded by ICSI to all participants who successfully complete the course and pass the MCQ based assessment test and submit the project report.

To Register

Registration form will be available on the ICSI website (www.icsi.edu) or call at 0120-4522089/79

For any queries please write to us at: certificatecourses@icsi.edu or call at 0120-4522089/79

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CS Dwarakanath Chennur Vice President, The ICSI
CS Dhananjay Shukla Chairman, PMQ Course Committee, ICSI
CS Ashish Mohan Secretary, The ICSI

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Certificate Course on
**ESG and UK
Regulatory
Compliance**

Through online live webinars with interactive sessions

ELIGIBILITY

- Member of ICSI
- Student of ICSI Executive Programme or higher
- Graduation in any stream from a recognised University

PROGRAM COVERAGE (TENTATIVE)

- Introduction to ESG, Environment and Social Governance
- UK ESG regulatory framework
- Environmental Laws
- Reporting Standards
- Materiality
- UK ESG regulatory framework
- Environmental Laws
- Reporting Standards
- Materiality
- UK ESG regulatory framework
- Environmental Laws
- Reporting Standards
- Materiality

Complete schedule & process will be updated on ICSI website shortly

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**26th ICSI National Awards
for
Excellence in
Corporate Governance**

**Invitation for Applications
Opening Shortly**

ICSI National Awards for Excellence in Corporate Governance

ICSI CSR Excellence Awards | **ICSI Business Responsibility and Sustainability Awards** | **ICSI Best Secretarial Audit Report Award** | **ICSI Best CSR Firm Award**

Please visit : https://icsi.edu/home/cg_awards_2026/
Contact us: 011-45341081/45341097 | Mail at : cgawards@icsi.edu

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CS Dwarakanath Chennur Vice President, The ICSI
CS Manish Gupta Chairman, CGC and Former President, The ICSI
CS Ashish Mohan Secretary, The ICSI

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IGPI Institute of Governance Professionals of India
(An Initiative for nurturing governance and leadership)

**7th ICSI BOARD
Mentorship Programme**

10th to 10th October, 2026 | Port Blair, Andaman & Nicobar Islands

For any query clarification, please contact
Tel: 011-4534 1034 | E-mail: mrinal.madhur@icsi.edu

CS Pawan G Chandra President, The ICSI
CS Dwarakanath Chennur Vice President, The ICSI
CS B. Narasimhan Chairman, PMQ Course Committee, ICSI
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**INDIA AUSTRALIA
FACILITATION CENTRE**

Strengthening Governance
Enabling Global Businesses

A strategic initiative to strengthen India-Australia professional, expertise, advisory and cross-border business facilitation

LIVE NOW
One-stop platform for opportunities, expertise and collaboration

VALUE FOR ICSI MEMBERS

- Enhance professional skills and expand global network
- Leverage governance expertise to deliver cross-border advisory & consultancy
- Exclusive guidance to serve businesses in both jurisdictions

VALUE FOR STAKEHOLDERS

- Reliable compliance guidance & verified professional insight
- Access to pool of expert Company Secretary Professionals
- Improved ease of doing business and seamless market entry

ICSI Members can register by scanning the QR code

For queries : Overseas@icsi.edu

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online FRENCH LANGUAGE COURSE

facilitated by
ALLIANCE FRANÇAISE DE DELHI

Enhance your professional journey with a new language.

COURSE HIGHLIGHTS

- Level: Beginner Level
- Duration: 54 Hours (6 hours per Week)
- Batch Dates: 4 July 2026 - 1 November 2026

Schedule: Saturdays & Sundays 9:30 AM - 11:30 AM

Batch Size: Limited to 15 Participants (First-Come, First-Served)

Registration Closes on: 30 June 2026

Discounted Fee for ICSI Members/Students: ₹17,400/- (Includes Course Fee & Admission Fee)

For more details, log on to: https://www.icsi.edu/media/webmodules/IO/French_Course.pdf

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ICSI INVEST SUMMIT

Theme: "Building a Viksit Bharat Through Strategic Investments"

Block Your diary
DATE: 3rd JULY 2026 | PLACE: BANGALURU (KARNATAKA)
Registration Fee: ₹3,500⁰⁰ (inclusive of GST)

Focus areas:

- Decoding India's Evolving Investment Ecosystem
- From Startup to Scale-Up: Governance-led Investment (Ecosystems)
- Corporate Bonds- From MSMEs, Start-ups and IPOs to Investment Opportunities, Risk and Market Evolution

Interaction Session between Investors and Investees

WHO SHOULD ATTEND:

- Startups and unicorns
- MSMEs seeking funding
- Corporate investors in business ecosystem
- Angel investors
- Venture capitalists
- Institutional investors
- Private Equity funds
- Insurance companies
- Asset Management Companies
- Members of the ICSI

WHO SHOULD ATTEND:

- MD/CEO of startups
- Special Government officials
- ICSI's CIOs
- Senior officials of VCs/Angel funds
- Senior officials from global Consulting/Advisory firms
- Engaging discussions with experts and mentors
- Networking opportunities
- Startup ecosystem with investment prospects

Registration fees for participants facilitating participation of investors/investees - Conditions Apply:

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भारतीय कम्पनी सचिव संस्थान
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ICSI 5th INTERNATIONAL CONFERENCE

Theme: Strengthening Governance in VUCA World

3-5 AUGUST 2026 | Mauritius

REGISTRATIONS OPEN

Delegate Registration Fee (Non-Residential)

Category	Fee in INR
ICSI Member	15,000
ICSI Student/ Accompanying Guest	10,000
Others	20,000

Registration Link: <https://simulate.icsi.edu/RO/Home/DelegateRegistration/3596>

KINDLY NOTE

- Prior registration for the Conference is mandatory
- Delegate fee is payable in advance and non-refundable. Please note that payments are not accepted through OD, Cheque, Cash
- No Visa is required for Indian nationals travelling to Mauritius; however, participants are advised to check the latest entry regulations on the official website
- The fee includes literature, tea/coffee, refreshments and lunches
- Delegates may arrange flight tickets, visa, stay and local travel on their own

Query: +91-11-4534 1063/1064/1065/1067/1088 | overseas@icsi.edu

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CS Ashish Mohan Secretary, The ICSI

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All India COMPANY LAW QUIZ-2026

For Students of Company Secretaryship Course

FOR REGISTRATION, PLEASE CLICK HERE

ELIGIBILITY CRITERIA

- All Examinee and Professional Programme students of the Institute having a valid registration number as on 30th June 2026
- Students who have completed the Professional Programme but not yet awarded in CLDP

PRIZE MONEY*

Round	Prize	Amount
1 st Prize	Rs. 50,000/-	
2 nd Prize	Rs. 30,000/-	
3 rd Prize	Rs. 20,000/-	

PROFESSIONAL EXECUTIVE

Round	Prize	Amount
1 st Prize	Rs. 50,000/-	
2 nd Prize	Rs. 30,000/-	
3 rd Prize	Rs. 20,000/-	

***TDS will be deducted as per applicable rates**

For any query contact at: icq_quiz@icsi.edu

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SIGNING OF MoUs

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THE INSTITUTE OF
Company Secretaries of India
(In Accordance with the provisions of the Companies Act, 2013)
(Under the jurisdiction of Ministry of Corporate Affairs)

MEMORANDUM OF UNDERSTANDING (MoU)
between
The Institute of Company Secretaries of India and
Symbiosis Skills & Professional University (SSPU), Pune

Exclusive Benefits for Students & Members

- Specialized Training Programmes in areas of mutual interest
- Joint Workshops, Seminars & Continuing Education Initiatives
- Faculty Development Programmes for standardized teaching excellence
- Access to ICSI Publications & Library Scheme for SSPU students
- Participation in ICSI National & International Seminars & Workshops
- Exemptions in University subjects (e.g., Corporate Governance) for ICSI students
- ICSI Signature Awards for toppers of specialized programs

Key Areas of Collaboration

- Exchange of Faculty Members, Research Scholars & Academic Inputs
- Joint Research Projects & Curriculum Development Support
- Training of Trainers (ToT) programmes for mutual benefit
- Teacher Congruence initiatives for enhanced pedagogy
- Sharing of infrastructure, library & knowledge resources
- Empowerment of SSPU faculties with ICSI for training & research activities

CS Pawan G. Chandak
President, The ICSI

CS Dwarakanath Chennur
Vice President, The ICSI

CS Asish Mohan
Secretary, The ICSI

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THE INSTITUTE OF
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(In Accordance with the provisions of the Companies Act, 2013)
(Under the jurisdiction of Ministry of Corporate Affairs)

MEMORANDUM OF UNDERSTANDING (MoU)
between
The Institute of Company Secretaries of India and
Axar Digital Services Pvt. Ltd.

Exclusive Benefits for ICSI Members

- Special Annual Pricing for 2 years
- Free Training Sessions via MS Teams/Zoom
- Dedicated Support through Helpdesk & Email
- Confidential Data Handling Assured
- Continuous Updates and Documentation Access

Key Features of InsiderLens iFCO

- Automated Trading Window Closure Alerts
- Secure Structured Digital Database (SDD)
- UPSI Management & Insider Tracking
- Audit Trail with Timestamp
- Effortless Compliance Report Generation
- Built-in Data Encryption & Security

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President, The ICSI

CS Dwarakanath Chennur
Vice President, The ICSI

CS Asish Mohan
Secretary, The ICSI

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THE INSTITUTE OF
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MEMORANDUM OF UNDERSTANDING (MoU)
between
The Institute of Company Secretaries of India and
AJVA Fintech Pvt. Ltd. (eMSME)

KEY FEATURES OF AJVA SAAARTHI

- Document Review Efficiency:** Access enabled irrespective from 100 sources
- Support Services:** Dedicated experts guided end-to-end, severity escalation
- Compliance Health Checks:** Identify & rectify regulatory gaps
- Banking & Financial Statements:** Support in preparing Bank/FD, BNC, DTD & DTD reports
- Regular Training & Seminars:** on various regulations and statutory services

Exclusive Benefits for ICSI Members

- Special Annual Pricing (Advance, Expert & Pro Plan) valid for 3 years
- Complimentary subscription to eMSME ProPlan
- ICSI members can register as experts on ProPlan platform & provide Consultancy Services
- Free Training Sessions & Demonstrations
- Dedicated Helpdesk & Email Support
- Confidential Data Handling Assured
- Continuous Updates & Documentation Access

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President, The ICSI

CS Dwarakanath Chennur
Vice President, The ICSI

CS Asish Mohan
Secretary, The ICSI

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THE INSTITUTE OF
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(Under the jurisdiction of Ministry of Corporate Affairs)

MEMORANDUM OF UNDERSTANDING (MoU)
between
The Institute of Company Secretaries of India and
Bharat Cloud (BCDC Cloud Centers Pvt. Ltd.)

Exclusive Benefits for ICSI Members

- Special Annual Subscription Pricing for 3 years
- Free Training Sessions via MS Teams / Zoom
- Dedicated Helpdesk & Email Support
- Confidential Data Handling Assured
- Continuous Updates & Documentation Access

Key Features of Bharat Cloud Services

- AI Integrated Cloud Ecosystem for seamless workflows
- Automated Backups & Ransomware Protection
- AI-Powered File Deletion Monitoring
- Multi-User Collaboration without conflict
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For Members
Starting at
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Customized pricing available for firms with multiple users

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CS Dwarakanath Chennur
Vice President, The ICSI

CS Asish Mohan
Secretary, The ICSI

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भारतीय कम्पनी सचिव संस्थान
THE INSTITUTE OF
Company Secretaries of India
(In Accordance with the provisions of the Companies Act, 2013)
(Under the jurisdiction of Ministry of Corporate Affairs)

MEMORANDUM OF UNDERSTANDING (MoU)
between
The Institute of Company Secretaries of India and
TSS Consultancy Services Pvt. Ltd. (Screenzaa)

Exclusive Benefits for ICSI Members

- 30 Free Checks per member (via WhatsApp / Website)
- Discounted Pricing for additional checks
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Key Features of Screenzaa

- Pre-Onboarding Screening: Verify prospective clients against sanctions & adverse list before onboarding
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- Neighborly Transaction Reporting (NTR): Direct filing with FIU-IND
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- Whistleblower based lookup options
- Regulatory Compliance: Supports PMLA, WMD Act, UAPA, UNSC, OFAC, and other mandates

Discounted Price Offering for ICSI Members

- Free Checks: 30 per member
- Basic Plan (2 sources): ₹5 per check
- Precise Plan (148 sources): ₹100 per check
- Broad Plan (148 sources): Comprehensive coverage including name-based hits

Data Sources Covered

- PMLA, CBI enquiries, SEBI/BI/USCA blocklists
- Bank defaulters & Fraud cases
- Indian & global sanctions lists (UNSC, OFAC)
- Enforcement agencies Interpol, ECOWAS, SEBI, BDOAI
- Deferred lists issued by regulators

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Proceedings of The 27th National Conference of Practicing Company Secretaries held on June 13-14, 2026 at Pune

Theme - Company Secretaries as Leaders: AI, ESG & Stewardship

The Institute organized its 27th National Conference of Practicing Company Secretaries at Hotel Conrad, Pune on the theme “Company Secretaries as Leaders: AI, ESG & Stewardship”. The Conference witnessed the presence of 700 delegates present in person and around 5700 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.

JUNE 13, 2026 (SATURDAY)

INAUGURAL SESSION

The Conference was inaugurated by the Special Guest, Prof. (Dr.) Gourav Vallabh, Member (Part-Time), Economic Advisory Council to the Prime Minister.

CS Vishal N. Salunke, Chairman, Pune Chapter, The ICSI welcomed the guests and facilitated presentation of planters.

CS Yogesh Choudhary, Chairman, WIRC, The ICSI welcomed all at the Conference and introduced the Special Guest and other dignitaries on the dais. He highlighted the significance of the Conference theme and set the tone for the deliberations to follow.

CS Ashish Karodia, Programme Director and Council Member, The ICSI, extended heartfelt gratitude to the Special Guest and welcomed one and all in Pune, the Oxford of the East. He noted Pune’s enduring support with registrations and praised the theme for reflecting the transformation driven by technology, globalization, sustainability and regulatory change. He emphasized that the future demands Company Secretaries to rise, evolve and lead as co-creators and champions of good governance. He concluded with a thought, “When responsibility is guided by wisdom and powered by vision, Leadership transforms into Stewardship, creating a legacy that endures.”

CS Rajesh Tarpara, Chairman, PCS Committee and Council Member, The ICSI introduced the theme of the Conference and shared how AI has become a present-day reality transforming governance, compliance management, risk assessment and business processes. He underlined that ESG principles have become integral components of corporate strategy and accountability and referred to Stewardship as the foundation of responsible leadership. He urged the professionals to become technologically empowered through AI, socially

responsible through ESG and ethically grounded through stewardship and concluded by expressing confidence that Company Secretaries will continue to emerge as the preferred governance professionals.

CS Dwarakanath Chennur, Vice President, The ICSI, commenced his address by expressing his pleasure at the Conference being hosted in Pune, a city renowned for its rich intellectual heritage, innovation and industrial excellence. He highlighted the pivotal role of the Institute as the premier professional body promoting good corporate governance and nurturing Company Secretaries as leaders equipped to integrate Artificial Intelligence, advance ESG principles and uphold Stewardship. He discussed the theme and emphasized that AI, ESG and Stewardship are redefining corporate governance and leadership. He highlighted the growing contribution of Company Secretaries across diverse domains including corporate restructuring, due diligence, insolvency, ESG reporting, Arbitration, Mediation, Start-up advisory and Strategic Governance, reflecting the increasing significance of the profession in the evolving corporate landscape. He further emphasized the importance of teamwork and concluded with the inspiring words of Mr. Ratan Tata, “If you want to walk fast, walk alone. But if you want to walk far, walk together”.

CS Pawan G. Chandak, President, The ICSI, commenced his presidential address by welcoming the dignitaries and the delegates to the Conference. He extended heartfelt gratitude to the Special Guest for gracing the occasion and expressed his delight on the Conference being hosted in Pune, the historic land of the Peshwas and the Marathas and his cherished Karma Bhoomi. Elaborating on the theme, he emphasized that true essence of leadership for Company Secretaries lies in safeguarding the interests of all stakeholders and ensuring that organizations are built on the foundations of responsibility, resilience and trust. He underscored that Company Secretaries are not confined to compliance roles but are globally recognized as Governance Professionals. He highlighted the unique distinction of the profession which, though rooted in India, has positioned itself at the forefront of global governance by setting exemplary standards of accountability and ethical corporate conduct. He outlined several pioneering initiatives of the ICSI, drew attention to the recent recognitions accorded to the profession and also highlighted the recommendations submitted by the ICSI to the Parliamentary Standing Committee on Finance on the proposed Securities Market Code, 2025.

Presidential address was followed by the releases, facilitated at the august hands of the Special Guest Prof. (Dr.) Gourav Vallabh along with other dignitaries present on the dais:

1. Souvenir of the 27th National Conference of Practicing Company Secretaries,
2. Flyer of the 54th National Convention of Company Secretaries,
3. Flyer of Important Timelines for PCS Under ICSI Guidelines,
4. Guidance Note on Related Party Transactions (Revised Edition, 2026),
5. Corporate Governance - From Compliance to Excellence Version 5.0,
6. Handbook on Business Responsibility and Sustainability Version 4.0,
7. Guidance Note on Secretarial Compliance Report (SCR) for Real Estate Investment Trusts (REITs),
8. Guidance Note on Secretarial Compliance Report (SCR) for Infrastructure Investment Trusts (InvITs),
9. Flyer of Joint Certification Course on Trademarks,
10. Flyer for Certificate Course on Online Dispute Resolution, Digital Arbitration and Mediation,
11. Flyer for Certificate Course on ESG & UK Regulatory Compliance,
12. Flyer of the 26th ICSI National Awards for Excellence in Corporate Governance,
13. Flyer of the 7th ICSI Board Mentorship Programme,
14. Flyer of the ICSI India-Australia Facilitation Centre,
15. Flyer of French Language Course,
16. Flyer of the ICSI Invest India Summit,
17. Flyer of the ICSI 5th International Conference,
18. Flyer of the 26th All India Company Law Quiz (AICLQ),
19. Exchange of MoU with Symbiosis Skills and Professional University, Pune,
20. Exchange of MoU with AJVA Fintech Private Limited (eMSME),
21. Exchange of MoU with Axar Digital Services Pvt. Ltd.,
22. Exchange of MoU with Bharath Cloud Services,
23. Exchange of MoU with M/s. TSS Consultancy Private Limited.

Prof. (Dr.) Gourav Vallabh, Special Guest, commenced his address by sharing his practical experience with AI and

emphasized that governance professionals must learn how to effectively utilize AI in their professional roles. He shared that while technology creates capabilities, governance creates safety and trust and the greatest challenge in the age of AI is governance risk, positioning Company Secretaries as key stakeholders in addressing such challenges. He stressed that governance frameworks must evolve at a pace faster than technological advancements to manage emerging risks. Speaking on the future of the profession, he affirmed that AI will redesign and elevate the role of Company Secretaries by automating routine tasks, while responsibilities rooted in ethical judgment, fiduciary duty and strategic governance will remain human driven. He highlighted new opportunities for Company Secretaries as Board-level AI Advisors, Compliance Integrators and Custodians of Evidence and concluded by describing them as Guardians of accountability and Architects of responsible innovation.

CS Asish Mohan, Secretary, The ICSI proposed the Vote of thanks and expressed his sincere gratitude and greetings to the Special Guest, Dignitaries, Former Presidents, Council Members, Regional Council Members, Chairman and Managing Committee Members of the Chapters, guest speakers, professionals, students and Team ICSI for igniting the spirit of transformation and diversification at the 27th National Conference of Practicing Company Secretaries. He spoke on the theme, noting that Company Secretaries are evolving into strategic leaders, guiding organizations through digital transformation and regulatory change. He concluded with wishing fruitful deliberations during the technical sessions at the Conference.

FIRST TECHNICAL SESSION – IPR PRACTICES & PROCEDURES

Session Coordinator: CS Praveen Soni, Council Member, The ICSI.

Keynote Speaker: Prof. (Dr.) Unnat P. Pandit, Controller General of Patents, Designs & Trade Marks (CGPDTM), Registrar of Copyrights (RoC) and Geographical Indications (GI).

Panelist: CS Adv. Kunal Sarpal, Founder & Managing Partner, White Collar Legal LLP.

CS Praveen Soni 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.

Prof. (Dr.) Unnat P. Pandit shared the opportunities for Company Secretaries as Trademark Agents, noting that by combining governance expertise with intellectual property service, they can become trusted partners in India's innovation ecosystem. He informed that 178 applications for enrollment as trademark agents were received last year, most of which have been cleared and emphasized that enrollment carries the responsibility to deliver quality services. He shared that poor documentation and inadequate submissions are causing delays, pendency

and post-registration issues, particularly in cases of prior use evidence. He urged improvement in filing standards and stressed that securing trademarks contributes to economic value and supports India's vision of becoming a knowledge economy, while also safeguarding cultural traditions through IP protection.

CS Adv. Kunal Sarpal reflected on the transformation of intellectual property practice, noting that meetings now focus on valuation, prosecution and enforcement rather than just filing. He noted the shift from local to global applications enabled by India's participation in international treaties and cited examples of companies expanding worldwide. He emphasized that even small startups now seek IP strategies, highlighting the growing demand. He stressed that IP practice is time-bound and critical and concluded by advising on proper evidence submission, careful drafting and strong representation.

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

SECOND TECHNICAL SESSION – COMPLIANCE IN THE AGE OF AI

Session Coordinators: CS Venkata Ramana R. and CS Manoj Kumar Purbey, Council Members, The ICSI.

Session Chair: Shri Deepak Goel, Scientist G and Group Coordinator, Ministry of Electronics and Information Technology.

Panelists: Shri Sanjay Sikdar, VP - Samsung SDS Global Delivery, Former Associate Partner-Data Modernization, IBM India and Shri Sorav Jain, Founder & CEO, echoVME Digital.

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

Shri Deepak Goel noted that AI is increasingly influencing individuals, enterprises and institutions across sectors including healthcare, customer engagement and cybersecurity. He stressed the need to address critical issues such as algorithmic bias, explainability of AI-generated outcomes, risk anticipation and attribution of accountability. Drawing attention to emerging AI governance practices, he referred to the importance of maintaining human oversight in critical decision-making. He concluded by encouraging Company Secretaries to strengthen governance controls and ensure that human judgement remains central to decision-making.

Shri Sanjay Sikdar shared insights on the transformative impact of AI on business operations and professional roles. He illustrated how AI-enabled tools enhance communication, real-time translation, productivity and

decision-making across organisations. He emphasized that Company Secretaries must develop a sound understanding of AI tools, prompt engineering, data privacy regulations and AI governance frameworks. He concluded by encouraging professionals to continually upgrade their skills and integrate AI-driven tools into daily functions, affirming that those who harness its potential will be better positioned to succeed in the future.

Shri Sorav Jain highlighted the emerging governance challenges posed by AI, particularly the risks arising from deepfakes, voice cloning, fake press releases, AI-generated misinformation and viral screenshots and cautioned that such developments have the potential to impact corporate reputation, investor confidence and market behaviour. He underlined the importance of building a strong digital presence for organisational leadership and promoting employee advocacy. He concluded by stating that a credible online reputation acts as an important safeguard against misinformation and should be developed proactively rather than during a crisis.

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

OPEN HOUSE SESSION

First day of the 27th National Conference of Practicing Company Secretaries concluded with an Interactive Session of the Council Members, ICSI with the members. CS Pawan G. Chandak, President, The ICSI, CS Dwarakanath Chennur, Vice-President, The ICSI, CS Dhananjay Shukla, CS B. Narasimhan, CS Manish Gupta, CS Manoj Kumar Purbey, CS Ashish Karodia, CS Rajesh Tarpara, CS Praveen Soni, CS Rupanjana De, CS Venkata Ramana R., CS NPS Chawla, Council Members, The ICSI and CS Asish Mohan, Secretary, The ICSI were present on the dais at the session. CS Pawan G. Chandak, President, The ICSI apprised all the participants about the initiatives of the Institute and the representations submitted by the Institute to various regulators. The President along with the Council Members replied suitably to the queries raised by the members.

JUNE 14, 2026 (SUNDAY)

SPECIAL SESSION – PANEL DISCUSSION ON CS PROFESSION IN THE NEXT DECADE

Session Coordinator: CS NPS Chawla, Council Member, The ICSI

Panelists: CS Ashish Garg, Former President, The ICSI and CS Devendra V. Deshpande, Former President, The ICSI

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

CS Ashish Garg emphasized that the profession must evolve with vision and collective strength. He cited Thomas Edison's perseverance through thousands of failed attempts and encouraged the professionals to overcome fear of failure and focus on collective success. He shared that success lies not in the idea but in execution, commitment and continuity. He highlighted Pune's pioneering role in demonstrating that mega firms can be built and sustained and affirmed that the coming decade belongs to collaborative firms and multidisciplinary partnerships, provided professionals embody effort, courage, patience, intelligence, strength and perseverance. He concluded by describing AI as a friend, competitor and a force multiplier and shared that automation will elevate the profession's true strength, judgment and strategic advice.

CS Devendra V. Deshpande emphasized that AI is not a threat but a tool to be harnessed wisely. He outlined a threefold division of work, complete AI, human-in-the-loop and complete human, underscoring that strategic decisions should firmly remain in human hands. He highlighted the vast opportunities available within the existing domains such as CSR, Social Audits and the Companies Act, urging professionals to first capitalize on these areas before expanding into global opportunities. He encouraged the gathering to think big and embrace multidisciplinary partnerships with courage and vision. He concluded by highlighting that complacency, limited vision and failure to upskill are greater threats than AI and urged the professionals to embrace growth with confidence.

The panelists deliberated on various aspects pertaining to the theme of the session and also answered suitably to various queries which made the deliberations fruitful and interactive. Thereafter, CS NPS Chawla summed up the discussions and proposed the Vote of Thanks. The session concluded with presentation of mementos to the esteemed panelists.

SPECIAL SESSION – PANEL DISCUSSION ON DISCIPLINARY MECHANISM OF ICSI

Session Coordinator: CS Hrishikesh Wagh, Member, Western India Regional Council, The ICSI.

Panelists: Shri Sunil Dadhe, IA & AS (Retd.), Former Dy. CAG & Director General - International Centre Environment Audit and Sustainable Development and CS Manish Gupta, Former President & Council Member, The ICSI.

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

CS Manish Gupta began his address by emphasizing that professional growth must always be accompanied by adherence to established rules, regulations and ethical standards. He highlighted that while Artificial Intelligence is set to complement, supplement and

streamline work processes, the ultimate accountability continues to rest with professionals themselves. He also outlined the distinct roles, responsibilities, constitution and powers of the Disciplinary Directorate, the Board of Discipline, the Disciplinary Committee and the Appellate Tribunal.

Shri Sunil Dadhe underscored that discipline is the foundation of a successful and meaningful professional career. He explained that lapses leading to disciplinary proceedings often stem from key sources such as excessive reliance on technology which can overshadow human judgment, the ever-evolving expectations of regulators which demand constant vigilance and adaptability, etc. He concluded by urging the Company Secretaries to remain diligent, implement appropriate checks and controls in professional assignments, uphold compliance not only with the statutory provisions but also with the Guidelines issued by the Institute and maintain the highest standards of ethics and integrity at all times.

The panelists deliberated on various aspects pertaining to the theme of the session and also answered suitably to various queries which made the deliberations fruitful and interactive. Thereafter, CS Hrishikesh Wagh summed up the discussions and proposed the Vote of Thanks. The session concluded with presentation of mementos to the esteemed panelists.

THIRD TECHNICAL SESSION - STRENGTHENING STEWARDSHIP THROUGH ESG INTEGRATION

Session Coordinators: CS Vinayak S. Khanvalkar, Former President, The ICSI and CS Suresh Pandey, Council Member, The ICSI.

Panelists: CS M. E. V. Selvam, Former Company Secretary and Compliance Officer, Oil and Natural Gas Corporation (ONGC) Ltd., Ms. Poonam Jindgar, VP & Global Head, ESG & Sustainability, Birlasoft Ltd. and Ms. Swati Tewari, Principal Counsellor, Confederation of Indian Industry.

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

CS M. E. V. Selvam explained that ESG has paved the way for integrated annual reporting, while CSR and ESG together act as twin engines driving business responsibility. He traced the evolution of CSR from individual social responsibility rooted in philanthropy, through industrialization and public sector enterprises, to its formal codification under Section 135 of the Companies Act mandating 2% profit allocation. He emphasized that CSR addresses the needs of the present generation, whereas ESG safeguards the interests of the future, making integrated reporting compulsory.

Ms. Poonam Jindgar explained that ESG is a vital framework used by organizations, investors, customers

and regulators to assess resilience and continuity of services. She discussed how the environmental aspect focuses on emissions, water stewardship and waste management, while the social dimension emphasizes community welfare, labor practices, diversity and inclusiveness. She highlighted that ESG is not just about identifying risks but also about recognizing opportunities and leveraging them positively. She concluded by urging the Company Secretaries to champion ESG and position it at the very core of modern business responsibility.

Ms. Swati Tewari emphasized that ESG must be seen as a strategic business tool. She shared that ESG now encompasses the entire business strategy, integrating environmental and social risks into operations to transform vulnerabilities into opportunities. She highlighted that companies are part of global value chains and decisions such as the EU's carbon-neutral goals directly affect Indian businesses supplying goods and services abroad. She underlined the critical role of Company Secretaries in equipping boards and senior management with knowledge, tools and direction to meet the evolving global ESG requirements, thereby enabling companies to remain competitive and responsible.

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.

FOURTH TECHNICAL SESSION - CATALYSING GROWTH FOR MSMEs & START-UPS

Session Coordinators: CS Dhananjay Shukla, Immediate Former President, The ICSI and CS Rupanjana De, Council Member, The ICSI.

Session Chair: Shri K. Saravanan, Chief General Manager, Securities and Exchange Board of India.

Panelists: Shri Jyoti Prakash Gadia, Founder and Managing Director, Resurgent India Limited and Dr. S. Glory Swarupa, Former Director General, National Institute for Micro, Small and Medium Enterprises.

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

Shri K. Saravanan highlighted the growing importance of the corporate bond market and shared various initiatives undertaken by the SEBI in this regard. He informed the delegates about SEBI's National Bond Market Deepening Initiative and National Fixed Income Literacy Mission,

aimed at creating awareness among issuers and investors and promoting wider participation across the country, particularly in Tier-II and Tier-III cities. He concluded by underlining the important role of Company Secretaries in creating awareness about the advantages of bond financing and facilitating informed decision-making at the boardroom level.

Shri Jyoti Prakash Gadia highlighted the significant growth and evolving landscape of the MSME sector in India. Referring to key trends, he noted the increasing participation of women entrepreneurs, the growing contribution of Tier-II and Tier-III cities to the start-up ecosystem and the rising flow of credit to MSMEs from private sector banks and NBFCs. He observed that these developments reflect the strengthening fundamentals and growing resilience of the MSME sector. He also discussed the challenges associated with assessing MSMEs under conventional credit rating frameworks.

Dr. S. Glory Swarupa highlighted the significant efforts being undertaken by the Government to strengthen entrepreneurship and support the growth of the MSME sector. She highlighted the establishment of dedicated cadres such as the Indian Enterprise Development Service and Indian Skill Development Service, which are aimed at strengthening the ecosystem for entrepreneurship and skill development. She appreciated the contributions made by Practicing Company Secretaries for growth of MSMEs. She concluded her address by emphasizing the growing significance of digital infrastructure, AI and emerging technologies in shaping the future of entrepreneurship.

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 CS Rupanjana De summed up the discussions and proposed the Vote of Thanks. The session concluded with presentation of mementos to the esteemed panelists.

VOTE OF THANKS

CS Asish Mohan, Secretary, The ICSI proposed the vote of thanks paying deep gratitude to the esteemed Special 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, esteemed members, students and team ICSI from Headquarters, WIRC and Pune Chapter for successful organization of the Conference. He also conveyed his sincere thanks to the sponsors, advertisers, anchors, volunteers, media and Hotel Conrad, Pune for their support. At the end, he thanked one and all for the success of the 27th National Conference of Practicing Company Secretaries.

ICSI Convocation 2026 - Northern Region held at Amritsar, Punjab on June 09, 2026



ICSI Convocation 2026 - Eastern Region held at Guwahati, Assam on June 06, 2026



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WIRC



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Mangaluru



SIRC



Vadodara



Chandigarh

Master Knowledge Series EEE 6.0 (Enable, Enrich, Excel)

WEBINAR ON

Data Protection and Cyber Security held on June 03, 2026



Faculty:
Dr. CS Gopal Krishna Raju



Moderator:
CS Manoj Purbey
Central Council Member
The ICSI

WEBINAR ON

Social Stock Exchange: Regulatory Framework, Registration Process and Compliance Landscape held on June 10, 2026



Faculty:
CS S. C. Sharada
NSE



Faculty:
Mr. Koushal Kumar
NSE



Moderator:
Mr. Mrinal Madhur
The ICSI

WEBINAR ON

IPO: Regulatory and Legal Landscape in India held on June 17, 2026



Faculty:
CS Nitin Somani



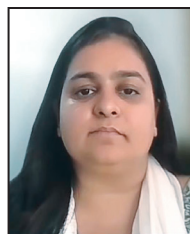
Moderator:
Ms. Prachi Dwivedi
The ICSI

WEBINAR ON

Governance Framework for KMPs: Companies Act, SEBI Regulations and TCWG Perspectives held on June 24, 2026



Faculty:
CS Narayan Shankar



Moderator:
CS Surbhi Jain
The ICSI

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GLOBAL CONNECT



-
- ICGN Summer Conference 2026 – Amsterdam
-
- Webinar organized by ICSI Middle East (DIFC) NPIO, Dubai
-
- Article: USA's Exit from Climate Agreements and Its Impact on ESG Governance: A Global and Indian Perspective
-
- Article: Variable Capital Companies in India's IFSC: Architecture, Governance and the Road Ahead
-
- *An Analysis of the Draft IFSCA (Amendment) Bill, 2026*
-



भारतीय कम्पनी सचिव संस्थान
Company Secretaries of India
 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। कष्टं कृतं तृपतिः प्रमदं प्रोक्तं तृपतिः

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

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📍 Sofitel Mauritius L'Imperial Resort & Spa

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ICSI Student / Accompanying Guest	15,000
Others	20,000

Registration Link : <https://stimulate.icsi.edu/RO/Home/delegateportal/3696>



KINDLY NOTE

- Prior Registration for the Conference is mandatory
- Delegate fee is payable in advance and is non-refundable. Please note that payments are not accepted through DD, Cheque, Cash etc.
- The fee includes literature, tea/coffee, refreshments and lunches
- Delegates may arrange flight tickets, visa, stay and local travel on their own
- No Visa is required for Indian nationals travelling to Mauritius ; however, participants are advised to check the latest entry regulations on their official website

Query: ☎ +91-11-4534 1063/1064/1065/1087/1088 ✉ overseas@icsi.edu

CS Pawan G. Chandak
 President, The ICSI

CS Dwarakanath Chennur
 Vice President, The ICSI

CS Asish Mohan
 Secretary, The ICSI

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ICGN Summer Conference 2026 – Amsterdam



CS Asish Mohan, Secretary, The ICSI, and Ms. Preeti Kaushik Banerjee, Joint Secretary, The ICSI, participated in the Conference. During the visit, the ICSI delegation met Ms. Jen Sisson, CEO, ICGN, and Ms. Carol Nolan Drake, J.D., Senior Advisor – Americas, ICGN, to explore opportunities for mutual collaboration and joint participation.

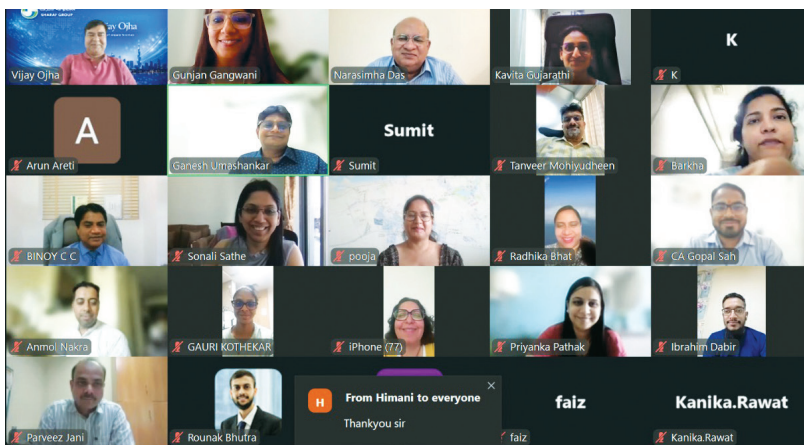


On 24 June 2026, the ICSI delegation met Ms. Priya Goel, First Secretary (Economic & Commerce), Embassy of India, The Hague, The Netherlands, and explored potential areas of collaboration to enhance institutional engagement and support professional growth in the Netherlands.

Webinar organized by ICSI Middle East (DIFC) NPIO, Dubai

WEBINAR ON

Webinar on FATCA & CRS Compliances held on June 06, 2026



Speaker:
Mr. Narasimha Das
 Senior Partner
 Baker Tilly UAE



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सत्यं वद। धर्मं चर। ~~इष्टार्थे तेन प्रवृत्तेः, प्रत्यक्षतः प्रोत्तेज्यते~~

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facilitating good corporate governance"

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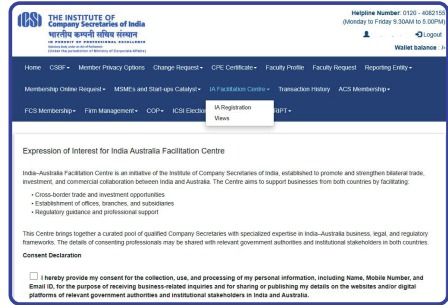
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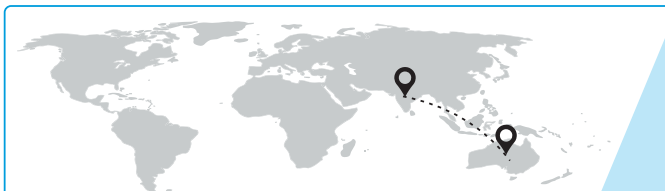
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USA's Exit from Climate Agreements and Its Impact on ESG Governance: A Global and Indian Perspective

This article examines the impact of the United States' withdrawal from the Paris Climate Agreement on the evolution of global Environmental, Social and Governance (ESG) governance frameworks. It analyses how different jurisdictions, including the European Union, China, Japan and India, responded to changing climate politics through regulatory reforms, sustainability disclosures and supply-chain governance mechanisms. The article further evaluates the increasing role of private-sector ESG enforcement, investor stewardship and multinational procurement systems in shaping sustainability compliance beyond governmental action. Special emphasis is placed on India's evolving ESG framework and the expanding role of Company Secretaries in sustainability governance, regulatory compliance and strategic corporate advisory functions.



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INTRODUCTION

Environmental, Social and Governance (ESG) governance has emerged as one of the most significant developments in modern corporate regulation and global sustainability policy. Climate governance today extends far beyond environmental protection and increasingly influences corporate disclosures, investment decisions, financial regulation, supply-chain management and international trade.

The withdrawal of the United States (US) from the Paris Climate Agreement under President Donald Trump generated significant debate regarding the future of international climate cooperation and sustainability governance. Many observers initially believed that the move would weaken global ESG momentum and reduce regulatory commitment toward climate-related obligations. However, subsequent developments demonstrated that ESG governance continued to expand through diversified regulatory models, private-sector enforcement and investor-driven sustainability expectations.

The objective of this article is to analyse the global and Indian implications of the United States' climate-policy withdrawal, examine the evolution of ESG governance frameworks across major jurisdictions, and evaluate the

growing role of Company Secretaries in sustainability governance and compliance management.

EVOLUTION OF CLIMATE GOVERNANCE AND ESG FRAMEWORKS

The roots of ESG lie in faith-based and ethical investing practices that date back centuries, but the modern ESG movement began taking shape in the 1950s. Economist Howard Bowen proposed that businesses should look beyond profit and consider their responsibilities to society. In the 1960s and 70s, civil rights activism, anti-war protests, and the first Earth Day in 1970 brought attention to the environmental and social impact of businesses.

In 1971, the launch of Pax World Funds introduced the first ethical investment fund in the U.S., which avoided investing in companies involved in the Vietnam War. Around the same time, global awareness of environmental issues began rising. The 1972 Stockholm Conference marked the first major international step toward recognizing environmental protection. This was followed by the 1987 Brundtland Report, which introduced the idea of "sustainable development," and the 1992 Rio Earth Summit, where nations agreed on global action plans for sustainability and climate change. During this period, the financial world also began taking note. Pension funds started to invest more responsibly, recognizing that long-term sustainability affects long-term returns. ESG data providers like KLD Research & Analytics and Innovest Investment Advisory helped formalize how companies could be rated on ESG performance.

The early 2000s saw ESG evolve from an ethical concept into a practical business strategy. Corporate scandal of a major energy company highlighted the importance of transparency and strong governance. In 2004, the United Nations, under Kofi Annan, pushed for integrating ESG into financial markets through the "Who Cares Wins" report, which linked ESG factors with long-term financial performance. This led to the formation of the Principles for Responsible Investment (PRI) in 2006, encouraging investors to incorporate ESG into their decisions.

Several ESG reporting frameworks also emerged during this time. The Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD) were introduced to help companies disclose ESG-related risks and performance in a structured and comparable way. By the 2010s, ESG had gone mainstream, with many business leaders aligning their companies with the UN Sustainable Development Goals (SDGs) and publicly committing to stakeholder capitalism.

The timeline for major ESG development in the world begins in 2015 with the adoption of the Paris Agreement, widely regarded as the foundational moment for the global ESG movement. The Agreement builds upon the convention and for the first time brings all nations into a common cause to undertake ambitious efforts to combat climate change and adapt to its effects, with enhanced support to assist developing countries to do so. As such, it charts a new course in the global climate effort.

The Paris Agreement's central aim is to strengthen the global response to the threat of climate change by keeping a global temperature rise this century well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius. Additionally, the agreement aims to increase the ability of countries to deal with the impacts of climate change, and at making finance flows consistent with a low Greenhouse gas (GHG) emissions and climate-resilient pathway.

TRUMP'S WITHDRAWAL AND THE FRAGMENTATION OF CLIMATE GOVERNANCE

The US withdrawal from the Paris Agreement could have far-reaching consequences for international diplomacy and global climate efforts. The United States is the world's second-largest emitter of greenhouse gases (GHGs) and has historically contributed the most to cumulative emissions. Its exit weakens the collective effort needed to tackle climate change and creates a leadership vacuum of leadership.

Moreover, the U.S. withdrawal may encourage other nations to weaken or delay their climate commitments, citing the disengagement of one of the world's largest economies. This could result in a domino effect, reducing overall ambition levels in climate mitigation.

At the same time, anti-ESG political movements within the United States created regulatory fragmentation and ideological polarization regarding sustainability investing, climate disclosures and fiduciary obligations. This weakened the possibility of complete global harmonization in ESG regulation.

Despite this, contrary to creating a general move away from ESG governance, Trump's move to back out hastened the emergence of different sustainability and governance frameworks.

In any case, irrespective of any political resistance that might have been encountered in some areas, ESG

governance was bound to continue growing since the expectation for sustainability was now increasingly connected to investment stewardship.

GLOBAL ESG LANDSCAPE AFTER TRUMP'S CLIMATE WITHDRAWAL

EUROPEAN UNION: ESG as A Binding Regulatory Framework

The European Union (EU) emerged as the strongest advocate of sustainability governance following the United States' withdrawal from the Paris Agreement. EU increasingly treated climate governance not merely as an environmental obligation but as a long-term economic and strategic priority.

European Commission (EC) President, Ursula von der Leyen has stated that the Paris Agreement remains the best hope for all humanity, and confirmed that Europe would 'stay the course, and keep working with all nations that want to protect nature and stop global warming'. EU Climate Commissioner Wopke Hoekstra and European Council President António Costa made similar statements. The EC also relayed concerns over the US's withdrawal from the agreement and its hope that the US will reconsider. In January, the European Parliament held a first debate on the geopolitical and economic implications for transatlantic relations under the new Trump administration with representatives from the Polish Council Presidency and the Commission.

Currently the EU framework on ESG includes:

- Corporate Sustainability Reporting Directive (CSRD) which defines which organizations must report sustainability information and how that information is disclosed, using the European Sustainability Reporting Standards (ESRS)
- Corporate Sustainability Due Diligence Directive (CSDDD) which introduces mandatory human rights and environmental due diligence across operations and value chains, linking sustainability reporting with governance and risk management.
- EU Taxonomy Regulation: Provides a common classification system for determining which economic activities are considered environmentally sustainable.
- EU Climate Benchmarks - Climate Transition Benchmark (CTB) and Paris-Aligned Benchmark (PAB): Establish minimum standards for climate-aligned investment benchmarks to support comparability and credibility of sustainable investment products.
- Sustainable Finance Disclosure Regulation (SFDR): Governs sustainability disclosures by financial market participants and shapes the sustainability data requested from companies across investment portfolios and value chains.

These regulations aim to create a sustainable financial system that supports the EU's goal of achieving climate

neutrality by 2050. They aim to improve data consistency, reduce greenwashing, strengthen accountability, and enable more informed decision-making by investors, regulators, and other stakeholders.

The EU approach effectively transformed ESG from a voluntary governance concept into a legally enforceable compliance and reporting framework. Through the above mechanisms, European climate governance now directly influences global trade and supply chains, compelling companies across jurisdictions, including India, to improve sustainability disclosures and emissions reporting in order to remain globally competitive.

CHINA: ESG Through Green Industrial and Manufacturing Dominance

China adopted a substantially different approach toward ESG governance by integrating climate transition into its broader industrial and geopolitical strategy.

China aggressively invested in renewable energy infrastructure, solar manufacturing, electric vehicles, battery technology and green industrial development. Simultaneously, it expanded green financing systems, sustainability-linked lending and carbon neutrality commitments while developing one of the world's largest green bond markets.

China's ESG regulations have shifted from voluntary guidelines to standardized, mandatory disclosures. Rather than abandoning climate goals following the U.S. exit from the Paris Agreement, China is accelerating its sustainability frameworks. Policymakers treat ESG reporting as a structured compliance requirement to maintain the country's position in global supply chains.

Key Regulatory Frameworks

- **Mandatory Disclosure Deadlines:** China's corporate sustainability disclosure systems mandate reporting for large-cap and dual-listed firms on the Shanghai, Shenzhen, and Beijing stock exchanges.
- **Unified Standards:** The Ministry of Finance and the China Securities Regulatory Commission (CSRC) require standardized, neutral, and accurate reporting.
- **National Standards for Bonds:** The implementation of the first national ESG standard for bond issuers established uniform guidelines for credit and value assessment.

Strategic Shifts

- **Transition Finance:** Rather than focusing solely on green entities, China provides specific transition finance standards for heavy-emitting sectors like steel, coal power, and building materials to avoid supply chain disruptions.

- **Supply Chain Pressures:** With the rollout of strict climate disclosure standards, Scope 3 emissions reporting requires domestic and foreign-invested companies to gather deep-tier supply chain data to satisfy compliance requirements.

- **Global Alignment:** China's regulations mirror international baselines like the International Sustainability Standards Board (ISSB) to ensure cross-border consistency despite geopolitical friction with the U.S.

Market Implications

- **Digital Verification:** The transition from narrative CSR reporting to "proof-based" data means companies must invest in AI-enabled platforms and data governance to back up their ESG claims.
- **Foreign-Invested Enterprises (FIEs):** Multinationals operating in China face direct scrutiny and must align their local operations with domestic China Securities Regulatory Commission (CSRC) mandates as well as home-market requirements.

JAPAN: Gradual and Stakeholder-Oriented ESG Transition

Japan adopted a balanced and gradual approach toward sustainability governance while attempting to maintain industrial competitiveness and energy security.

The statutory disclosure under the *Financial Instruments and Exchange Act* (Act No. 25 of 1948) is one of the main ESG-relevant disclosure regulations. It requires mandatory to disclose sustainability information in annual securities report, a continuous disclosure

document for listed companies. Specifically, a new section titled "Approach and Initiatives Relating to Sustainability" was added to the "Business Overview" section of the annual securities report, requiring companies to report on four items:

- Governance;
- Strategy;
- Risk Management; and
- Metrics and Targets.

Of these, all companies are required to include "Governance" and "Risk Management". For "Strategy" and "Metrics and Targets", all companies are required to include matters related to human capital, while other items are left to the judgment of each company based on the materiality of the information. In addition, in the "Employees" section, companies are required to disclose diversity indicators, such as the ratio of female managers, the percentage of male employees taking childcare leave, and the wage gap between men and women.

CS professionals help companies to navigate new ESG regulations, build stronger governance systems and make sure they're on track with sustainability requirements. Company Secretaries are right in the thick of this shift, helping organizations keep up and actually lead in the new era of sustainable governance.

Japan's ESG model therefore reflects a middle path between Europe's highly regulatory sustainability framework and the politically polarized climate environment in the United States.

ESG GOVERNANCE BEYOND GOVERNMENTS: RISE OF SUPPLY-CHAIN ESG COMPLIANCE

After Trump pulled the U.S. out of key climate commitments, something big changed: multinational corporations and their global supply chains started to take the lead on driving ESG standards across borders. Even when governments backtrack on climate rules, these corporations still demand strict sustainability practices from their suppliers, vendors, and distributors. They're under pressure from global investors, customers, lenders, insurers, basically anyone with skin in the international game. So it's not just about what the law says anymore. ESG rules show up in supplier contracts, procurement policies, and the entire supply chain. In many industries, if you want to do business with a big multinational, you need to pass serious sustainability checks like environmental audits and governance reviews before you ever get a green light. These assessments cover everything from emissions and labor practices to energy efficiency and ethical standards.

All this shows that ESG standards aren't staying local they're spreading through global supply chains no matter what's happening in any one country's politics. When Trump pulled the U.S. out, that probably made some companies even more careful. Multinational firms didn't want to risk their reputations, upset their investors, or ignore international rules. So, while governments might have argued more about climate policy, private companies actually took ESG enforcement more seriously. In the end, ESG kept getting stronger, not because of treaties, but because the market started demanding it.

RESULTS AND CORPORATE CONSEQUENCES OF ESG GOVERNANCE FAILURES

The increasing importance of ESG governance can also be observed through several major corporate controversies and legal actions arising from environmental failures, governance weaknesses and sustainability-related non-compliance. The examples are as follows:

- A German automotive manufacturer emissions scandal: Regulatory authorities discovered that the company had manipulated vehicle-emission testing systems to falsely demonstrate compliance with environmental standards. The controversy resulted in billions of dollars in penalties and settlements, criminal investigations, reputational damage and governance restructuring. The case demonstrated how environmental non-compliance combined with governance failures can create long-term financial and reputational consequences.
- A leading energy providers and chemical manufacturer company became a landmark development in climate governance. Investors argued that the company's board had failed to adequately address long-term climate risks and energy-transition concerns. In 2021, shareholders supported the appointment of climate-focused directors to the company's board despite management opposition. The episode highlighted how climate governance and sustainability oversight are increasingly viewed as board-

level fiduciary responsibilities directly connected with long-term shareholder value.

- A landmark case in The Netherlands battle brought by environmental organization against multinational energy company following legal action initiated by environmental groups and stakeholders. The case demonstrated that courts are increasingly willing to treat climate governance as part of corporate accountability and long-term risk management obligations.
- Another major area of concern involves "greenwashing," where corporations allegedly exaggerate or misrepresent sustainability claims. Financial regulators and market authorities globally have increasingly scrutinized companies and investment firms for inaccurate ESG disclosures, misleading sustainability claims and inadequate governance controls over ESG reporting. Such developments indicate that sustainability disclosures are gradually being treated with standards comparable to financial disclosures.
- The Deepwater Horizon oil spill remains another significant example of ESG and governance failure. The environmental disaster resulted in extensive litigation, regulatory penalties and severe reputational consequences while highlighting the importance of environmental risk management and board oversight of sustainability-related risks.
- Supply-chain ESG governance has also become increasingly important following incidents such as one of the garment manufacturing collapses in Bangladesh. The tragedy exposed poor labour standards, weak governance oversight and inadequate supply-chain monitoring systems. Following the incident, multinational corporations significantly strengthened supplier due diligence, sustainability audits and labour-compliance monitoring across global supply chains.

These developments collectively demonstrate that ESG failures today can create legal liability, financial losses, investor activism, reputational harm and governance consequences extending far beyond environmental compliance alone.

IMPACT ON INDIAN CORPORATE GOVERNANCE

India's ESG journey has unfolded steadily over the past decade and a half. It began in 2009, when the Ministry of Corporate Affairs (MCA) issued voluntary guidelines on Corporate Social Responsibility (CSR), encouraging companies to adopt ethical practices, care for stakeholders, and pursue inclusive development. These guidelines evolved into the National Voluntary Guidelines (NVG) in 2011, which broadened the scope of responsible business conduct.

A year later, SEBI (Securities and Exchange Board of India) took a decisive step by requiring the top 100 listed companies to publish Annual Business Responsibility Reports (ABRR). The Companies Act, 2013 then made CSR spending mandatory for certain large companies based on certain parameters, a move that set a global precedent. Over time, SEBI expanded ESG reporting obligations to the top 500 companies, but adoption remained uneven. To address this, the government introduced the National Guidelines on Responsible Business Conduct (NGRBC) in 2018.

By 2021, India aligned its reporting framework with international standards such as the Global Reporting Initiative (GRI) and the UN Global Compact (UNGC). This alignment came through the launch of the Business Responsibility and Sustainability Report (BRSR), which became mandatory for the top 1,000 listed companies starting FY 2022–23. In 2023, SEBI further simplified ESG disclosures by introducing the “Core BRSR” format, focusing on 49 key indicators instead of hundreds. This shift was designed to make reporting more streamlined, comparable, and directly linked to financial outcomes. SEBI also began regulating ESG rating agencies, requiring certification to ensure transparency and reliability.

India's ESG push has been reinforced by its global commitments. The country has ratified International Labor Organization (ILO) conventions on child labor, pledged climate action under the Paris Agreement, and participated actively in COP26 and COP28. Initiatives such as the Framework for Voluntary Carbon Market in Agriculture encourage companies to invest in green projects by purchasing carbon credits, though clarity is awaited on whether CSR funds can be used for such investments.

Legislative milestones have also shaped the landscape. The Energy Conservation (Amendment) Act, 2022 and the Green Credit Program signal India's intent to embed sustainability into both policy and corporate conduct. SEBI, for its part, has progressively strengthened disclosure obligations, moving from BRSR-to-BRSR Core and toward sustainability assurance requirements.

Regulators increasingly recognize that sustainability governance is integral to enterprise resilience, investor confidence, and global competitiveness. Indian exporters, particularly in steel, automotive, cement, pharmaceuticals, and engineering services, are already facing foreign ESG requirements. For example, companies dealing with European markets may need to comply with the Carbon Border Adjustment Mechanism (CBAM), while multinational customers now demand ESG disclosures and sustainability audits during vendor selection.

ESG REGULATION BEYOND LISTED COMPANIES IN INDIA

In India, people usually link ESG conversations to SEBI's BRSR for listed companies. But the reality goes much further than just stock exchange rules. A big chunk of India's industrial emissions comes from privately owned businesses, unlisted manufacturers, export-focused industries, MSMEs, and heavy industry. These groups mostly don't have to follow the same ESG disclosure rules as listed companies, but they still have to stick to tons of environmental, pollution, and industrial laws. Indian environmental regulation doesn't revolve around a single ESG law, it's built on several key acts: the Environment (Protection) Act of 1986, Air (Prevention and Control of Pollution) Act of 1981, Water (Prevention and Control of Pollution) Act of 1974, rules for handling hazardous waste, and the Energy Conservation Act of 2001. Central and State Pollution Control Boards (CPCB and SPCBs) keep an eye on things like industrial emissions, waste management, and whether companies are obeying the rules. If you're running a high-emission plant, you usually need to get clearances, pollution-control permits, and waste management authorizations. Lately, India's laws are sneaking in more sustainability demands through programs about energy efficiency and carbon management. For example,

the Perform, Achieve and Trade (PAT) scheme from the Bureau of Energy Efficiency (BEE) sets energy-saving targets for industries like steel, cement, power, and big manufacturers. So, India's path toward ESG for industry doesn't just depend on whether a company files a sustainability report it's happening through stricter compliance with environmental laws, better operational efficiency, and pressure to switch to cleaner energy. At the same time, smaller and unlisted Indian outfits are feeling ESG pressure from global supply chains. Multinationals want their suppliers to meet certain standards, pass sustainability audits, and prove they treat workers fairly whether those businesses are listed or not. Little by little, ESG in India isn't just about listed companies anymore. It's becoming a bigger part of how industrial ecosystems, supply chains, and international trade operate.

CHALLENGES AND FUTURE OUTLOOK

Sustainability governance has taken off in recent years, but honestly, the ESG landscape still faces some stubborn challenges. Reporting standards don't always line up across countries, political fights keep flaring up, companies worry about being accused of greenwashing, and the rules can feel like a tangled mess. Regulators and businesses both struggle when global standards remain out of sync.

When Trump pulled the U.S. out of international climate efforts, it showed how easily politics can shake up climate policies. But that moment also proved something else: ESG isn't just about governments anymore. Big investors, global companies, banks, and even trade systems now play a huge role in setting the rules and raising the bar for sustainability, no matter where they're based. Looking ahead, we're probably not going to see one neat, worldwide ESG rulebook. Europe will likely keep pushing for strict regulations, China will stay focused on using green policies to boost its industries.

The political back-and-forth there isn't likely to disappear anytime soon. India and Japan seem to be treading a middle path, trying to keep their economies growing while slowly tightening their ESG expectations. Still, the overall trend couldn't be clearer sustainability is becoming a core part of how companies are run. Climate risk management, better ESG reporting, sustainable finance, and watching the supply chain more closely are all becoming standard. Step by step, these practices are turning into essential pieces of modern corporate accountability.

The fragmentation of ESG governance frameworks across jurisdictions may create compliance complexity for multinational corporations; however, it simultaneously strengthens the integration of sustainability considerations into long-term corporate governance practices.

ROLE OF COMPANY SECRETARIES IN ESG GOVERNANCE

The role of Company Secretaries in ESG governance is changing quickly. What used to be a job focused mainly on corporate compliance, board meetings, and regulatory paperwork now goes far beyond the old checklist. As ideas move from optional efforts to hard requirements and business strategy, Company Secretaries are stepping squarely into the spotlight. Take India, for example, the corporate governance framework is already pretty solid, especially with SEBI's Listing Obligations (Regulations 17 to 27) and Section 135 of

Companies Act, 2013. Environmental laws, labour standards, pollution controls, and reporting frameworks like the BRSR have all been piling up for a while now. The trend is clear, all these rules and disclosures are blending together and forming a real ESG governance ecosystem. Outside India, there've been some political swings like when the United States rolled back international climate commitments for a while but the bigger push hasn't slowed down.

Most stock exchanges, big investors, and regulators are still moving toward ESG integration. Before long, ESG won't be a messy patchwork of separate standards. It'll all get folded into one, with Company Secretaries playing a much larger role in planning, compliance, and strategy. Company Secretaries with full-time roles aren't just ticking boxes anymore. They're involved in ESG risk assessments, helping coordinate sustainability efforts, and staying ahead of regulatory changes. Boards and executives need to know what's coming, not just what rules are already in place.

The Company Secretary becomes the eyes and ears for new ESG risks, global trends, and changes that could affect everything from supply chains to investor relations. As multinational firms and big investors demand transparency, Company Secretaries have to make sure internal systems are well set up for ESG. That means developing governance structures, setting up reports, fine-tuning policies, and making sure boards know what's at stake. Basically, they're connecting the dots between managers, regulators, investors, and everyone who cares about sustainability.

For those working as Practicing Company Secretaries (PCS) not full-time employees but outside advisors the opportunities are growing. These professionals are jumping into consulting, sustainability audits, due diligence, and building ESG policies for all sorts of businesses even smaller, unlisted ones hoping to tap global markets. As more regulations pile on—and ESG ratings become common PCS can help companies stay credible, transparent, and competitive. We may also see the rise of “green governance ratings” or ESG scores from exchanges or rating agencies. Companies that lead in these areas and can prove it will probably win more investor trust, stronger reputations, and better access to capital. In other words, ESG isn't just a trend, it is becoming a basic part of how companies are run, how risk is managed, and how businesses plan for the long haul. Company Secretaries are right in the thick of this shift, helping organizations keep up and actually lead in the new era of sustainable governance.

CONCLUSION

When President Trump pulled the U.S. out of major climate agreements, a lot of people figured global ESG efforts would lose steam. But that's not what happened. Instead, different countries started building their own ESG rules. Meanwhile, big companies and investors kept pushing for higher sustainability standards all through their supply chains and in financial markets. In India, ESG governance has grown way beyond just a checkbox exercise for listed companies or a few voluntary initiatives. Now, environmental rules, labour welfare, corporate governance and sustainability reporting are linked together as part of long-term business strategy and staying competitive internationally. That's where Company Secretaries come in. Their role is expanding they're not just handling paperwork or compliance anymore. CS professionals help companies to navigate new ESG regulations, build

stronger governance systems, and make sure they're on track with sustainability requirements. For those working as consultants, there's even more to do, from ESG audits to advising on disclosures and getting businesses ready for what's next. Investors are watching all this closely. Companies that get sustainability governance right tend to win more investor trust, boost their reputations, and land better deals on the global stage. Politics may shift and climate regulations can speed up or slow down, but the drive to weave ESG into everyday business is only getting stronger band at this point, it's hard to imagine turning back.

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Variable Capital Companies in India's IFSC: Architecture, Governance and the Road Ahead

An Analysis of the Draft IFSCA (Amendment) Bill, 2026

The draft International Financial Services Centres Authority (Amendment) Bill, 2026 (the "Bill") proposes to introduce the Variable Capital Company ("VCC") framework as a dedicated structure for fund vehicles in India's International Financial Services Centre ("IFSC"). The VCC is a body corporate that combines the flexibility of trust structures with the structural elegance of corporate law, operating through a two-tier architecture of an umbrella entity and segregated sub-funds. This article examines the proposed legislative framework for VCCs in the IFSC, with a focus on its structural design, capital architecture, governance and fiduciary matrix, confidentiality provisions, tax status sub-funds, interface with the Insolvency and Bankruptcy Code, 2016, and a broad comparative analysis against Singapore's Variable Capital Company regime. The VCC structure seeks to provide a critical structural solution to the IFSC's existing fund management regime, offering a bespoke, internationally competitive vehicle designed to attract global capital into the IFSC.



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INTRODUCTION

India's IFSC at GIFT City, Gujarat, has steadily emerged as a competitive offshore financial hub, offering regulatory and fiscal concessions designed to attract global fund managers, insurers, and capital market participants who might otherwise anchor their operations in other global jurisdictions such as Singapore, Luxembourg, Dublin or Mauritius. As of March 31, 2026, fund management entities registered in

the IFSC had garnered cumulative commitments of USD 39.09 billion, with cumulative funds raised standing at USD 19.51 billion.¹

Yet for all this momentum, a fundamental structural constraint has persisted: unlike other global developed jurisdictions, India's existing legal architecture doesn't offer a tailored legal framework for the fund management industry. Trusts, limited liability partnerships, and companies each represent adaptations of general commercial vehicles being used for investment pooling, rather than vehicles crafted specifically for the logic and economics of fund management. Critical features such as (i) segregation of assets and liabilities across different pools of capital, (ii) flexible capital alteration without shareholder resolutions, (iii) efficient investor entry and exit, (iv) payment of distributions from capital and (v) the accommodation of multiple investment strategies within a single legal shell have had to be introduced through regulatory overlays or contractual arrangements.²

The Variable Capital Company fills this gap. Originally pioneered in Luxembourg through the SICAV structure and subsequently adopted in various forms in Ireland, Singapore, Mauritius, the United Kingdom, and Hong Kong, the VCC is a body corporate that operates on a two-tier model: a parent entity at the top tier, and one or more segregated sub-funds at the operational tier. The Bill proposes to introduce and govern VCCs exclusively within the IFSC through an amendment to the International Financial Services Centres Authority Act, 2019 (the "IFSCA Act"), inserting a new Chapter III-A.³

¹ IFSCA Bulletin Jan-Mar 2026.

² Explanatory Note to the draft International Financial Services Centres Authority (Amendment) Bill, 2026, Section A, p. 1 (hereinafter "Explanatory Note").

³ The International Financial Services Centres Authority (Amendment) Bill, 2026, Section 2 (inserting Chapter III-A in the IFSCA Act) (hereinafter "Bill").

STRUCTURAL ARCHITECTURE: THE TWO-TIER MODEL

A. The VCC as a Body Corporate

Section 13B of the Bill establishes the VCC as a body corporate endowed with perpetual succession, the capacity to contract and hold property, and the ability to sue and be sued in its own name and on behalf of its sub-funds. The liability of members is limited to the amount unpaid on their shares.⁴

Main object of a VCC shall be to carry on the business of investment of funds through its sub-funds⁵. This reinforces its character as an exclusive investment vehicle. The Central Government retains residual power to notify additional permissible objects, preserving flexibility for future financial innovations. The VCC is required to have one or more sub-funds at all times, meaning the vehicle cannot exist in a sub-fund-less state.⁶

The VCC will carry the mandatory suffix "VCC (IFSC) Ltd." in its name. This nomenclature signals its distinct identity from other corporate forms and clearly indicates that its in an IFSC jurisdiction.⁷

B. Sub-Funds: Segregated but Not Separate Legal Persons

The defining architectural feature of the VCC are its sub-funds. A sub-fund is not a separate legal person from the VCC. It is defined as a scheme or fund constituted under the VCC and launched in accordance with IFSCA regulations.⁸ The VCC shall execute all contracts for and on behalf of its sub-funds.

Notwithstanding this lack of separate legal personality, the Bill creates a robust ring-fencing regime for sub-fund assets and liabilities. The assets of one sub-fund cannot be used to discharge the liabilities of any other sub-fund or of the VCC itself, including in winding-up scenarios.⁹ Conversely, any liability attributed or apportioned to a sub-fund must be discharged solely from the assets of that sub-fund.¹⁰

The Bill's illustrative example articulates this as follows: if a VCC borrows USD 100,000 each on behalf of Sub-funds A and B, the assets of Sub-fund C cannot be touched to service those borrowings. Moreover, the assets of Sub-fund B cannot be applied to discharge obligations of Sub-fund A.¹¹ This ring-fencing principle operates even through litigation obligations arising

The VCC structure seeks to provide a critical structural solution to the IFSC's existing fund management regime, offering a bespoke, internationally competitive vehicle designed to attract global capital into the IFSC.

from insolvency proceedings or judgments against one sub-fund do not create liability for another. This will also provide protection to sub-funds from any tax issues arising in other sub-funds.

Sub-funds may invest in one another across the same VCC [an intra-VCC cross-investment mechanism enabled by Section 13C(4)] and such cross-investment does not constitute a buyback merely because the VCC purchases its own participating shares from one sub-fund on behalf of another. This provision facilitates fund-of-funds strategies within a single VCC umbrella without triggering buyback mechanics. Having said this, it may need to be seen if such investments shall require any investor approvals considering that they may be construed as investments in 'associates' (as envisaged in the IFSCA (Fund Management) Regulations, 2025).

C. Allocation and Apportionment of Incomes and Liabilities

Section 13C(3) mandates a methodology for allocation of incomes/expenses within the VCC structure. Incomes, expenses, assets, and liabilities that are attributable to a specific sub-fund must be allocated to that sub-fund. Where attribution to any particular sub-fund is not possible, apportionment across all sub-funds must be made on a basis the VCC considers fair to the members of each sub-fund, subject to regulatory requirements.¹²

This is a critical aspect of the VCC model which protects cross-contamination. In the current trust structures at IFSC, launching multiple schemes within the same trust is not permitted and hence, as such, this concern doesn't arise. In domestic AIFs, allocation of expenses is generally dealt with through contractual provisions. The Bill seeks to defer the detailed methodology to delegated legislation, allowing IFSCA to calibrate requirements to evolving market practices and accounting standards.

CAPITAL STRUCTURE

A. Management Share Capital

Section 13O of the Bill establishes a two-class capital structure. Management shares are issued at the VCC level to management shareholders. Management shareholders are defined to mean persons who incorporate the VCC, or subscribe to its memorandum, or are in control of the VCC, as well as to persons to whom such shares are subsequently transferred.¹³

Management shareholders hold voting rights on every resolution placed before the VCC and the vote shall be in proportion to their paid-up management share capital.¹⁴ They carry no economic rights: no dividend,

⁴. Bill, Section 13B(a).

⁵. Bill, Section 13B(c).

⁶. Bill, Section 13B(b).

⁷. Bill, Section 13F(1)(a).

⁸. Bill, Section 13C(1) and Section 13A(1)(w).

⁹. Bill, Section 13C(1)(a)(i).

¹⁰. Bill, Section 13C(1)(a)(ii).

¹¹. Bill, Section 13C, Illustration.

¹². Bill, Section 13C(3)(a) and (b).

¹³. Bill, Section 13A(1)(n).

¹⁴. Bill, Section 13P(1).

no redemption, and no right to a refund beyond the amount paid-up on subscription. Management shares cannot be redeemed but are eligible for buyback under conditions to be specified by IFSCA.¹⁵

The two-tier structure of capital ensures separation of governance control and economic participation. The management shareholder, typically a fund management entity or a promoter, controls the VCC at the entity level without extracting economic benefits at that level. Any economic participation by a management shareholder must come through investment in participating shares issued by sub-funds.¹⁶ The structure thus prevents governance rights from being leveraged for economic extraction at the expense of investors.

B. Participating Share Capital

Participating shares are issued at the sub-fund level to investors. They carry economic rights: entitlement to dividends (payable from profits or paid-up participating share capital, a flexible approach that accommodates return-of-capital distributions¹⁷), refunds from sub-fund assets, and rights to redemption, transfer, buyback, and reduction.

The voting rights of participating shareholders are limited: they vote only on resolutions involving variation of their rights, including winding up of the VCC or the relevant sub-fund.¹⁸ Their votes are calculated in proportion to their share in the net asset value ("NAV") of the participating share capital of the relevant sub-fund, with provision for differential voting rights.¹⁹ The FM Regulations may further provide some additional voting rights to such shareholders, for instance, (i) for change in investment strategy; (ii) extension of tenure, etc.

The Bill permits multiple classes and sub-classes of participating shares under a single sub-fund, facilitating the creation of different rights, fee structures, and liquidity terms within the same investment pool.²⁰ A VCC with sub-funds A, B, and C can issue classes A1, B1, B2, C1, C2, C3 as well as sub-classes A1.1, B1.1, etc., each with distinct economic terms, a feature that mirrors the institutional flexibility available in Singapore and Luxembourg VCC structures.

C. Variable Capital: The Defining Feature

Section 13B(d) of the Bill permits alteration of participating share capital at any time in accordance with the investment strategy of each sub-fund, without the need for prior member approval, provided such alteration is not disadvantageous to participating shareholders. The Bill's illustrative example captures

the full range: issuance, conversion, buyback, and redemption of participating shares within a single sub-fund.²¹

In trust/LLP funds structures, this is achieved through the charter documents and there is no express statute which permits this. Such issuance of multiple share classes may not be possible in a company structure (for reference, very few alternative investment funds in India have been set-up as companies on account of various challenges).

D. Debentures and Borrowings

Section 13R permits the VCC to issue redeemable debentures or borrow funds, with an option to convert into shares. Debentures must always be attributed to a sub-fund and cannot carry voting rights.²² However, where borrowing is not directly attributable to a sub-fund, prior member approval is required. A debenture trustee must be appointed where IFSCA regulations so mandate. The availability of debt capital at the sub-fund level, combined with ring-fencing, allows the VCC to support leveraged strategies without contaminating the balance sheet of unrelated sub-funds.

GOVERNANCE AND FIDUCIARY FRAMEWORK

A. The Board of Directors

The governance matrix of the VCC is led by a common Board of Directors appointed by management shareholders in a general meeting.²³ A single Board governs the VCC and all its sub-funds and there is no requirement for sub-fund-specific boards. This ensures maintenance of lean structures and reduces administrative complexity while concentrating fiduciary accountability at the entity level.

The Board exercises all powers of the VCC, subject to reservation of specified matters for the general meeting.²⁴ IFSCA is empowered to specify the composition, qualifications, fit-and-proper criteria, duties, code of conduct, and conditions for appointment and removal of directors.²⁵ The Bill explicitly characterises the Board as akin to a fiduciary, consistent with the existing fund management regime in the IFSC. Practically, the Board may delegate its powers to the fund management entity.

B. The Fund Management Entity and Fund Manager

The fund management entity ("FME") is appointed by a Board resolution²⁶ and must be registered with IFSCA under the extant fund management framework. Contractually, such appointment may be done through an investment management agreement. The fund manager is an individual officer of the FME, designated as a key managerial personnel of the VCC.²⁷

¹⁵. Bill, Section 13O, Explanation (a).

¹⁶. Bill, Section 13O, Illustration.

¹⁷. Bill, Section 13O, Explanation (b)(ii).

¹⁸. Bill, Section 13P(2).

¹⁹. Bill, Section 13P(2) and 13O, Explanation (b)(i).

²⁰. Bill, Section 13O(2).

²¹. Bill, Section 13B, Illustration.

²². Bill, Section 13R(1) and (2).

²³. Bill, Section 13W(1).

²⁴. Bill, Section 13W(2).

²⁵. Bill, Section 13W(3).

²⁶. Bill, Section 13W(4).

²⁷. Bill, Section 13A(1)(k) and (m).

Section 13W(6) establishes the fiduciary duty of the FME and fund manager in express terms: they are responsible for the management of investments and must at all times act in a fiduciary capacity towards the members of the VCC. They are also accountable to the Board. The ability to appoint separate fund managers for individual sub-funds is preserved, accommodating VCCs that house multiple strategies under different investment professionals.

The framework allows an officer of the FME to serve simultaneously as the compliance officer of the VCC, provided such officer meets IFSCA's prescribed criteria.²⁸ This avoids the administrative inefficiency of duplicating personnel functions, particularly relevant for smaller or newly established VCCs.

C. The Compliance Officer

The compliance officer is a separately mandated position under Section 13W(7), responsible for regulatory compliance, investor grievance redressal, and such other functions as IFSCA may specify.²⁹ The compliance officer reports to the Board. For company secretaries practising in the IFSC, the compliance officer role under the VCC framework represents a significant professional opportunity, given the overlap between the compliance officer's functions and the traditional domain of the company secretary.

D. Related Party Transactions, Disclosure, and Layering Restrictions

The Bill imposes several governance safeguards calibrated to the fund management context. No VCC may enter into related party transactions except in accordance with IFSCA regulations.³⁰ Loans to or guarantees in favour of directors are similarly regulated.³¹ All investments of the VCC must be made in its own name and the name of the sub-fund, except as permitted by regulation.³²

A layering restriction prevents the VCC from making investments through more than a prescribed number of layers of VCCs or sub-funds.³³ This provision mirrors the layering restrictions under the Companies Act, 2013 and is a prudential safeguard against the construction of opaque investment structures that obscure the ultimate beneficial owner or the nature of the underlying assets.

CONFIDENTIALITY AND INVESTOR PRIVACY

Confidentiality is one of the most commercially significant features of the VCC framework, and the Bill addresses it at multiple levels. The charter documents of a VCC (its memorandum and articles) are explicitly designated as confidential and are not available for public inspection.³⁴

Section 13W(16) goes further, imposing a general prohibition on disclosure of any information pertaining to the VCC or its sub-funds, including information related to shareholders, investments, financial statements, or securities in which investment has been made. Neither the Registrar nor any other person in possession of such information may disclose it except in circumstances and to persons specified by IFSCA regulations.

This confidentiality architecture directly addresses one of the most persistent concerns of global fund managers considering the IFSC: the risk that investor identities, portfolio positions, and fund-level financial performance will be publicly accessible. Under the Companies Act, 2013, much of this information would be accessible through the MCA portal or through mandatory public filings. The VCC framework severs that link, creating a disclosure regime calibrated to the IFSC's competitive context.

The simultaneous maintenance of disclosure obligations to IFSCA for regulatory oversight purposes including beneficial interest, beneficial ownership, and significant beneficial ownership disclosures under Section 13X(3) ensures that confidentiality does not become a shield for regulatory arbitrage or anti-money laundering evasion. The balance struck is one of regulatory transparency towards the supervisor, combined with commercial confidentiality towards the public.

TAX TREATMENT OF SUB-FUNDS

Section 13C(1)(d) of the Bill provides that each sub-fund shall be treated as a separate person for the purposes of taxation.³⁵

Under conventional corporate law, a company/LLP is a single taxable entity. The VCC, by contrast, is structured such that the parent entity holds no assets and generates no income of its own. All assets, liabilities, and economic activity are attributed to sub-funds. The tax treatment of each sub-fund as a separate person ensures that income generated in one sub-fund cannot be set off against losses in another, and that each sub-fund bears its own tax obligations independently.

This is significant for several reasons. First, it preserves the economic integrity of the ring-fencing principle: a high-performing sub-fund is not penalised through cross-subsidisation of a loss-making sub-fund at the tax level. Second, it clarifies the fiscal treatment of participating shareholders, who are investors in a specific sub-fund and whose returns are generated by the assets of that sub-fund alone. Third, it aligns the tax architecture with the investor's economic reality; particularly important for sub-funds that adopt different investment strategies, asset classes, or investor profiles.

The existing IFSC tax incentive framework (including exemptions and concessions available to Category I, II, and III Alternative Investment Funds under the Income Tax Act, 1961, as applicable to IFSC-registered entities)

²⁸ Bill, Section 13W(7) and Explanatory Note, 'Governance', p. 4.

²⁹ Bill, Section 13W(8).

³⁰ Bill, Section 13W(12).

³¹ Bill, Section 13W(11).

³² Bill, Section 13W(13).

³³ Bill, Section 13W(14).

³⁴ Explanatory Note, 'Incorporation', p. 3.

³⁵ Bill, Section 13C(1)(d).

will need to be assessed in the context of this sub-fund level tax identity. It is anticipated that the Central Government will align the Income Tax Act's treatment of VCC sub-funds with the Bill's characterisation, as it has done in analogous situations for IFSC-registered entities in the past. Having said this, it will need to be seen whether separate SEZ related approvals, GST registrations, TAN numbers, etc. will need to be obtained at a sub-fund level. If yes, this may result in additional compliance burden at the sub-fund level.

The ability to pay dividends out of paid-up participating share capital (not merely profits) also has tax implications in the context of the dividend distribution framework. Return-of-capital distributions structured as dividends under the VCC framework will require careful consideration of the applicable withholding tax and treaty provisions, an area where the eventual IFSCA regulations and corresponding Income Tax Act amendments will be closely scrutinised by practitioners.

WINDING UP, DISSOLUTION, AND THE IBC INTERFACE

A. NCLT-Supervised Winding Up

Section 13ZC of the Bill provides a two-track winding-up regime. Winding up of the VCC by the National Company Law Tribunal ("NCLT") is available on grounds broadly analogous to those under the Companies Act, 2013: a resolution of three-fourths of total share capital, acts against national interest or sovereignty, fraudulent conduct, five consecutive years of failure to file financial statements or annual returns, or just and equitable grounds.³⁶

The same grounds apply, *mutatis mutandis*, to the winding up of a sub-fund by the NCLT.³⁷ Where winding up proceeds, the relevant provisions of the Companies Act, 2013 (Sections 273 to 288, 290 to 302, 324, and 326 to 365) are applied with appropriate modifications.³⁸

B. IFSCA-Supervised Winding Up of Sub-Funds

The more operationally significant track is provided by Section 13ZC(3), which empowers IFSCA to wind up sub-funds without recourse to the NCLT in the following circumstances: expiry of the tenure of the sub-fund; a resolution of three-fourths of sub-fund shareholders; the occurrence of a contractually specified trigger event; or an IFSCA direction for winding up in the interest of shareholders and for the orderly development of the financial market.³⁹

This administrative winding-up power is a deliberate policy choice, recognising that sub-funds are operationally analogous to AIF schemes, which have always been wound up under SEBI's administrative framework rather than through court proceedings. Judicial oversight is reserved for situations warranting heightened scrutiny: fraud, public interest concerns, or threats to sovereignty.⁴⁰

Critically, Section 13ZC(4) establishes the sequencing principle: a sub-fund may be wound up as if it were a separate VCC, but the VCC itself must be wound up

only after each of its sub-funds has been wound up. This sequencing ensures orderly dissolution and prevents the parent entity from being dissolved while sub-fund obligations remain outstanding.

C. Interface with the Insolvency and Bankruptcy Code, 2016

Section 13ZD of the Bill addresses the most technically complex dimension of the VCC framework: its interaction with the Insolvency and Bankruptcy Code, 2016 ("IBC"). It provides that where a VCC, on account of its sub-funds, commits a default under Section 3(12) of the IBC, the IBC shall apply in the prescribed manner.⁴¹

Two clarifications in the Explanation to Section 13ZD are of particular significance. First, both the VCC and its sub-funds are notified as financial service providers under Section 3(17) of the IBC.⁴² This is a significant designation: financial service providers under the IBC are subject to a special insolvency resolution framework (currently under Part III read with the Financial Service Providers (Insolvency Proceedings) Rules, 2019) rather than the standard corporate insolvency resolution process. This means that the IBC's resolution framework for VCCs will be calibrated to the sensitivity of fund management entities, preventing abrupt resolution processes that could prejudice investor interests.

Second, each sub-fund is treated as a separate legal person for the purposes of Section 13ZD.⁴³ This is a departure from the general characterisation of sub-funds under Section 13C(1) (where they are explicitly stated to not be separate legal persons), but it is a necessary departure: insolvency law requires a legal person against whom proceedings can be initiated. The Bill thus creates a legal fiction of separate personhood specifically for IBC purposes, consistent with the approach taken in other jurisdictions that have introduced VCC-like structures.

The interface between the VCC's ring-fencing regime and IBC resolution proceedings will be a critical area for practitioners. The principle that liabilities of one sub-fund cannot be discharged from the assets of another must withstand scrutiny under the IBC, where moratorium orders and asset preservation directions can have broad sweep. The notification of sub-funds as separate financial service providers is the key mechanism that preserves the sub-fund boundary within insolvency proceedings.

A COMPARATIVE LENS: THE SINGAPORE VCC

Singapore's Variable Capital Companies Act, 2018 (the "Singapore VCC Act") is the most directly comparable precedent to the IFSCA framework, having itself drawn from Luxembourg and Irish models. A structured comparison reveals both the points of alignment and the deliberate choices made in the Indian design.

In terms of structural architecture, the frameworks are largely congruent. Both adopt a two-tier model with a parent VCC and segregated sub-funds. Both ring-fence sub-fund assets and liabilities. Both provide for variable share capital without the procedural constraints applicable to ordinary companies.

³⁶ Bill, Section 13ZC(1).

³⁷ Bill, Section 13ZC(2).

³⁸ Bill, Section 13ZC, Explanation.

³⁹ Bill, Section 13ZC(3).

⁴⁰ Explanatory Note, 'Winding up, insolvency, and removal of name', p. 5.

⁴¹ Bill, Section 13ZD.

⁴² Bill, Section 13ZD, Explanation (i).

⁴³ Bill, Section 13ZD, Explanation (ii).

Both permit multiple classes of shares. The Singapore VCC Act similarly preserves the confidentiality of the VCC's register of members from public inspection, a feature that the IFSCA Bill replicates through the confidentiality of charter documents and investor information.

The governance structures exhibit both similarities and context-specific differences. Singapore's VCC requires an appointed fund manager that is a licensed or registered entity under the Securities and Futures Act. The IFSCA framework requires the FME to be registered with IFSCA, and additionally introduces the fund manager as a designated key managerial personnel of the VCC itself; a structural accountability mechanism that the Singapore model does not explicitly replicate. This reflects the IFSCA's regulatory philosophy of embedding accountability within the VCC's corporate structure rather than relying solely on the licensing framework for the FME.

On taxation, Singapore treats the VCC as a single entity for corporate income tax purposes while allowing each sub-fund's income and expenses to be tracked separately for tax computation, with IRAS issuing separate Certificates of Residence for each sub-fund to facilitate DTA claims. The IFSCA Bill, by contrast, treats each sub-fund as a separate person for taxation; a more granular approach that more cleanly mirrors the sub-fund's economic character. The implications of this difference will be of particular interest to advisers structuring cross-border investment flows between GIFT City VCCs and Singapore VCCs.

Singapore's VCC has seen significant uptake since its introduction, with over 1,000 VCCs incorporated by 2023, driven in part by a re-domiciliation regime that allows existing funds from other jurisdictions to convert into Singapore VCCs. The IFSCA Bill does not at present provide for re-domiciliation of foreign fund vehicles into Indian VCCs, though this is an area where future regulatory development may prove transformative for the IFSC's competitive positioning. However, the Indian laws do provide for migration of funds and arguably these provisions may be explored for migration of offshore VCCs as well.

On winding up and insolvency, the Singapore framework relies on the Insolvency, Restructuring and Dissolution Act, 2018, which applies to VCCs with adaptations. The IFSCA Bill's approach of notifying VCCs and sub-funds as financial service providers under the IBC is more tailored, reflecting the specific characteristics of the Indian insolvency framework and the sensitivity of fund management entities as financial sector participants.

FILLING THE STRUCTURAL LACUNA: VCC VERSUS EXISTING AIF STRUCTURES

India's current fund management regime in the IFSC is largely built on the AIF framework, adapted from SEBI's AIF Regulations. Most AIFs in the IFSC are constituted as trusts. While trusts offer flexibility and privacy, they lack the corporate features that many institutional investors (particularly those from civil law jurisdictions) expect: such as limitation of liability, legal personality, share capital, corporate governance structures, and the familiarity of a company law framework.

The VCC seeks to address such deficiencies. It provides for limitation of liability. As a body corporate, it carries legal

personality, enabling it to directly hold assets, execute contracts, and maintain corporate accounts in a manner familiar to global institutional investors. Its share capital structure (with management shares and participating shares) maps cleanly onto the economic relationships between promoters, managers, and investors. Its governance framework, with a Board of directors, FME, fund manager, and compliance officer, may provide additional comfort to institutional investors.

For fund managers currently operating through trust-based AIFs, the VCC offers the possibility of housing multiple strategies within a single corporate entity, each as a separate sub-fund with its own investor base, investment mandate, and capital account.

The VCC also addresses a specific competitive disadvantage of the AIF trust model in international fund distribution. Many jurisdictions that are net exporters of investment capital prefer to invest through corporate vehicles rather than trusts.

CONCLUSION

The draft IFSCA (Amendment) Bill, 2026 represents a watershed moment in the evolution of India's offshore financial centre. By creating a purpose-built fund vehicle that combines the structural sophistication of corporate law with the operational flexibility of investment fund practice, IFSCA is positioning the IFSC to compete credibly with Singapore, Luxembourg, and Mauritius for the global fund management mandates.

The Bill's architecture is carefully considered. The two-tier VCC and sub-fund model provides structural clarity. The ring-fencing of sub-fund assets is robust enough to withstand insolvency scenarios. The confidentiality regime is calibrated to commercial sensitivity while preserving regulatory oversight. The tax treatment of sub-funds shall be as separate persons. The IBC interface, through the financial service provider designation, is a sophisticated mechanism that preserves investor protections within the insolvency framework.

For fund managers, the VCC offers a vehicle that can accommodate multiple strategies, investor classes, and capital structures within a single legal shell, reducing administrative friction and cost. For legal and compliance professionals, it creates a new domain of practice at the intersection of corporate law, fund regulation, and international tax. For policymakers, it is an important step towards establishing the IFSC as not merely an attractive destination for capital, but as a jurisdiction capable of generating and exporting financial structures of global standing.

The Bill is currently under public consultation, and the eventual regulations to be framed by IFSCA will be equally determinative of the VCC's success. India's IFSC is now on the course to have a legislative architecture to offer the world a Variable Capital Company that is competitive, credible, and distinctly Indian.

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70 India's GST 2.0: From Compliance Control to Trust-Based Digital Tax Governance for Viksit Bharat 2047**CS Sumit Kumar**

The article showcases that the most successful version of GST 2.0 will not be a soft tax regime. It will be a smarter tax regime. It will use AI and analytics without sacrificing natural justice. It will integrate e-invoicing and e-way bills without multiplying procedural traps.

75 Integration of E-Invoicing and E-Way Bill Systems: A Paradigm Shift in Combating Tax Evasion under GST**CS S. Varadharajan**

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80 Digital Transformation in GST: The Efficacy of AI-Driven Invoice Matching, Digital Audits and the Reduction of Classification Dispute**CS Nikita R. Shah**

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88 Taxing Cross-Border E-Commerce and Digital Streaming Platforms: Challenges Impending*A Company Secretary's Perspective on the Intersection of GST, FEMA and Corporate Compliance***CS Kanchan Maheswari**

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- LW 07:07:2026** In our opinion, the failure of the first respondent company to amend its Articles of Association to give effect to clause (d) of Section 3(1)(iii) does not affect the operation of its Article 57. [SC]
- LW 49:07:2026** We have reached the conclusion that the SAT in its majority judgment, committed an egregious error in passing the impugned judgment insofar as the question of fraud under Regulations 3 and 4 of the PFUTP Regulations respectively, is concerned. [SC]
- LW 50:07:2026** The Commission finds contravention against OP-1 to OP-4 in terms of the provisions of Section 3(3)(a) and Section 3(3)(b) read with Section 3(1) of the Act. Accordingly, the Commission in terms of Section 27(a) of the Act, directs the OPs to cease and desist in future from indulging in any practice/conduct/activity. [CCI]

- **LW 51:07:2026** Further, as regards the allegation regarding enforcing monopoly through coercion by OP-1, the Commission observes that the same is related to alleged criminal conduct on the part of OP-1 and does not fall within the purview of competition law. [CCI]
- **LW 52:07:2026** Once jurisdiction under Section 33 is formally invoked and such proceedings are entertained by the Arbitral Tribunal, the limitation for filing an application under Section 34 would commence only from the date on which such request is disposed of by the Arbitral Tribunal. [SC]
- **LW 53:07:2026** Indubitably such evidence shall be given by the person, who had direct knowledge regarding the transaction and execution of the cheque and the evidence of a person, who does not know the same is insufficient to prove the transaction and the execution of the cheque. [KER]
- **LW 54:07:2026** The arbitral proceedings presently pending shall, insofar as they relate to or are sought to be continued against the said three companies, stand terminated forthwith, there being no surviving arbitral jurisdiction exercisable against them within the contours of the present proceedings. [KER]

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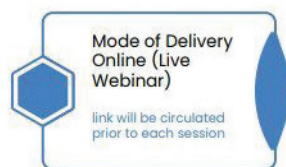
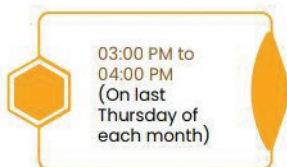
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India's GST 2.0: From Compliance Control to Trust-Based Digital Tax Governance for Viksit Bharat 2047

Nine years after its introduction, India's Goods and Services Tax has moved well beyond the stage of transition. It is now the country's principal indirect tax architecture and a live governance system for invoices, credit, movement of goods, refunds, audits and disputes. The next phase of reform, however, cannot be measured only by higher collections or wider digital control. GST 2.0 must be judged by a more practical standard: whether an honest taxpayer can comply with confidence, whether technology reduces avoidable disputes, whether MSMEs can formalise without disproportionate cost, and whether enforcement is sharp enough to target fraud without treating every mismatch as guilt. This article discusses for a trust-based model of digital tax governance, built on e-invoicing, e-way bill integration, responsible AI, input tax credit certainty, classification discipline, MSME facilitation, measured use of cesses and a mature GSTAT-led dispute resolution framework. The objective is not a softer GST, but a fairer, clearer and more future-ready GST aligned with Viksit Bharat 2047.



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INTRODUCTION

GST AT NINE: A REFORM READY FOR ITS SECOND DESIGN

GST was introduced on 1 July 2017 with a large institutional promise: a common national market, removal of cascading taxes and a harmonised tax on supply. That promise was never merely about replacing old laws. It was about changing the way Indian business records, reports and proves indirect tax compliance. Nine years later, GST is no longer a new regime searching for acceptance. It is the everyday tax language of invoices, contracts, supply chains and working capital.

This makes the July 2026 moment important. The first phase of GST was necessarily concerned with migration, registration, return formats, transitional credits, rate entries and technology stabilisation. The second phase must ask a different question: how should a mature GST system behave? In my view, GST 2.0 must be less about adding another layer of control and more about improving the quality of control. A tax system is not mature merely

because it collects more. It is mature when it collects revenue with predictable rules, proportionate enforcement and credible remedies.

For businesses, GST is not an isolated levy. It affects pricing, vendor selection, contract drafting, refund cycles, credit lines, ERP design and litigation risk. For the administration, it is a revenue and data system. For the economy, it is a competitiveness tool. The next design of GST should therefore balance these three perspectives: the State's legitimate interest in revenue, the taxpayer's right to certainty, and the economy's need for low-friction formalisation.

FROM RETURN FILING TO DIGITAL TAX GOVERNANCE

The early years of GST were return-centric. A taxpayer was expected to report outward supplies, discharge liability, claim credit and reconcile data. Gradually, the system has moved into a data-driven governance model. E-invoicing, e-way bills, auto-populated returns, GSTR-2B, risk-based scrutiny and analytics now allow the department to compare invoice data, movement data, payment behaviour, registration profile and counterparty risk.

This is a powerful development, and it has helped the administration to identify fake invoicing, circular trading and abnormal credit chains. But the strength of a digital system is also its risk. A portal mismatch, by itself, is not proof of fraud. A delayed invoice upload is not automatically suppression. A supplier's default does not always mean recipient collusion. The system may indicate risk; it cannot, without evidence and legal reasoning, determine liability.

GST 2.0 should therefore adopt a simple discipline: technology may select the case, but law must decide the case. Notices should not be a printout of differences. They should state the transaction, the provision invoked,

the evidence relied upon, the computation of demand and the precise allegation. That single change would humanise digital enforcement and reduce unnecessary disputes.

This is also where the experience of practitioners becomes relevant. In many matters, the first contest is not about a complex point of law; it is about understanding why the system has produced a difference and whether the taxpayer has been given enough particulars to answer it. If the notice itself is clearer, a significant portion of avoidable litigation can be resolved at the reply or adjudication stage. GST 2.0 should therefore invest as much in the quality of communication as it does in the quality of analytics.

E-INVOICING AND E-WAY BILLS: INTEGRATION WITHOUT PROCEDURAL TRAPS

E-invoicing is among the most significant reforms within GST. Its expansion to taxpayers with aggregate turnover of Rs. 5 crore and above from 1 August 2023 brought a larger segment of organised and mid-sized businesses into authenticated invoice-level reporting. The policy logic is sound: if invoice data is captured closer to the point of supply, return data becomes cleaner and manipulation becomes more difficult.

The next natural step is deeper integration between e-invoicing and e-way bills. Commercially, an invoice records the supply and an e-way bill records the movement. Administratively, both are part of the same compliance story. A taxpayer should not be required to repeatedly feed the same data into different systems. Once an e-invoice is generated, relevant particulars should flow into the e-way bill system, GSTR-1 and recipient-facing credit statements, subject to necessary validations.

The caution is equally important. Integration should not become a trap for honest businesses. Vehicle changes, clerical errors, system downtime, cancellation and reissue of invoices, transporter-level mistakes and practical supply-chain changes are common commercial realities. GST 2.0 should build a correction-first pathway for low-risk errors and reserve strict consequences for deliberate abuse. The design principle should be seamless compliance, not perfect paperwork at the cost of business reality.

AI-ASSISTED INVOICE MATCHING: INTELLIGENCE MUST REMAIN ACCOUNTABLE

Artificial intelligence can add real value to GST administration. It can identify unusual invoice patterns, compare margins with sectoral behaviour, flag high-risk registrations, detect circular movement and prioritise audit cases. For taxpayers, AI can also be useful in reconciliations, credit checks, document review and early warning systems. Used properly, it can reduce disputes before they mature into notices.

The legal concern is not the use of AI; it is opacity. A taxpayer cannot meaningfully answer an allegation if the basis of the allegation is hidden inside an undisclosed model. Natural justice still requires the taxpayer to know the case to be met. If the department relies on invoice mismatch, chain analysis, third-party information or behavioural risk indicators, the taxpayer-specific material must be disclosed in a usable form.

GST 2.0 should therefore prefer AI-assisted scrutiny over algorithmic adjudication. AI may help to identify the file, but the officer must independently examine documents, apply the statute and deal with the taxpayer's reply. No demand, credit restriction, registration cancellation or penalty should stand merely because the system flagged the transaction. Technology should make adjudication better reasoned; it should not make it less accountable.

INPUT TAX CREDIT CERTAINTY: PROTECTING THE VALUE-ADDED CHARACTER OF GST

Input tax credit is the operating heart of GST. Without reliable credit, GST begins to resemble a cascading tax in substance, even if the statute describes it as a value-added tax. Businesses price contracts and manage working capital on the assumption that eligible tax paid in the chain will flow as credit. When that assumption becomes uncertain, the cost is not only legal; it is commercial.

The last nine years have produced a wide range of ITC disputes: supplier default, mismatch between returns, blocked credits, cancelled registrations, construction-related restrictions, delayed filings and evidentiary burdens on recipients. The Supreme Court's decision in *Safari Retreats* has again shown how commercially significant credit interpretation can be, especially where statutory restrictions interact with business use of immovable property and output supplies.

GST 2.0 should develop a more balanced ITC certainty framework. A bona fide recipient who has received goods or services, paid consideration and tax to the supplier, and maintained reasonable documentation should not be treated as an insurer of the entire supply chain. Where there is collusion, knowledge or lack of diligence, denial may be justified. But mechanical denial on account of another person's default weakens the very character of GST as a credit-based tax.

CLASSIFICATION: THE QUIET ENGINE OF LITIGATION

Classification disputes rarely attract public attention, but they are among the most persistent sources of GST litigation. Disputes continue around composite supplies, mixed supplies, food products, software, online services, works contracts, vouchers, renewable energy contracts,

hospitality models, intermediary services and bundled commercial arrangements. In many cases, the dispute is not about tax avoidance; it is about fitting modern business models into rate entries that were not drafted with those models in mind.

Rate rationalisation would help, but it is not the only answer. India needs an official classification certainty mechanism. A national digital compendium could consolidate rate entries, HSN/SAC references, circulars, advance ruling trends and important judicial decisions. If a taxpayer can see the official position clearly before issuing invoices, disputes will reduce at the source.

The advance ruling mechanism also needs greater consistency. Divergent rulings on similar facts create uncertainty, particularly for businesses operating across States. GST 2.0 should treat repeated classification disputes as a policy signal. When the same issue repeatedly reaches officers, appellate authorities and courts, the correct response should be clarification, not endless litigation.

MSMEs: FORMALISATION MUST NOT BECOME FATIGUE

MSMEs are central to GST's success. GST has helped many small businesses to enter formal supply chains, create digital records and access larger customers. Yet the compliance burden is not felt equally. A large corporation may have tax teams, ERP systems and external advisors. A small trader or service provider may depend on one accountant, one consultant and a portal that must work when the return is due.

This difference should guide reform. GST 2.0 must distinguish a small taxpayer from a risky taxpayer. Size by itself is not a risk factor. Compliance history, transaction pattern, nature of suppliers, frequency of amendments and evidence of intent should matter more than turnover alone. Formalisation will deepen only if honest small businesses feel that the system is understandable and correctable.

A practical MSME package can include simplified annual reconciliation for low-risk taxpayers, clearer notices in plain language, longer correction windows for non-fraud errors, faster refunds, sector-wise helpdesks, vernacular guidance and safe harbour for minor procedural mistakes. The test is simple: can an honest small business comply without fear and without disproportionate professional cost? If yes, GST becomes a growth enabler. If not, formalisation becomes fatigue.

India's Viksit Bharat 2047 vision requires a tax system that supports manufacturing, services, exports, digital commerce, domestic consumption and investor confidence. GST touches each of these. It determines supply-chain efficiency, working-capital cost, pricing, documentation standards and the ease with which a business can scale across States.

ANTI-PROFITEERING SUNSET: FROM PRICE POLICING TO PRICE TRANSPARENCY

Anti-profiteering was introduced to ensure that the benefit of rate reduction or input tax credit was passed to consumers. The objective was understandable in the early years of GST, when rate changes were frequent and consumer trust was important. Over time, however, implementation raised difficult questions: the correct base period, product-level computation, inflation, inventory cycles, discounts and the difference between tax benefit retention and ordinary business pricing.

The sunset of anti-profiteering rules should be used as a policy transition, not as a retreat from consumer protection. Future rate reductions should be accompanied by prospective guidance on pass-through, documentation and reasonable price behaviour. Businesses should maintain internal workings where major rate changes occur, but enforcement should focus only on cases where there is clear evidence of unjust enrichment.

A mature GST system should prefer price transparency over retrospective price policing. It should recognise that pricing is affected by tax, input cost, demand, logistics, credit terms and competition. A predictable framework will protect consumers without converting every pricing decision into a tax controversy.

PERIPHERAL CESSES AND THE INTEGRITY OF THE GST BASE

The discussion around health and national security-oriented cesses shows that GST's simplicity can be tested by wider fiscal and social objectives. Cesses on demerit goods may be justified where the purpose is clear, the coverage is limited and the levy is linked to public health or national security considerations. Budget materials for 2026-27 refer to the Health Security and National Security Cess under the 2025 legislation on pan masala and other notified goods.

The caution is that excessive use of peripheral levies can dilute the simplicity of GST and create parallel compliance. The more such levies stand outside the normal credit chain, the more they affect pricing and predictability. Therefore, any such cess should be narrowly drafted, transparently justified and periodically reviewed.

GST 2.0 should protect the integrity of the GST base while allowing exceptional levies only for exceptional reasons. The discipline should be limited coverage, clear purpose, measurable outcome and sunset review.



GSTAT AND LITIGATION DISCIPLINE: THE INSTITUTIONAL TEST

No tax system can avoid disputes completely. A mature system resolves them consistently, quickly and fairly. GST litigation over the past nine years has covered ITC, classification, valuation, refunds, cancellation of registration, natural justice, summons, arrest, limitation, transitional credit and constitutional issues. The long absence of a fully functional second appellate forum pushed many disputes toward High Courts and prolonged uncertainty.

The formal launch and operationalisation of the GST Appellate Tribunal is therefore an important institutional moment. The GSTAT e-Courts portal and the staggered filing window for backlog appeals up to 30 June 2026 are practical steps toward building an appellate infrastructure. A specialised tribunal can improve consistency and predictability, provided it is adequately staffed, digitally efficient and disciplined in its reasoning.

GSTAT, however, cannot alone cure litigation culture. The quality of show cause notices and adjudication orders must improve. A notice should contain facts, law, evidence and computation. An order should deal with the taxpayer's reply, not merely reproduce the notice. Recovery should remain proportionate where statutory remedies are available. Most importantly, repeated disputes on the same issue should trigger policy clarification. A litigation feedback loop is essential for a mature GST system.

The tribunal should also develop a distinctly GST-sensitive jurisprudence. GST disputes often involve real-time commerce, reconciliations, movement documents and electronic trails. A tribunal that understands both the statute and the practical architecture of GST can produce decisions that are not only legally correct but commercially usable. That will be essential if GSTAT is to become more than an appellate destination and instead become a stabilising institution for the GST ecosystem.

GST 2.0 AND VIKSIT BHARAT 2047

India's Viksit Bharat 2047 vision requires a tax system that supports manufacturing, services, exports, digital commerce, domestic consumption and investor confidence. GST touches each of these. It determines supply-chain efficiency, working-capital cost, pricing, documentation standards and the ease with which a business can scale across States.

A credible GST 2.0 roadmap should rest on five pillars. First, the rate structure should be simpler and economically rational. Second, ITC should be protected as the central design feature of GST. Third, technology should reduce duplication: data submitted once should flow across systems. Fourth, adjudication should be reasoned and accountable. Fifth, MSME compliance should be proportionate to risk and capacity.

These reforms are not concessions to taxpayers. They are investments in compliance quality. When the law is clear,

taxpayers comply better. When notices are reasoned, disputes narrow. When credit is predictable, supply chains become efficient. When MSMEs are supported, formalisation deepens. When tribunals decide consistently, markets receive legal certainty. That is the real economic value of GST 2.0.

CONCLUSION: FIRM, FAIR AND FUTURE-READY

GST at nine stands at an important threshold. It has achieved scale, demonstrated revenue capacity and created a national indirect tax framework. The next phase must be judged by a higher standard: whether the system becomes simpler for honest taxpayers, sharper against genuine evasion and fairer in dispute resolution.

The most successful version of GST 2.0 will not be a soft tax regime. It will be a smarter tax regime. It will use AI and analytics without sacrificing natural justice. It will integrate e-invoicing and e-way bills without multiplying procedural traps. It will protect input tax credit while targeting fraud. It will treat MSMEs as partners in formalisation, not as compliance outliers. It will use GSTAT to build jurisprudential discipline, not merely reduce backlog.

If this balance is achieved, GST will move beyond being a revenue law. It will become a governance platform for India's next stage of development. That is the opportunity in GST and indirect taxes as India moves toward Viksit Bharat 2047.

PRACTICAL REFORM MATRIX FOR GST 2.0

The following matrix captures the institutional direction proposed in this article:

Area	Issue	Risk in Present Framework	GST 2.0 Reform Direction
Technology	E-invoicing, e-way bills and analytics	Duplicate entry; mechanical mismatches	One-data-entry principle; taxpayer-facing error reports; correction-first model for low-risk errors
AI and risk profiling	Invoice matching, fraud detection and audit selection	Opaque risk scores; algorithmic notices	AI-assisted scrutiny with disclosure of taxpayer-specific material and human adjudication
Input tax credit	Credit eligibility and recipient diligence	Credit denial despite bona fide documentation	Evidence-based denial; collusion, knowledge or lack of diligence standard for recipient exposure

MSMEs	Compliance burden and notices	Formalisation fatigue and professional cost	Simplified reconciliation, plain-language notices, safe harbour and faster refunds
Classification	Rate entries, composite supplies and sector disputes	Inconsistent rulings and scattered guidance	National classification compendium; timely clarifications; effective national appellate mechanism
Dispute resolution	GSTAT, adjudication and recovery	Backlog, template notices and uneven reasoning	Digitally efficient GSTAT; better SCNs; reasoned orders; litigation feedback loop

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- vi. *Notification No. 10/2023-Central Tax dated 10 May 2023, appointing 1 August 2023 for e-invoicing applicability to registered persons with aggregate turnover exceeding Rs. 5 crores, subject to exclusions.*
- vii. *Official GST revenue data for April 2026 published through GST portal/Government materials, recording gross GST revenue of approximately Rs. 2.43 lakh crore for April 2026.*
- viii. *Press Information Bureau, Ministry of Finance, release dated 24 September 2025 on launch of GST Appellate Tribunal and GSTAT e-Courts portal.*

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Integration of E-Invoicing and E-Way Bill Systems: A Paradigm Shift in Combating Tax Evasion under GST

The article examines how the integration of E-Invoicing and E-Way Bills under the GST regime has transformed tax administration from a system of physical check-posts and manual verification to a technology-driven compliance framework. By linking supply transactions, transportation details, return filing, and tax payments, the integrated system creates a comprehensive digital audit trail that helps detect fake invoicing, fraudulent input tax credit (ITC) claims, circular trading, turnover suppression, and other forms of tax evasion.



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यथा मधु समादत्ते रक्षन् पुष्पाणि षट्पदः ।
 तद्वदर्थान् मनुष्येभ्य आदद्यादविहिंसया ॥

*Yatha madhu: samaadhatte rakshan puspani satpadah:
 Tadvad arthan manusyebhya adadyad avihimsaya
 (Mahabharata Shanti Parva Chapter 88)*

INTRODUCTION

It would be both apt and enlightening to recall the timeless counsel imparted by Bhishmacharya to Yudhishtira on the delicate and enduring relationship between the ruler, taxation, and the subjects. Drawing a profound analogy from nature, Bhishma observed that just as a bee gently gathers honey while preserving the beauty and vitality of the flowers, so too should a ruler collect revenue from the people without inflicting hardship or injury upon them. Implicit in this wisdom is a spirit of mutual trust and voluntary compliance, wherein the flower—the governed—readily offers its nectar without apprehension that the bee—the sovereign authority—will extract more than what is reasonably required.

This ancient principle finds remarkable resonance in the contemporary Goods and Services Tax (GST) regime, particularly through the integration of **E-Invoicing** and **E-Way Bills**. The Government's endeavour to harness technology for fostering transparency, accountability, and voluntary compliance reflects a modern manifestation of this age-old philosophy. This article seeks to examine the far-reaching implications of this integration and its consequential impact on curbing tax evasion and safeguarding the public exchequer.

E-INVOICING

During the Modified Value Added Tax (MODVAT) era, the erstwhile procedures relating to the issuance of **GP-1** and **GP-2** were seamlessly integrated with the commercial invoicing system. Consequently, the traditional Excise Gate Pass, which had served as the foundational document under the Central Excise framework since 1944, was dispensed with effect from 1st April, 1994. This significant reform enabled both Central Excise and State Sales Tax authorities to undertake more concise and effective scrutiny of transactions during investigations and assessments.

Under the GST regime, this evolutionary process culminated in the introduction of **Electronic Invoicing (E-Invoicing)**, whereby invoice particulars are generated, authenticated, and captured electronically, thereby creating a robust and verifiable audit trail.

E-WAY BILL

Historically, whenever goods moved beyond the confines of a factory or business premises, they were accompanied by copies of invoices and prescribed sales tax declarations (such as **Form XX** and **Form XVII-B** in Tamil Nadu). These statutory forms were routinely detached and forwarded by Check Post Authorities and Flying Squads to the jurisdictional assessing officers for verification and enforcement purposes. Complementing these controls were mechanisms such as the exchange of credit-availment particulars through **Annexure-D** between the respective Superintendents of Central Excise overseeing consignors and consignees.

The advent of the **E-Way Bill System** has effectively transformed and consolidated these diverse compliance measures into a unified digital framework. The traditional layers of physical verification and manual transmission of information have given way to an automated and technology-driven monitoring mechanism.

According to public reports, the E-Way Bill system has successfully managed over 750 crore E-Way Bills, serving nearly 58 lakh taxpayers and approximately 94,000 transporters, thereby demonstrating its remarkable scale, efficiency, and operational resilience.

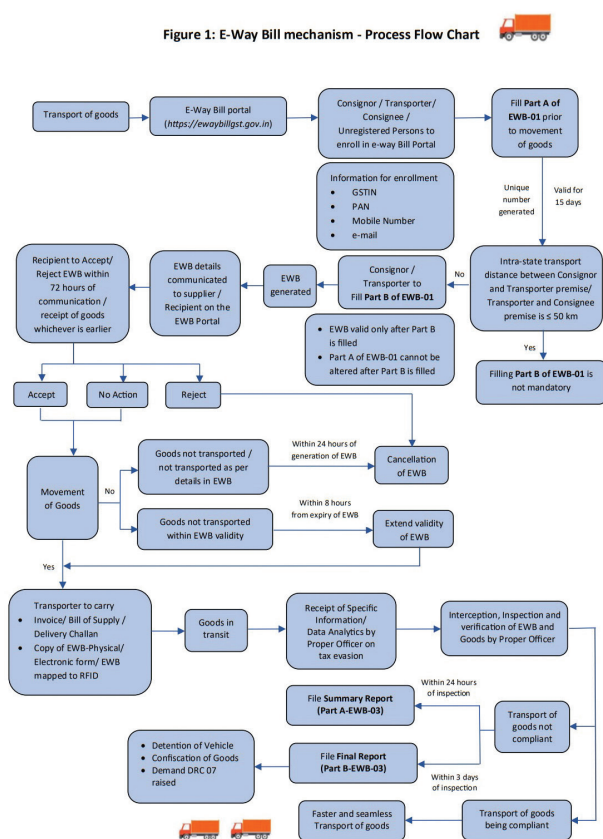
INTEGRATION OF E-INVOICING AND E-WAY BILLS

The rapid advancements in information technology have ushered in a new era of tax administration. Insights and irregularities that previously required painstaking investigations, cross-verification, and field inquiries are now readily available at the click of a button on the officers' digital dashboards.

The integration of E-Invoicing with the E-Way Bill system represents a significant leap towards real-time compliance monitoring and data-driven governance. By seamlessly linking transactional information with the movement of goods, this integration empowers tax authorities to detect discrepancies with greater precision and speed. An examination of this transformative initiative reveals its profound implications for revenue protection and its growing effectiveness in combating tax evasion.

E-Way Bill Mechanism: Process Flow Chart:- The following diagram will indicate the process of E Way bill from Generation till the goods reach the Destination.

Figure 1: E-Way Bill mechanism - Process Flow Chart



Source: CAG's Audit Report No.12 of 2024 Union Government

TAX EVASION: EMERGING CHALLENGES

Despite the technological safeguards embedded within the GST ecosystem, attempts at tax evasion continue to be devised by unscrupulous elements through various means. Such practices include obtaining multiple registrations to remain below the prescribed turnover thresholds, manipulating billing patterns, and trading branded goods under the guise of unbranded commodities to avail unintended tax benefits.

Other methods include the generation of fake, fictitious, or dummy invoices, as well as the deliberate undervaluation of consignments to keep their declared value below the threshold of ₹50,000, thereby avoiding stricter compliance requirements. Tax liabilities are also sought to be reduced through incorrect descriptions of goods, misdeclaration of quantities, erroneous classification of products, and under-reporting of quantities in E-Way Bills.

Furthermore, instances of diversion of goods continue to pose challenges, wherein goods are transported without adequate documentation or routed through unregistered entities and intermediary channels to evade the payment of legitimate taxes. Such practices not only undermine revenue collection but also distort fair market competition and weaken the integrity of the tax system.

One of the most ambitious objectives of the Goods and Services Tax (GST) regime was the creation of a technology-driven indirect tax system capable of ensuring seamless trade while minimizing tax evasion. Prior to GST, tax administration relied heavily upon physical controls such as border check-posts, transit declarations and manual verification of goods in movement. These mechanisms often resulted in delays, increased logistics costs and opportunities for discretionary enforcement.

With the implementation of GST, India embarked upon a fundamental transformation in tax administration. Physical controls were progressively replaced by electronic surveillance mechanisms, primarily through the E-Way Bill system introduced under Rule 138 of the Central Goods and Services Tax Rules, 2017 and the E-Invoicing system introduced under Rule 48(4).

The integration of these two systems has created a comprehensive digital audit trail linking supply, transportation and tax reporting. This article examines the statutory framework, impact on tax evasion, judicial developments and future challenges arising from the integration of E-Invoicing and E-Way Bills.

EVOLUTION FROM PHYSICAL CHECK POSTS TO DIGITAL COMPLIANCE

Under the pre-GST VAT regime, almost every State maintained border check-posts. Interstate transportation of goods was subjected to extensive scrutiny through road permits, transit declarations and physical inspections.

While these measures were intended to prevent tax evasion, they also resulted in certain drawbacks which include long delays at state borders.

Increased transportation costs, reduced vehicle productivity, administrative inefficiencies, opportunities for rent-seeking behaviour etc.

GST sought to replace this physical enforcement model with a technology-enabled compliance framework.

The E-Way Bill system was introduced with effect from April 2018 to electronically monitor movement of goods. Subsequently, the E-Invoicing framework was implemented in phases beginning October 2020 to ensure real-time reporting of business-to-business transactions.

Together, these systems transformed tax administration from a border-based control mechanism to a data analytics-based compliance model.

STATUTORY FRAMEWORK

E-Way Bill Provisions:-

Section 68 of the CGST Act 2017, empowers the Government to require persons in charge of conveyances carrying goods to carry prescribed documents and devices.

Pursuant to this provision, Rule 138 of the CGST Rules mandates generation of E-Way Bills for movement of goods exceeding prescribed thresholds.

The E-Way Bill captures:-

- i. Supplier details.
- ii. Recipient details.
- iii. Invoice particulars.
- iv. Description of goods.
- v. HSN classification.
- vi. Taxable value.
- vii. Vehicle details.
- viii. Transportation particulars.

The system creates an electronic record of movement of goods throughout the country.

E-Invoicing Provisions:-

Rule 48(4) of the CGST Rules mandates generation of invoices through the Invoice Registration Portal (IRP) for notified classes of taxpayers. An invoice becomes valid only upon generation of:

- i. Invoice Reference Number (IRN).
- ii. QR Code.
- iii. Digital authentication.

The E-Invoice system captures transaction data at the point of supply itself.

INTEGRATION BETWEEN E-INVOICING AND E-WAY BILLS

The most significant development has been the integration of E-Invoice and E-Way Bill platforms. Once an E-Invoice is generated:

- i. Supplier details are auto-populated.
- ii. Recipient details are auto-populated.
- iii. Invoice value is auto-populated.
- iv. Tax particulars are auto-populated.
- v. HSN details are auto-populated.

Consequently, duplication of data entry is minimized.

More importantly, tax authorities obtain a seamless electronic trail from:

Supply → Invoice → Transportation → Return Filing → Tax Payment. This integration has significantly reduced opportunities for manipulation of transaction records.

HOW INTEGRATION IMPACTS TAX EVASION

a) Detection of Fake Invoices

Fake invoicing has been one of the largest sources of GST fraud. Under traditional systems, invoices could be generated without actual movement of goods.

Integration now allows authorities to verify whether:

- i. Invoice exists.
- ii. Corresponding E-Way Bill exists.
- iii. Transportation details are genuine.
- iv. Tax has been reported in returns.

Mismatches become immediately identifiable through data analytics and actions are initiated for verification.

b) Detection of Bogus Input Tax Credit

Section 16 of the CGST Act permits availment of ITC only upon fulfillment of prescribed conditions.

The integrated database enables authorities to identify:

- i. Non-existent suppliers.
- ii. Circular trading arrangements.
- iii. Paper transactions.
- iv. Accommodation entries.

Numerous investigations by DGGI have relied upon invoice-E-Way Bill correlations to uncover fraudulent ITC networks.

c) Identification of Suppressed Turnover

Authorities frequently compare:

- i. E-Invoice data.
- ii. E-Way Bill data.
- iii. GSTR-1 disclosures.
- iv. GSTR-3B tax payments.
- v. Differences often indicate.
- vi. Under-reporting of outward supplies.
- vii. Suppression of turnover.
- viii. Under-payment of GST.

d) Detection of Circular Trading

Repeated transactions involving identical goods among related parties can be identified through analytics patterns such as Same goods, Same values. Short intervals. Minimal value addition often indicate artificial ITC generation rather than genuine commercial transactions.

The true success of the GST framework lies not merely in its capacity to detect non-compliance but in its ability to balance efficient tax administration with facilitation of legitimate trade.

E-WAY BILL DISCREPANCIES AND TAX EVASION: THE JUDICIAL PERSPECTIVE

While technology has strengthened enforcement, courts have repeatedly emphasized that E-Way Bill violations do not automatically amount to tax evasion. Very often it is insisted that a distinction must be drawn between Procedural lapses; and Substantive tax evasion.

Assistant Commissioner v. Satyam Shivam Papers Pvt. Ltd. (2022):- [Special Leave to Appeal (C) No(s). 21132/2021 dated January 12, 2022]

The Supreme Court considered a case involving expiry of an E-Way Bill during transit. The Court accepted that mere expiry of an E-Way Bill does not automatically establish an intention to evade tax. The decision reinforces the principle that procedural defects alone cannot justify severe penal consequences.

Govind Alloys Pvt. Ltd. v. State of Gujarat Special Civil Application No. 23835 of 2022 dated 1st December, 2022

The Gujarat High Court held that expiry of an E-Way Bill by itself cannot establish tax evasion. The Court emphasized the need for authorities to demonstrate circumstances indicating fraudulent intent or revenue loss.

Globe Panel Industries India Pvt. Ltd. v. State of Uttar Pradesh Citation: 2024:AHC:19158,

The Allahabad High Court reiterated that penal provisions should not be invoked mechanically where documentary evidence establishes genuine movement of goods. The Court stressed the importance of examining surrounding circumstances before drawing conclusions regarding evasion.

Tax Evasion versus Procedural Infractions

A critical lesson emerging from GST jurisprudence is that an E-Way Bill is essentially a monitoring mechanism. It is not a charging provision. Consequently, every discrepancy does not constitute tax evasion.

Examples of Procedural Lapses:-

The following situations generally do not establish tax evasion by themselves:-

- i. Incorrect vehicle number.
- ii. Typographical errors.
- iii. Minor address mismatch.
- iv. Delay in updating Part B.
- v. Expired E-Way Bill due to unavoidable circumstances.

EXAMPLES SUGGESTING TAX EVASION

Conversely, authorities may legitimately infer tax evasion where there is evidence of:

- i. Movement without invoice.
- ii. Movement without E-Way Bill.
- iii. Fake supplier.
- iv. Fake recipient.
- v. Bogus transportation.
- vi. Non-existent goods.
- vii. Undisclosed turnover.
- viii. Fraudulent ITC claims.

Thus, the legal inquiry must extend beyond mere E-Way Bill discrepancies.

Role of Data Analytics

The integration of E-Invoicing and E-Way Bills has significantly enhanced the capabilities of tax authorities.

Advanced analytics now enable comparison of:

- i. E-Invoices.
- ii. E-Way Bills.
- iii. GST Returns.
- iv. FASTag data.
- v. Transporter records.
- vi. Banking transactions.

This risk-based approach is more sophisticated than the traditional check-post system. Authorities can identify suspicious patterns without disrupting legitimate trade.

Benefits to Trade and Industry

Apart from improving tax compliance, integration has delivered substantial commercial benefits.

Faster Transportation

Removal of physical check-posts has reduced transit delays considerably.

Vehicle productivity has improved due to uninterrupted interstate movement.

Reduced Logistics Costs

- i. Businesses benefit from.
- ii. Lower inventory carrying costs.
- iii. Reduced detention.
- iv. Faster turnaround times.
- v. Improved supply chain efficiency.

Greater Transparency

Digital documentation creates certainty and reduces disputes regarding movement of goods.

Improved Compliance Environment

Automated systems reduce manual intervention and promote uniformity in administration.

CONTINUING CHALLENGES

Despite its advantages, the integrated system presents several challenges.

Technical Issues

Portal outages and system glitches occasionally disrupt business operations.

Over-Reliance on Analytics

Data mismatches sometimes arise from genuine commercial circumstances rather than fraudulent conduct. Authorities must avoid treating every discrepancy as evidence of evasion.

Excessive Penal Action

Several disputes arise because minor procedural defects are treated on par with deliberate tax fraud. Judicial intervention has frequently been required to maintain proportionality.

Data Quality Concerns

Incorrect entries by suppliers, transporters or recipients can generate false risk indicators. Such cases require careful factual verification.

CAG'S AUDIT REPORT NO. 12/2025 OF UNION GOVERNMENT

In connection with the above subject, the Audit observations in a bird's eye view, on the following made by the CAG Auditor will clearly indicate the impact of integrating E-Invoicing and E-Way Bill on detecting the Tax Evasion and its total impact:

- a) Composite Tax Payers have exceeded the threshold limit and not paid the GST (Rs.7.25 Crores).
- b) Tax Payers have not filed their Tax returns (Rs. 310.62 Crores).
- c) Tax payers have generated EWB after cancellation of RC (Rs.24.5 Crores).
- d) Tax payers have generated multiple EWB on a single/same Invoice (Rs.3.04 Crores).
- e) Tax payers who have raised EWB but filed Nil Returns (Rs.54.10 Crores).
- f) Non-short discharge of tax liability (Rs.126.30 Crores).
- g) Mismatches in availing of ITC (Rs.6.39 Crores).
- h) Discrepancies noticed in availing of ITC (both mismatch availment and availing of in eligible credit) (Rs.157.07 Crores).
- i) Demand being not created during interception of vehicles and short creation of demand for either tax or penalty (Rs.3.39 Crores).

For the successful expected outcomes of integration of E-Invoicing and E-Way bills, the following may be looked into by the Government:

- E-Way Bill system should automatically alert both the taxpayer, and the departmental officer when a taxpayer under the Composition Levy Scheme crosses the turnover threshold for the scheme, or generates E-Way Bills for inter-State supplies (which are generally not permitted under the scheme). AI can be put in place towards this end.
- Efforts to be taken to detect high-value movement without corresponding tax payment. To this end, the system should identify taxpayers who generate high-value E-Way Bills but do not report or pay the corresponding GST liability and flag them to proper officers for scrutiny.
- It is also all the more necessary to recover dues before retrospective GST cancellation especially before cancelling a GST registration retrospectively, officers should examine E-Way Bills generated during the period and initiate recovery of tax wherever supplies were made but tax was not paid.
- Besides, to block or flag multiple E-Way Bills against the same invoice implementing validation controls that alert taxpayers and officers whenever multiple E-Way Bills are generated using the same or similar invoice details.
- More specifically, it is necessary to strengthen field enforcement to improve verification and interception of goods movement, with adequate manpower, sufficient patrolling vehicles, and stronger E-Way Bill verification arrangements.
- Arrangements are to be made to better use of analytics through better use of NIC (National Informatics Centre) analytical reports on E-Way Bills for planning inspections, targeting risky consignments, and monitoring enforcement activities.

THE FUTURE OF GST ENFORCEMENT

The integration of E-Invoicing and E-Way Bills represents the foundation of a broader digital tax ecosystem. Future developments are likely to include:

- i. Artificial intelligence-based risk assessment.
- ii. Real-time fraud detection.
- iii. Automated compliance verification.
- iv. Enhanced integration with logistics databases.
- v. Greater use of predictive analytics.

The emphasis is expected to shift further towards trust-based compliance supported by targeted enforcement against high-risk taxpayers.

CONCLUSION

The integration of E-Invoicing and E-Way Bill systems represents one of the most significant technological reforms in India's indirect tax administration.

By linking supply transactions with movement of goods, the system has substantially strengthened the ability of tax authorities to detect fake invoicing, fraudulent ITC claims, circular trading and suppression of turnover. At the same time, it has facilitated trade by eliminating physical check-posts and reducing logistics inefficiencies.

However, technology cannot substitute legal principles. Judicial decisions consistently emphasize that E-Way Bill discrepancies are not synonymous with tax evasion. While integrated data analytics can generate suspicion and identify risk, sustainable tax demands require evidence of revenue loss, suppression, fraud or wilful misstatement.

The true success of the GST framework lies not merely in its capacity to detect non-compliance but in its ability to balance efficient tax administration with facilitation of legitimate trade. The integration of E-Invoicing and E-Way Bills has undoubtedly moved India closer to that objective and stands as a landmark example of technology-driven tax governance.

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Digital Transformation in GST: The Efficacy of AI-Driven Invoice Matching, Digital Audits and the Reduction of Classification Dispute

As India navigates the mature phases of the Goods and Services Tax (GST) architecture, the indirect tax landscape has transitioned from an era of structural stabilization to one of advanced algorithmic governance. This article evaluates the efficacy of the digital transformation under the “GST 2.0” paradigm. Specifically, it analyzes how the integration of Artificial Intelligence (AI) and Machine Learning (ML) has redefined Input Tax Credit (ITC) verification under Section 16, the operational realities of remote digital audits under Section 65 and the mitigation of tariff classification disputes via predictive language processing. Finally, it addresses the core tension between automated enforcement and the principles of natural justice, outlining strategic imperatives for Company Secretaries to align corporate compliance frameworks with this predictive ecosystem.



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INTRODUCTION

FROM STRUCTURAL TRANSITION TO ALGORITHMIC GOVERNANCE

The launch of the Goods and Services Tax (GST) represented a significant fiscal leap, consolidating a fragmented marketplace into a unified tax regime. The first phase of this journey was naturally preoccupied with the stabilization of the core IT infrastructure, managing transitional credits, and adapting businesses to digital filing.

The administrative paradigm has since undergone a profound evolution. The Central Board of Indirect Taxes and Customs (CBIC) and the Goods and Services Tax Network (GSTN) have shifted their priorities from basic transaction tracking to deep-tech data analytics. Driven by tools like the Business Intelligence and Fraud Analytics (BIFA) engine and the Directorate General of Analytics and Risk Management (DGARM), modern GST administration functions as a proactive compliance ecosystem.

This digital transformation has fundamentally altered the taxpayer-department dynamic. By replacing many manual oversight processes with automated, data-driven interventions, the state has unlocked enhanced revenue

buoyancy. This article examines the efficacy of these digital interventions across the core pillars of e-invoicing, invoice matching, departmental audits, and tariff classification.

E-INVOICING AS THE FOUNDATION OF AI ANALYTICS

The true catalyst for advanced analytics within the modern GST framework is the structural mandate of e-invoicing under **Rule 48(4)** of the CGST Rules, 2017. In the initial phases of GST, data analytics engines were constrained by the asynchronous and fragmented nature of manual invoice uploads. Taxpayers frequently modified invoicing patterns weeks after the actual economic event, leading to noisy datasets that limited the predictive accuracy of early algorithmic models.

The progressive expansion of the e-invoicing mandate transformed this paradigm by introducing a uniform, machine-readable JSON schema (GST INV-01). By requiring real-time authentication of invoices through the Invoice Registration Portal (IRP), the system generates an immutable Invoice Reference Number (IRN) and a secure Quick Response (QR) code at the exact moment a transaction occurs.

For AI and machine learning models deployed by DGARM, this standardized data stream is foundational. Machine learning models require clean, structured, and high-velocity data to function effectively without generating excessive false positives. E-invoicing effectively eliminates data cleansing latency, providing an immediate, verified ledger of economic activity.

Furthermore, the seamless integration of e-invoicing with the e-way bill mechanism closes a critical compliance loop. The automated system can instantly cross-verify the value and volume of goods declared on an invoice with the corresponding transit declarations. This continuous ingestion allows analytics engines to track sector-specific supply chain velocities and monitor inter-state trade trends without waiting for monthly return filings. Consequently, e-invoicing serves as the digital bedrock, converting raw transactional inputs into actionable regulatory intelligence.

AI-DRIVEN INVOICE MATCHING: GUARDING THE INPUT TAX CREDIT LIFELINE

The Input Tax Credit (ITC) mechanism is the economic engine of the GST framework, ensuring that taxes are levied only on value additions. However, systemic vulnerabilities historically allowed bad actors to exploit the system through circular trading and the generation of fake invoices from non-existent entities.

• The Statutory Shift to Rigorous Matching

To safeguard public revenue, the legislature progressively tightened the statutory architecture. The introduction of **Section 16(2)(aa)** via the Finance Act, 2021 and **Section 16(2)(ba)** via the Finance Act, 2022 significantly recalibrated the compliance burden for ITC claims.

- ♦ **Section 16(2)(aa) — Finance Act, 2021 (w.e.f. 1 January 2022):** Inserted by Section 109 of the Finance Act, 2021 (No. 13 of 2021) and notified via CBIC Notification No. 39/2021-Central Tax dated 21.12.2021, this provision mandates that ITC can only be claimed if the supplier has reported the relevant invoice or debit note in their GSTR-1/IFF, ensuring it reflects in the recipient's auto-generated **GSTR-2B**. This provision effectively codified the real-time invoice-matching discipline that the earlier Rule 36(4) sought to approximate.

For the professional community of Company Secretaries, this shift offers an excellent opportunity to champion advanced corporate tax governance — ensuring that business compliance frameworks are just as sophisticated and resilient as the tax administration itself.

- ♦ **Section 16(2)(ba) — Finance Act, 2022 (w.e.f. 1 October 2022):** Inserted by Section 100 of the Finance Act, 2022 (No. 6 of 2022) and notified via CBIC Notification No. 18/2022-Central Tax dated 28.09.2022. This provision adds a targeted secondary restriction: a registered person shall not avail ITC *to the extent* the credit communicated to the recipient under **Section 38** has been restricted or flagged as ineligible on account of vendor-side defaults specified under Section 38(2)(b) — such as a supplier's default in tax payment or excess ITC claims. Importantly, this is not a blanket bar on all ITC; it restricts only the specific portion of credit that has been communicated as restricted under Section 38, leaving the uncommunicated or unrestricted portion eligible subject to satisfaction of all other conditions under Section 16.

• The Deployment of Network Analytics

Standard data querying can easily match an invoice number between a buyer and a seller. However, sophisticated tax evasion networks use complex, multi-layered chains to pass on fraudulent

credit. To counter this, DGARM is understood to utilize advanced analytics frameworks, including network-based transaction analysis and risk-profiling tools:

- ♦ **Cluster Detection:** The analytics framework maps interconnected corporate entities, flags instances where companies have high trading volumes but minimal physical infrastructure (such as warehousing or utility consumption), and identifies potential circular loops.
- ♦ **Dynamic Risk Scoring:** New registrations and sudden spikes in declared turnover are monitored by risk-profiling algorithms. High risk-scores trigger the application of protective measures, such as **Rule 86B** (restricting ITC utilization) or prompt the system to pause e-way bill generation pending verification.
- ♦ **Automated Red Flags:** The system continuously runs reconciliations between GSTR-1 vs. GSTR-3B and GSTR-2B vs. GSTR-3B. Any material discrepancy frequently triggers system-generated notices in **Form GST ASMT-10**.

• Efficacy and Business Impact

The AI matching regime appears to have significantly strengthened fraud detection capabilities and improved tax administration outcomes. The expansion of e-invoicing and analytics-based compliance monitoring has closely coincided with sustained growth in gross monthly GST collections, reflecting a broader structural formalization of economic activity across supply chains. However, it also introduces operational friction. Honest corporate buyers frequently experience working capital strain when their ITC is suspended or blocked under **Rule 86A** due to compliance failures located far upstream in their supply chain — an officer-initiated action that, while requiring human authorization, is increasingly triggered by algorithmic risk flags.

THE TRANSITION TOWARD DIGITAL AUDITS: OBJECTIVITY AND PRACTITIONER REALITIES

Traditional tax audits under **Section 65** of the CGST Act have historically been high-touch operations involving direct human interactions, physical book verifications, and localized legal interpretations.

• From Physical to Portal-Based Audits

While the Direct Tax ecosystem has institutionalized “jurisdiction-less” faceless assessments under Section 144B of the Income Tax Act, 1961, the GST framework is currently navigating a transitional phase.

Fully anonymized, faceless audits in GST remain largely in exploratory or pilot stages — no formal legislative provision or CBIC notification establishing a faceless audit scheme under GST has been gazetted as of the date of this publication. However, the *digitalization* of the audit process is a mature operational reality.

Audits are now heavily driven by digital communication via the common portal. Information exchange is executed through **Form GST ADT-01**, and submissions of books, ledgers, and reconciliations are handled electronically. The finalization of findings (**ADT-02**) is increasingly done with minimal physical interface. Tax authorities use machine learning engines to select candidates based on specific, high-risk variances (such as structural ITC inversions) rather than conducting random, low-yield manual audits.

- **Algorithmic Decision-Making and Natural Justice**

This paradigm shift introduces a fundamental administrative challenge: reconciling automated algorithmic risk-profiling with the constitutional principles of natural justice, specifically the right to be heard (*audi alteram partem*). When an automated engine triggers an alert — such as blocking input tax credit under Rule 86A or auto-generating an ASMT-10 discrepancy notice — it performs a binary calculation without inherent context. It is critical to note that Rule 86A blocking is an officer-initiated action that requires the satisfaction of a commissioned officer; it is not a wholly-automated output.

The principles of natural justice apply with full force even where an automated system initiates the compliance process. The Supreme Court of India has consistently affirmed — including in contexts of drastic statutory GST enforcement powers such as provisional attachment — that such powers must be exercised strictly in accordance with statutory conditions and cannot be deployed as a matter of routine without genuine application of mind. When an automated system pushes a flagged discrepancy directly to a formal Show Cause Notice (SCN) without a meaningful, human-led preliminary evaluation, the taxpayer's right to an objective defense risks being compromised. Technology should serve to augment administrative capabilities; ultimately, algorithmic risk-scoring must function as an evaluative tool to assist — not replace — human judgment.

From a practitioner's perspective, this creates an asymmetrical burden. Practicing Company Secretaries and tax heads frequently observe that standard algorithms flag variations that have perfectly valid commercial justifications — such as volume-based post-supply discounts, complex product returns, or



distinct transfer pricing agreements for cross-charges under **Section 25(4)** of the CGST Act. Explaining such nuanced business arrangements through rigid portal text-boxes or limited attachments remains structurally challenging.

PREDICTIVE TECHNOLOGIES AND THE MITIGATION OF CLASSIFICATION DISPUTES

Determining the correct tariff classification under the Harmonized System of Nomenclature (**HSN**) or Service Accounting Codes (**SAC**) has historically been one of the most litigious aspects of indirect taxation. Slight differences in product naming or ingredient proportions can shift an item between tax brackets, exposing companies to substantial retrospective tax demands.

Resolving Ambiguity through Natural Language Processing

To bridge the gap between complex commercial realities and rigid tax schedules, the ecosystem is increasingly turning to Natural Language Processing (NLP) and semantic text-mining models:

- **Predictive Invoice Validation:** Modern ERP systems and GST Suvidha Providers (GSPs) use integrated AI engines that read raw product descriptions entered by billing departments, cross-reference them with the General Rules for Interpretation (GRI), and suggest compliant HSN classifications at the point of invoice generation.
- **Systemic Outlier Detection:** Internal departmental algorithms analyze industry-wide classification behaviors. If an enterprise classifies a product under a lower tax rate while the vast majority of its peers file it under a higher tier, the AI flags the anomaly for systemic review.
- **Harmonizing Cross-Jurisdictional Rulings:** Advanced vector-search databases allow the GST Council to track divergent legal

rulings across different states more efficiently, prompting swift administrative clarifications before local disputes escalate into protracted litigation.

THE STRATEGIC MANDATE FOR COMPANY SECRETARIES

In this data-driven, algorithmic tax environment, corporate compliance can no longer be handled as a retrospective book-keeping exercise. Company Secretaries and corporate legal heads must pivot toward continuous, proactive governance:

- **Proactive Supply Chain Auditing:** Organizations must implement internal tax compliance software that mirrors the analytics used by the department, allowing procurement teams to immediately flag defaulting vendors before the transaction cycle closes.
- **Redesigning Commercial Contracts:** Contracts should incorporate clear indemnity clauses that allow corporate buyers to withhold payments or seek compensation if an upstream vendor's digital non-compliance triggers an AI flag or an ITC block.
- **Crafting a Digital Defense Trail:** Because audits are transitioning to remote formats, written submissions must be highly precise, clear, and contextualized. Company Secretaries must ensure that complex commercial actions are backed by robust, contemporaneous documentation that can stand the independent scrutiny of an external, data-driven auditor.

CONCLUSION: NAVIGATING GST 2.0 TOWARD VIKSIT BHARAT 2047

The ongoing digital transformation of the GST ecosystem demonstrates the systemic impact of technology-driven tax administration. By deploying AI-powered invoice matching, standardizing digital audits, and utilizing predictive classification tools, the framework has established an enhanced level of structural discipline and transparency across the economy.

However, the ultimate success of this digital shift relies on striking a careful balance. Automated algorithms must be continually refined to ensure that they protect compliant businesses from systemic rigidities. Crucially, as the classification dispute landscape illustrates, the law must be represented in its current and complete form — including appellate reversals and unsettled questions — so that practitioners and corporates can make properly informed compliance decisions.

For the professional community of Company Secretaries, this shift offers an excellent opportunity to champion advanced corporate tax governance — ensuring that business compliance frameworks are just as sophisticated and resilient as the tax administration itself.

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Opportunities in GST & Indirect Taxes: Digital Transformation — AI-Driven Invoice Matching, Faceless Audit and the Decline of Classification Disputes

Indirect tax administration in India has crossed an inflection point. The Invoice Management System made invoice-level reconciliation mandatory from October 2024; the Goods and Services Tax Appellate Tribunal began hearings in December 2025; the Principal Bench now serves as the National Appellate Authority for Advance Ruling; the Income-tax Act, 2025, and the GST 2.0 rate restructure are reshaping the dispute and compliance landscape from April 2026. For Members of The Institute of Company Secretaries of India, the opportunity is not to compete with tax counsel on adjudication, but to occupy the integration role between GST, governance, and disclosure. This note maps that opportunity across three vectors — AI-driven invoice matching, faceless audit and assessment, and the institutional decline of classification disputes — and offers a practitioner's eight-point action framework.



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"The algorithm flags. The Secretary frames." Four words, parallel structure, captures the integration role exactly.

INTRODUCTION

THE COMPLIANCE OFFICER'S VANTAGE POINT

Nine fiscal years of administering a SEBI-registered municipal bond, coordinating CAG and AG audits, and signing every quarterly compliance certificate for a listed issuer impresses one lesson with unusual clarity: the audit of the future will not come knocking at the door — it will arrive as a system-generated email, anchored to a data point the assessee may not even remember filing. Indirect tax administration in India, particularly the Goods and Services Tax, has crossed that inflection point. The compliance professional who continues to think of GST as a return-filing routine will find herself perpetually playing catch-up with an algorithm.

For Members of the ICSI, this transformation is not a threat. It is, in the strict legal and commercial sense, an

opportunity. The Companies Act, 2013, the SEBI (LODR) Regulations, the Prevention of Money-laundering Act, and the CGST/SGST framework now share a common skeleton: machine-readable filings, audit trails preserved in the books of account from 1 April 2023, and risk-based scrutiny driven by data analytics rather than ledger-by-ledger inspection. The Company Secretary who can read this skeleton — and advise the board accordingly — sits at the intersection of governance, risk, and tax.

This note maps that intersection across three vectors: AI-driven invoice matching, faceless audit and assessment, and the decline of classification disputes through institutional and technological reforms. It then offers a practitioner's framework for ICSI members seeking to convert these reforms into chargeable, defensible value for their clients and employers.

THE ARCHITECTURE OF GST 2.0 AND THE DIGITAL STACK

The 56th GST Council meeting in September 2025 set in motion what the press has labelled "GST 2.0" — a two-tier rate structure of 5% and 18%, a 40% demerit rate for luxury and sin goods, correction of the inverted duty structure in textiles and fertilisers, and the long-awaited operationalisation of the Goods and Services Tax Appellate Tribunal (GSTAT). Industry commentary has attributed the post-rationalisation rise in monthly GST collections to a combination of resilient consumption, formalisation of the economy, and improved enforcement through technology-driven monitoring.

The "technology-driven monitoring" deserves unpacking, because it is precisely the layer where the Company Secretary's value addition is now concentrated. The present GST digital stack comprises:

- The Invoice Management System (IMS) on the GSTN portal, mandatory from October 2024, with the “deemed acceptance” rule clarified by the GSTN advisory of 19 June 2025;
- E-invoicing, now mandatory for taxpayers with aggregate turnover above the prescribed threshold, generating a structured invoice ledger at source;
- Multi-Factor Authentication, mandatory for all GST portal users from 1 April 2025;
- Mandatory Input Service Distributor (ISD) registration for entities holding multiple GSTINs under a single PAN;
- Eight-digit HSN reporting in GSTR-1 Table 12, with system-level validation against the supplier-side invoice feed;
- The Directorate General of GST Intelligence (DGGI) analytics layer, increasingly using artificial intelligence and pattern-matching to detect circular trading, fake ITC chains, and unexplained turnover spikes;
- Cross-vertical integration with the Income-tax Department’s AIS/TIS, which now ingests DGGI-shared data for reassessment under the Income-tax Act, 2025, applicable from 1 April 2026.

What this stack produces, in effect, is a single taxpayer ledger that no human officer maintains and no taxpayer fully controls. The compliance officer’s task has shifted from filing returns correctly to ensuring that the ledger constructed about the assessee is one the assessee can defend.

The Goods and Services Tax has matured from the unification of seventeen indirect taxes into a near-real-time governance platform. Its centre of gravity has shifted from the return form to the data point — and the data point is now read, classified, and risk-rated by an algorithm before any human officer touches it.

approximately one rupee or 0.1 percent. The technology stack typically includes optical character recognition for unstructured invoices, named-entity recognition to extract GSTIN and HSN from PDF feeds, and a decision engine that posts Accept, Reject, or Pending against the purchase register without human touch except for exceptions.

The compliance dividend is significant:

- **Earlier closure of ITC:** Supplier delays, duplicate invoices and rate errors are flagged at intake rather than at year-end reconciliation.
- **Cleaner ITC posture for Section 16(4) defence:** Time-barred credit claims are eliminated structurally, not by exception.
- **Audit-ready trail:** Each Accept/Reject/Pending decision is timestamped and attributable, providing what every forensic auditor seeks first — chain of custody.
- **Vendor governance leverage:** Persistent rejection patterns become quantitative grounds for re-rating or replacing a supplier, a discipline very few organisations exercised before IMS.

The Company Secretary’s specific contribution here is to translate this operational reform into board-level reporting. The ITC reconciliation report — historically buried in the CFO’s monthly pack — now belongs in the audit committee agenda alongside Related Party Transaction disclosures and the Director’s Responsibility Statement under Section 134. A material ITC leakage, in many companies, will exceed the materiality threshold for a Section 143(12) fraud-reporting obligation under the Companies Act long before it surfaces as a GST demand. The integration is not optional; the only question is whether it is done deliberately or inherited as a deficiency observation.

AI-DRIVEN INVOICE MATCHING

From GSTR-2A to IMS to Predictive Reconciliation

The Invoice Management System represents the most consequential procedural change since e-invoicing. Until October 2024, GSTR-2B was a passive feed: GSTN published it, the taxpayer reconciled it against the purchase register, and any mismatch was a problem to be cleaned up after the fact. After IMS, every inward invoice requires an explicit Accept, Reject, or Pending decision before it crystallises into GSTR-2B. Inaction triggers “deemed acceptance” — a default rule that places the entire reconciliation burden on the recipient.

For an enterprise processing 800 or more inward invoices a month, manual decision-making within the six-day window between GSTR-2B generation on the 14th and GSTR-3B filing on the 20th is operationally infeasible. AI-driven invoice matching is no longer a productivity enhancement; it is a control requirement. Practitioner playbooks now describe a three-key reconciliation — supplier GSTIN, invoice number, and tax period — running with an amount tolerance of

FACELESS AUDIT AND ASSESSMENT

The Customs Precedent and the GST Horizon

The Faceless Assessment Scheme was first notified under the Income-tax Act, 1961, by Notification S.O. 2743(E) of 13 August 2020, and was subsequently subsumed into the statute under Section 144B. The Income-tax Act, 2025, applicable from 1 April 2026, preserves and refines the faceless regime — clarifying the bifurcation between the Jurisdictional Assessing Officer for initial enquiry and the National Faceless Assessment Centre for final evaluation, expanding AI-based case selection, and authorising the CBDT to conduct targeted, accelerated audits.

The Central Board of Indirect Taxes and Customs has already extended the faceless philosophy to customs. Circular No. 18/2026-Customs dated 1 April 2026 mandates faceless assessment of all Bills of Entry filed for SEZ-to-DTA clearances under concessional duty provisions, citing efficiency, uniformity, and transparency as the operational rationale. The direction of travel is unambiguous: classes of GST proceedings — particularly scrutiny under Section 61, audit under Section

Opportunities in GST & Indirect Taxes: Digital Transformation — AI-Driven Invoice Matching, Faceless Audit, and the Decline of Classification Disputes

65, and special audit under Section 66 — will be migrated to a faceless architecture within the medium term. Official statements on GST 2.0 explicitly cite “AI-driven audit systems and real-time tracking” as procedural simplifications already underway.

From the compliance officer’s chair, the faceless transition reorders professional priorities in four ways:

- **Documentation discipline becomes outcome-determinative:** Personal hearings did, historically, allow oral explanation to soften documentary weakness. A faceless officer reads only what is uploaded.
- **Submission architecture matters as much as content:** A four-hundred-page reply uploaded as a single PDF is materially harder to defend than the same reply organised with a navigable index, exhibit numbering, and a cross-reference matrix. Internal style standards — Georgia or Calibri body, navy or charcoal headers, a uniform Exhibit Schedule — are no longer aesthetic preferences; they are advocacy infrastructure.
- **Time discipline tightens:** Faceless systems do not, in practice, grant the indulgent extensions that personal-hearing dockets sometimes did. Calendaring becomes a compliance control.
- **Cross-vertical exposure rises:** The DGGI-to-Income-tax data-sharing channel, illustrated by recent reassessment notices issued in early 2026, means a single GST irregularity can seed proceedings under the Income-tax Act, the PMLA, and — for listed entities — SEBI’s LODR disclosure obligations almost simultaneously.

The opportunity for ICSI members is not to compete with others on the technical GST adjudication, but to occupy the integration role: the professional who synthesises the GST submission with its disclosure consequences, governance implications and audit-committee briefing. That is, definitionally, secretarial work.

THE DECLINE OF CLASSIFICATION DISPUTES

HSN (Harmonized System of Nomenclature) Intelligence, GSTAT (GST Appellate Tribunal), and the Principal Bench as NAAAR (National Appellate Authority for Advance Ruling)

Classification disputes — what HSN code applies, whether the supply is a good or a service, whether a composite supply is principal-and-incidental or mixed — have been the single largest source of GST litigation since 2017. The reasons are structural: State Advance Ruling Authorities have issued conflicting rulings on identical questions; the proposed national-level Appellate Authority for Advance Ruling was, until recently, not constituted; and the courts have held that Section 292B of the CGST Act does not cure substantive classification defects.

Three concurrent reforms are reducing this dispute layer:

- **Operationalisation of GSTAT:** The Goods and Services Tax Appellate Tribunal began accepting appeals from the end of September 2025, with hearings commencing in December 2025. The GST Council has recommended that all pending pre-GSTAT appeals be filed by 30 June 2026, clearing a backlog that had effectively suspended dispute resolution for years.

- **The Principal Bench as National Appellate Authority for Advance Ruling:** The Principal Bench of GSTAT now serves as the NAAAR, providing a single forum to resolve conflicting State AAR rulings on classification. This is the institutional cure for what was, until recently, the most-cited grievance of the indirect-tax bar.
- **AI-driven HSN intelligence:** GSTN’s automated cross-verification flags inconsistencies between an assessee’s HSN reporting in GSTR-1 Table 12 and the customs ITC-HS classification of the same item at import. The implication, for the practitioner, is that HSN classification must be treated as a substantive legal position to be documented contemporaneously — with classification rationale, reference to relevant Chapter Notes, reliance on circulars, and where the stakes warrant, an advance ruling — rather than a clerical entry.

The practitioner’s response is to develop, jointly with tax counsel, what may be called the “Classification Memorandum” — a one-page document for each material product or service line, signed off at the level of the Chief Financial Officer or the audit committee, that records the HSN/SAC chosen, the rationale, the supporting circulars and rulings, and the date of last review. Such a memorandum costs almost nothing to produce; in classification litigation, it has, repeatedly, been the difference between a Section 73 (ordinary period) and a Section 74 (extended period with penalty) demand.

THE OPPORTUNITY LANDSCAPE FOR COMPANY SECRETARIES

The opportunity for the ICSI membership — particularly Members serving as Compliance Officers, Company Secretaries in employment and members in practice — can be mapped along four service vectors. For Members in practice, the natural offering is a “GST Compliance and Risk Review”, distinct from the statutory audit, that covers precisely those vectors where governance and indirect tax intersect. For members in employment, the opportunity is the converse: to ensure that the compliance dashboards and audit-committee packs reflect GST risk on the same footing as LODR, FEMA, and listing-agreement compliances they already report.

Vector	Service Line for ICSI Members
GST Compliance Assurance	Periodic review of ITC reconciliation, IMS decisions, e-invoicing coverage, and HSN consistency, reported as an annexure to the Compliance Certificate under Regulation 17(3) of the SEBI (LODR) Regulations.
Faceless Submission Architecture	Designing and reviewing replies to scrutiny notices, audit memos, and show-cause notices, with emphasis on exhibit indexing, citation discipline, and integration with disclosure obligations.
Classification Governance	Maintaining the Classification Memorandum for each material product or service, monitoring AAR / AAAR / NAAAR developments, and advising on advance ruling applications.
Board & Audit-Committee Reporting	Translating GST risk indicators into governance language: materiality, fraud-reporting thresholds, related-party impact, and BRSR Core principle disclosures on ethics, transparency and accountability.

A COMPLIANCE OFFICER'S EIGHT-POINT ACTION FRAMEWORK

A practitioner's framework, distilled from over a decade of administering municipal accounts and a SEBI-registered municipal bond, and now applied to the GST domain, has eight elements. None is novel in isolation; their value lies in being adopted together.

1. **Map the digital stack:** For your entity, list every GSTN-facing system in use — e-invoicing portal, IMS, e-way bill, ICEGATE for imports — and confirm that ownership and review responsibility are documented.
2. **Reconcile monthly, not annually:** Establish a fixed cadence for ITC reconciliation against the purchase register and GSTR-2B, with deviations escalated within the same return period.
3. **Adopt IMS automation:** Manual Accept/Reject/Pending decisions do not scale beyond approximately three hundred invoices per month; deploy or procure an automation layer integrated with the ERP.
4. **Standardise submission architecture:** Adopt a uniform Exhibit Schedule, Compilation of Authorities, and Cross-reference Matrix for every reply to a scrutiny, audit, or show-cause notice. In a faceless regime, the document is the advocate.
5. **Maintain Classification Memoranda:** One page per material product or service line, refreshed annually, with sign-off at the level of the Chief Financial Officer.
6. **Integrate with disclosure obligations:** Brief the audit committee quarterly on GST risk; brief the board annually on material adjudications; mirror these in the Director's Report and the BRSR.
7. **Track GSTAT and NAAAR jurisprudence:** Build a small internal precedent library of binding decisions relevant to your sector. With GSTAT now hearing matters, doctrine is being made afresh.
8. **Train continuously:** ICSI's CPE programmes, ICAI's GST modules, and the Indian Institute of Public Administration's faceless-assessment offerings now provide structured curricula; budget for them as a non-discretionary line item.

CONCLUSION

The Goods and Services Tax has matured from the unification of seventeen indirect taxes into a near-real-time governance platform. Its centre of gravity has shifted from the return form to the data point — and the data point is now read, classified, and risk-rated by an algorithm before any human officer touches it. The compliance officer who responds to this shift defensively, by treating each scrutiny notice as a separate combat, will be overwhelmed. The compliance officer who responds to it institutionally, by building the documentation, automation and governance architecture described above, will find the regime, paradoxically, easier to live with than the pre-digital era ever was.

For Members of the ICSI, the opportunity is precise and immediate: occupy the integration role between GST, governance, and disclosure. That role does not require us to become tax consultants; it requires us to do what the Companies Act has, since 1956, asked us to do — to ensure that compliance, in all its forms, is documented, reviewed, and reported to those charged with governance. The vocabulary has changed. The vocation has not.

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Taxing Cross-Border E-Commerce and Digital Streaming Platforms: Challenges Impending

A Company Secretary's Perspective on the Intersection of GST, FEMA and Corporate Compliance

Cross-border commerce conducted over the internet — the streaming subscription, the cloud tool billed from abroad, the marketplace that connects an Indian buyer with a foreign seller — now sits at the centre of India's tax and regulatory architecture. For these businesses, the indirect-tax question can never be answered in isolation. A foreign platform's Goods and Services Tax position is entangled with the exchange-control rules that govern how capital enters the company, the corporate-law obligations attaching to its Indian entity, and the recent dismantling of the Equalisation Levy. This article examines the GST treatment of cross-border digital supplies, situates it within the Foreign Exchange Management Act framework that shapes foreign-funded e-commerce, and argues that the practitioner best placed to navigate this terrain is one who reads all three regimes together. It is written for promoters, finance heads and fellow professionals advising companies in this space.



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INTRODUCTION

THE CONVERGENCE NOBODY PLANNED FOR

India did not set out to build a single, coherent code for the digital economy. What exists instead is a layering of statutes enacted at different times for different purposes — the Integrated Goods and Services Tax Act of 2017, the Foreign Exchange Management Act of 1999, the Companies Act of 2013, and a succession of Finance Acts — each of which now bears on the same set of cross-border digital businesses. For the company that streams content to Indian subscribers, sells software on subscription, or runs a marketplace funded by foreign capital, compliance is no longer a matter of satisfying one regulator at a time. The regimes overlap, and the points of overlap are where companies most often come unstuck.

The completion of more than eight years of GST is a convenient moment to take stock, because the period since 2013 has seen unusually concentrated change

in precisely this area: the abolition of the business-to-consumer exemption for foreign digital suppliers, the widening of the very definition of taxable digital services, the complete rollback of the Equalisation Levy, and a sharpening of enforcement against offshore operators. Each of these is, on its own, an indirect-tax development. Read together with the foreign-investment rules that determine how these companies are capitalised, they describe a compliance environment that rewards an integrated view and punishes a siloed one.

This article takes that integrated view. It begins with the GST treatment of cross-border digital supplies, turns to the exchange-control and corporate-law framework that governs foreign-funded platforms, and closes with the practical compliance failures that recur in practice — the places where a Company Secretary's involvement earns its keep.

OIDAR: HOW GST REACHES A SUPPLIER WITH NO OFFICE IN INDIA

The conceptual difficulty with taxing a foreign digital supplier is obvious: there is nothing physically present to tax. India's answer, carried into the GST regime from the earlier service-tax framework, is the category of Online Information and Database Access or Retrieval services — OIDAR. The Integrated Goods and Services Tax Act defines these as services whose delivery is mediated by information technology over the internet or an electronic network, and which are impossible to supply in the absence of information technology. Streaming platforms, cloud storage, software-as-a-service, online gaming, e-books and digital advertising space all fall within the description.

The architecture is destination-based. Tax follows consumption, so that a service consumed in India is taxable

in India regardless of where the supplier sits. To make that workable against a supplier with no establishment here, the law adopts two devices: a deeming mechanism to locate the consumer in India, and a simplified registration scheme that allows a foreign supplier to register, file and pay without setting up any office or establishment in the country.

a. The 2023 widening: human intervention no longer matters

For years, the OIDAR definition turned on whether a service was essentially automated and involving minimal human intervention. That qualifier did real work: it kept services with a meaningful human element outside the net. The Finance Act, 2023 removed those words. The consequence is significant and is still being absorbed by businesses: a far wider range of digitally delivered services — including hybrid offerings that combine technology with human input — can now qualify as OIDAR. The classification test has shifted decisively towards the mode of delivery rather than the nature of the service. Companies that previously took comfort in a human-element argument should revisit that position; the argument no longer exists.

b. The October 2023 turn: the B2C exemption is gone

The second structural change took effect on 1 October, 2023. Until then, a foreign OIDAR supplier serving Indian individuals and government for non-business purposes enjoyed an exemption. That exemption was withdrawn. A foreign supplier providing digital services to Indian consumers must now register and charge Integrated GST at eighteen percent, irrespective of the recipient's purpose. It is worth noting that the rate restructuring effected under the "GST 2.0" reforms of September 2025 — which collapsed the slabs and removed the twelve percent rate — left the eighteen percent rate on OIDAR services undisturbed; that rate continues to apply. Critically, there is no turnover threshold for foreign suppliers — the obligation arises from the first transaction, and registration is mandatory under Section 24 of the Central Goods and Services Tax Act. A resident authorised signatory holding a valid Permanent Account Number must be appointed, and records must be retained for several years.

c. Who actually pays: forward charge, reverse charge, and the B2B/B2C divide?

The mechanism by which GST is collected depends on the character of the recipient, and this is where many businesses misread their obligations. The dividing line is the Non-Taxable Online Recipient — broadly, an individual or unregistered person consuming the service for non-business purposes.

Business-to-consumer (recipient is a Non-Taxable Online Recipient): The foreign supplier must register under the simplified scheme, charge IGST and remit it. The compliance burden sits offshore, with the supplier.

Business-to-business (recipient is a GST-registered person): The reverse charge mechanism applies. The Indian recipient self-assesses and pays the IGST directly, and may then claim input tax credit subject to the usual conditions.

The difficulty is practical: distinguishing a business recipient from a consumer is not always straightforward, and where status cannot be established, the default treatment as a Non-Taxable Online Recipient applies — increasing the compliance exposure of the foreign supplier. Foreign suppliers file Form GSTR-5A; non-resident taxable persons more generally file GSTR-5. For an Indian business receiving services from an unregistered foreign supplier, the reverse-charge liability is real and is frequently overlooked in practice, exposing the recipient to interest and penalty under the GST law.

d. Enforcement is no longer theoretical

For much of the early GST period, the OIDAR framework looked stronger on paper than in practice, because the authorities lacked the means to track offshore suppliers who simply did not register. That gap is narrowing. The administration has deployed data analytics to identify missing registrations and unpaid tax by foreign providers, and has stepped up audits and penalty action. In July 2025, the Supreme Court disposed of a public interest litigation that had highlighted the enforcement and compliance gaps in the OIDAR regime, directing the GST Council to consider improved data-transparency and monitoring frameworks. The proposed Digital Identity Provider concept, requiring foreign platforms to maintain detailed transaction records linked to Indian users, points in the same direction. The signal to foreign-facing businesses is unambiguous: the period of low-risk non-compliance is ending.

MARKETPLACES AND THE SECTION 9(5) / SECTION 52 ARCHITECTURE

Where the platform is not itself the supplier but an intermediary connecting buyers and sellers, the GST design changes shape. Two provisions of the Central Goods and Services Tax Act do most of the work, and they pull in different directions.

Section 9(5) treats the electronic commerce operator as the deemed supplier for certain notified services — the operator pays GST as if it had made the supply itself, regardless of whether the underlying supplier is registered. Section 52 is different in kind: it requires the operator to collect Tax Collected at Source on the net value of taxable supplies made through it, where the operator collects the consideration on behalf of the supplier. TCS is not an additional tax — it functions as an advance collection that is credited to the supplier's electronic cash ledger and adjusted against the supplier's liability.

The TCS rate was reduced, on the recommendation of the 53rd GST Council meeting, from one percent to half

a per cent of net taxable supplies with effect from July 2024 — 0.25 percent CGST plus 0.25 percent SGST for intra-state supplies, or 0.5 percent IGST for inter-state supplies — a measure intended to ease the working-capital strain on sellers. Operators file Form GSTR-8; sellers reconcile the credited TCS in their returns. A point of recurring friction in practice is the mismatch between an operator's GSTR-8 and a seller's auto-populated data, which can lead to disallowance of refund claims; disciplined monthly reconciliation is the only reliable defence.

Two further consequences deserve emphasis for any business selling through a marketplace. First, a seller supplying goods through an e-commerce operator must register under GST irrespective of turnover — the ordinary threshold exemption does not apply, by virtue of Section 24. Second, an operator must register in every State in which it makes taxable supplies, and a seller has historically faced the parallel difficulty of maintaining a principal place of business in each State into which it sells. Here the September 2025 reforms bring welcome relief: the GST Council has approved a simplified registration scheme for small suppliers selling through e-commerce operators across multiple States, easing precisely this multi-State burden. Even so, for a young company scaling onto several platforms, registration and reconciliation obligations arrive earlier and in greater number than founders typically expect, and the simplified scheme should be assessed against the company's specific facts rather than assumed to apply.

Companies that treat tax, exchange control and corporate law as one integrated compliance problem — and that engage advisers who do the same — will navigate the next phase with far greater confidence than those who continue to address each regime in isolation.

Table 1: Section 9(5) versus Section 52 at a glance

Feature	Section 9(5)	Section 52 (TCS)
Role of operator	Deemed supplier; pays GST itself	Collection agent; collects tax at source
Applies to	Notified services only	Net taxable supplies via the platform
Return	GSTR-1 (Table 15)	GSTR-8
Effect on supplier	Supplier may not need to register for these services	Supplier registers regardless of turnover; claims TCS credit

GST 2.0 AND THE INTERMEDIARY REFORM: WHAT CHANGED IN 2025–26?

Any article written in mid-2026 must reckon with the most significant restructuring of GST since its introduction. The 56th GST Council meeting of 3 September 2025 launched the reforms popularly described as “GST 2.0,” notified by the Central Board of Indirect Taxes and Customs on 17 September 2025, with most changes taking effect from 22 September 2025. The headline measure was rate rationalisation — a move towards a simplified slab structure with the twelve percent rate abolished — but

several accompanying changes bear directly on cross-border and digital businesses and on the marketplace mechanism discussed above.

The reform most relevant to the cross-border theme is the amendment to the place of supply for intermediary services. Since the inception of GST, Section 13(8)(b) of the Integrated Goods and Services Tax Act deemed the place of supply of intermediary services to be the location of the supplier — India — which meant that an Indian agent or facilitator serving a foreign principal had to charge eighteen percent IGST and could not treat the service as an export. This was among the most litigated provisions in the entire GST framework. Acting on the 56th Council's recommendation, the Legislature has now omitted Section 13(8)(b) through the Finance Act, 2026. The consequence is that the place of supply for intermediary services now falls under the default rule in Section 13(2) — the location of the recipient — so that such services to overseas recipients can qualify as zero-rated exports, subject to satisfying the export conditions under Section 2(6) of the IGST Act.

A word of caution on the effective date is warranted. The Finance Act, 2026 received Presidential assent on 30 March 2026. Some commentators read the omission as operative from that date; others note that the operative date was to be separately notified by the Board and advise awaiting that notification before altering invoicing. Practitioners should therefore verify the precise commencement against the relevant notification before relying

on the change for a specific transaction. The amendment also cuts both ways: an Indian recipient of intermediary services from an overseas provider will now bear IGST under reverse charge — a real cost where input tax credit is restricted.

The September 2025 package also touched the marketplace mechanism in ways that matter for digital businesses. The e-commerce operator has been proposed as the person liable to pay GST under Section 9(5) on local-delivery services supplied through it where the underlying supplier is not liable to register — an extension of the deemed-supplier concept. And, as noted above, a simplified registration scheme for small multi-State e-commerce sellers was approved. Running alongside these substantive changes is a tightening of the compliance machinery that every advised company must now absorb: mandatory e-invoicing for businesses above the prescribed turnover threshold, a hard block on input tax credit where return data does not reconcile, and the Invoice Management System, under which inaction on an invoice is treated as deemed acceptance. For a cross-border digital business with high transaction volumes, these are not peripheral — they reshape day-to-day compliance discipline.



THE END OF THE EQUALISATION LEVY — AND WHY IT STILL MATTERS?

No account of taxing cross-border digital business in India is complete without the Equalisation Levy, India's earlier, unilateral attempt to tax the digital economy outside the income-tax framework. Introduced by the Finance Act, 2016, it operated in two phases: a six percent levy on online advertising payments to non-resident providers, and, from April 2020, a two percent levy on e-commerce supply and services by non-resident operators above a turnover threshold.

Both are now gone. The two percent e-commerce levy was withdrawn with effect from 1 August 2024, and the six percent advertising levy was abolished from 1 April 2025 through the Finance Act, 2025. India's Equalisation Levy framework is, as a result, entirely defunct — a rollback estimated to cost the exchequer in excess of three thousand crore rupees in the 2025-26 financial year, undertaken in step with progress on the OECD's multilateral Pillar One framework and amid wider trade considerations.

Three points matter for businesses and their advisers. First, the levy sat outside the Income-tax Act and therefore outside India's tax treaties, which meant foreign payers could not claim foreign tax credit for it in their home jurisdictions — a genuine double-taxation problem that its removal cures. Second, abolition is prospective: compliance obligations for past periods survive, so unpaid levies, unfiled statements and pending assessments remain enforceable. A company that

assumes the levy's disappearance wipes the slate clean for prior years is mistaken. Third, with this direct-tax instrument retired, GST becomes the principal indirect-tax mechanism through which India reaches cross-border digital consumption — raising, rather than lowering, the stakes of getting the OIDAR and marketplace analysis right.

THE FEMA SPINE: HOW FOREIGN CAPITAL REACHES A DIGITAL BUSINESS?

Most cross-border digital businesses of any ambition are funded, at least in part, by foreign capital. The moment that capital enters, the Foreign Exchange Management Act and the foreign-investment rules made under it become as central to the company's compliance as any tax statute — and the two cannot sensibly be advised upon separately. This is the analytical spine of the present discussion: the GST questions described above almost never arise in a company whose ownership and funding are not themselves shaped by FEMA.

a. The marketplace/inventory distinction — the single most consequential rule

India's foreign-investment policy draws a hard line through the e-commerce sector. One hundred percent foreign direct investment is permitted under the automatic route for the marketplace model — a platform that merely connects buyers and sellers and provides technology and ancillary services such as logistics. Foreign direct investment is prohibited in the

inventory-based model, where the platform itself owns the goods it sells. The policy rationale is the protection of smaller domestic retailers from foreign-funded dominance.

The conditions attaching to the marketplace permission are exacting and easily breached in operational practice. A marketplace entity cannot own the inventory sold on it; cannot directly or indirectly influence the sale price of goods; and must provide a level playing field to all sellers, without mandating that any seller sell exclusively on its platform. A foreign-funded marketplace must also furnish a statutory auditor's certificate to the Reserve Bank of India by 30 September each year confirming compliance with these conditions. The trap, in practice, is that a company structured on paper as a pure marketplace can drift, through its commercial arrangements with related sellers or its pricing and discounting behaviour, into what is in substance an inventory model — and thereby into a foreign-investment contravention. Reviewing seller contracts and pricing arrangements against these conditions is squarely within the compliance officer's remit.

b. Reporting: FC-GPR, FC-TRS, FLA and the discipline of deadlines

FEMA's reporting obligations are unforgiving precisely because they are procedural. When an Indian company issues shares or convertible instruments to a foreign investor, it must report the allotment in Form FC-GPR through the Reserve Bank's FIRMS portal, ordinarily within thirty days of allotment. Transfers of shares between residents and non-residents are reported in Form FC-TRS. Every company that has received foreign investment, or made investment abroad, must file the annual Foreign Liabilities and Assets return by 15 July each year. The reporting burden, it should be stressed, falls on the Indian investee company, not the foreign investor — though the investor must supply timely Know Your Customer documentation.

Two substantive conditions sit alongside the procedural ones. Shares issued to a non-resident must be priced at or above fair market value, supported by a valuation certificate, and a Company Secretary's certificate confirming compliance with the Companies Act forms part of the FC-GPR filing. And FEMA prohibits guaranteed returns on equity: foreign capital entering as equity must bear genuine entrepreneurial risk, so any pre-agreed exit at a fixed price above fair value is void. Crucially, FEMA compliance is independent of tax compliance — paying the tax does not cure a missed RBI filing. Late or missed filings attract Late Submission Fees or compounding proceedings, and an unresolved reporting default can block a future funding round or an investor exit until it is cleared. As the Reserve Bank moves towards automated cross-border transaction monitoring, the cost of casual non-reporting is rising.

c. The land-border rule and downstream investment

Two further FEMA features routinely affect digital businesses. Investment from entities of countries sharing a land border with India — most consequentially China — was moved from the automatic route to requiring prior government approval, a change with direct bearing on the cap tables of many technology companies that took early Chinese investment. And where an Indian company that has itself received foreign investment goes on to invest in another Indian company, downstream investment reporting is triggered — an obligation frequently missed in group structures, and one that a diligent secretarial review will catch.

WHERE THE REGIMES COLLIDE: RECURRING COMPLIANCE FAILURES

The case for reading these regimes together is best made not in the abstract but through the failure points that recur in practice. Each of the following is a place where treating GST, FEMA and corporate law as separate workstreams produces error.

- **The mis-structured marketplace:** A foreign-funded platform operates as a marketplace for FEMA purposes but, through inventory ownership or price control, behaves as an inventory model — simultaneously breaching the FDI condition and unsettling its GST position as a deemed supplier under Section 9(5). The two issues are one issue, and must be diagnosed together.
- **The overlooked reverse charge:** An Indian company subscribes to foreign cloud or software services and fails to discharge IGST under reverse charge, accumulating interest and penalty exposure that surfaces only at audit.
- **The missed FC-GPR window:** A funding round closes, shares are allotted, and the thirty-day FC-GPR clock is forgotten in the excitement — leaving a reporting default that resurfaces, expensively, at the next round's due diligence.
- **The valuation gap:** Shares are issued to a foreign investor without a contemporaneous valuation supporting fair-market-value pricing, jeopardising both the FEMA filing and the integrity of the allotment under the Companies Act.
- **The stale human-intervention argument:** A foreign supplier continues to treat a service as outside OIDAR on the basis that it involves human input — a position the 2023 amendment has removed.
- **The forgotten 30 September certificate:** A foreign-funded marketplace omits the annual statutory auditor's certificate to the RBI, a discrete and easily avoided contravention.

None of these failures is exotic. Each is ordinary, and each is preventable by a practitioner who sees the company whole rather than through the lens of a single statute.

THE PRACTITIONER'S VANTAGE POINT

The recurring theme of this article is that cross-border digital businesses are governed by regimes that were not designed to fit together but that now must be read together. The GST treatment of a foreign supplier cannot be settled without knowing how the company is owned and funded; the FEMA position cannot be advised without an eye to the corporate-law formalities of allotment and the tax character of the flows; and the corporate secretarial function — maintaining registers, certifying filings, reviewing contracts, tracking deadlines — is the connective tissue that holds the analysis together.

This is precisely the vantage point of the Company Secretary as compliance officer. The role is not to be the deepest specialist in any one regime, but to be the professional who sees the interactions — who notices that a pricing arrangement designed for commercial reasons has FEMA and GST consequences, that a funding round has corporate, exchange-control and valuation dimensions that must move in step, and that a missed procedural deadline in one regime can freeze activity in another. For founders and finance heads of companies in this space, consolidating these threads under a single advisory relationship is not merely convenient; given how the regimes collide, it is the surest protection against the failures catalogued above.

CONCLUSION

India's approach to taxing cross-border e-commerce and digital platforms has matured rapidly. The OIDAR framework has been widened and its exemptions stripped away; the marketplace TCS mechanism has been recalibrated; the GST 2.0 reforms of September 2025 have rationalised rates and, through the omission of Section 13(8)(b), reset the place-of-supply rule for intermediary services; the Equalisation Levy has been retired in favour of GST and the multilateral process; and enforcement against offshore suppliers is hardening. Running alongside, and inseparable from, all of this is the FEMA architecture that determines how these businesses are capitalised and what they may and may not do with foreign money. The challenges that are impending are less about any single rule than about their accumulating interaction. Companies that treat tax, exchange control and corporate law as one integrated compliance problem — and that engage advisers who do the same — will navigate the next phase with far greater confidence than those who continue to address each regime in isolation.

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GST's Digital Turn: AI-led Invoice Matching, Faceless Scrutiny and the Future of Indirect Tax Governance in India

This article examines GST's digital transformation from a corporate compliance perspective. It looks at how AI-led invoice matching is changing GST compliance, whether faceless and digitised scrutiny is improving tax administration, and whether digitalisation can meaningfully reduce GST disputes. The larger point is that GST's next phase will be shaped less by the original idea of "one nation, one tax" and more by the quality of its digital compliance architecture—and by how responsibly that architecture is used.



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INTRODUCTION

When GST was introduced in July 2017, it was primarily seen as a structural tax reform—one that would subsume multiple indirect taxes, reduce cascading and create a common market. In the initial years, the focus of taxpayers and administrators was naturally on transition issues such as rate fitment, return design, classification disputes, anti-profiteering and stabilising the credit framework.

Nine years later, GST has moved into a different phase. It is no longer only a destination-based tax regime with a common credit chain; it is increasingly a technology-driven compliance and revenue management framework. The emphasis today is not only on tax collection, but also on real-time data capture, invoice validation, input tax credit discipline, system-based scrutiny, fraud detection and supply-chain level visibility.

This shift has practical implications for businesses. GST compliance can no longer be approached merely as a return-filing exercise supported by periodic reconciliations. Tax risk is now shaped as much by data quality, ERP configuration, vendor discipline and documentary controls as by the interpretation of the law itself. A tax position may be legally tenable, yet still become vulnerable if the underlying invoices, vendor reporting, e-way bill trail or return disclosures do not align.

Three developments are central to this shift. First, e-invoicing has standardised invoice reporting and pushed GST compliance closer to real-time validation. Secondly, the linkage between invoice data, e-way bill data and return reporting has improved traceability of transactions. Thirdly, the growing use of Invoice Management System (IMS)-based recipient controls, system-generated mismatch identification and digital scrutiny processes has changed the way tax administration identifies and pursues risk.

These developments create clear opportunities. Analytics-led invoice matching can help identify suspicious ITC chains, duplicate invoicing and inconsistent reporting patterns far more efficiently than manual review. Digital scrutiny can reduce physical interface and make tax administration more scalable. Better integration across GST systems can also reduce avoidable clerical disputes and improve credit discipline.

At the same time, digitisation is not a complete answer to GST's larger challenges. Technology can identify anomalies, but it cannot by itself determine commercial substance, settle classification disputes or remove ambiguity in the law. A system mismatch is not always a case of wrongful availment, and a faceless process is not necessarily a fair one unless it is accompanied by clear notices and meaningful response opportunities.

This article examines GST's digital transformation from a corporate compliance perspective. It looks at how AI-led invoice matching is changing GST compliance, whether faceless and digitised scrutiny is improving tax administration, and whether digitalisation can meaningfully reduce GST disputes. The larger point is that GST's next phase will be shaped less by the original idea of "one nation, one tax" and more by the quality of its digital compliance architecture—and by how responsibly that architecture is used.

GST'S DIGITAL BACKBONE: FROM PERIODIC RETURNS TO TRANSACTION-LEVEL VISIBILITY

A useful way to understand the present stage of GST is to recognise that it is no longer only a return-based system. It is increasingly a transaction-linked digital framework in which invoice generation, goods movement, recipient confirmation and return reporting are expected to speak to each other.

a. E-invoicing and the standardisation of tax data

The e-invoicing framework has been one of the most important structural changes in GST administration. In substance, e-invoicing requires specified taxpayers to report prescribed invoice particulars to the Invoice Registration Portal (IRP) and obtain an Invoice Reference Number (IRN). The GSTN itself describes e-invoicing as a system of reporting invoice details to a Government-notified portal for validation and IRN generation, while clarifying that the invoice itself continues to be generated by the taxpayer on its own ERP or billing system.

The significance of e-invoicing lies not merely in the generation of an IRN or QR code. Its real contribution is that invoice data becomes standardised, machine-readable and capable of flowing into multiple compliance processes. Once invoice particulars are captured in a common schema and validated through the IRP ecosystem, they can feed into GSTR-1, e-way bill generation and recipient-side credit visibility. In practical terms, this reduces dependence on unstructured invoice records and manual re-entry of data across different systems. GSTN has itself highlighted benefits such as standardisation, interoperability, auto-population into returns and e-way bill systems, and reduction in disputes.

For businesses, this means GST compliance is increasingly being pushed closer to the transaction stage. Errors that earlier surfaced only during monthly reconciliation or audit are now more likely to be visible at the invoice reporting stage itself.

b. E-way bill integration and movement trail

The second layer of GST's digital backbone is the e-way bill system. If e-invoicing standardises the tax record of supply, the e-way bill system captures the movement trail of goods. GSTN continues to position e-way bills as a core part of the GST technology framework, and recent advisories have sought to strengthen the quality of movement-related data, including by mandating additional fields in bill-to/ship-to scenarios and introducing voluntary e-way bill closure functionality.

This integration matters because tax administration is no longer dependent only on what is disclosed in a return. It can increasingly compare the invoice trail with the movement trail. Where the tax system can connect supplier reporting, recipient credit, and movement of goods, the scope for purely paper-based credit chains becomes narrower. Equally, from a compliant taxpayer's perspective, the quality of logistics data and document mapping becomes more important than before.

c. IMS and recipient-side control over ITC

The Invoice Management System (IMS) represents another important step in this direction. Through IMS, recipient taxpayers are able to review supplier-

reported documents and take actions such as accept, reject or keep pending, thereby influencing the manner in which ITC is reflected and managed. The advisory introducing IMS itself described it as a major enhancement in the ITC ecosystem, intended to help taxpayers address invoice corrections and review the genuineness of invoices for availing correct credit.

From a corporate compliance perspective, this is a material change. Historically, ITC reconciliation in many organisations was a back-end finance exercise—often spreadsheet-heavy, vendor-dependent and done after the tax period had substantially progressed. IMS moves part of that discipline into the tax system itself. It also reinforces an important practical reality under GST: recipient credit risk is no longer driven only by one's own compliance; it is materially influenced by vendor behaviour and the timeliness of vendor reporting.

The broader point is that GST compliance today is no longer about "filing the return correctly and keeping documents on record." It is increasingly about whether the transaction trail is digitally reconcilable across systems.

AI-LED INVOICE MATCHING: WHAT IT CAN REALISTICALLY DO?

The expression "AI in taxation" is often used too loosely. Not every system-driven validation tool is artificial intelligence in a strict sense. However, from a compliance standpoint, the important shift is this: GST administration is moving beyond static return matching and toward pattern-based analytics and risk identification across large transaction datasets.

a. Invoice matching is no longer just a clerical exercise

In the earlier conception of GST compliance, invoice matching was often understood as a relatively simple comparison exercise—whether the supplier's invoice appears in the recipient's records and whether the corresponding credit is reflected. That understanding is now too narrow.

Invoice matching under a mature GST system can include several layers: identifying duplicate or near-duplicate invoice references; flagging unusual spikes in ITC claims; detecting inconsistencies in tax rates, HSN reporting or document values; mapping vendor networks linked to suspicious registrations; and correlating invoice data with e-way bill and return-filing patterns. In effect, invoice matching is becoming a risk-intelligence tool rather than merely a reconciliation tool.

That is a necessary evolution. A tax system dealing with millions of registrations cannot rely on manual verification to protect the integrity of the ITC chain. Where credit can be availed across a large supply network, the administration needs a way to identify high-risk patterns at scale.

b. Why invoice matching has become central to GST enforcement?

The importance of invoice matching is directly linked to the structure of GST itself. Input tax credit is what makes GST a non-cascading tax. At the same time, it is also the point at which the system is most vulnerable to abuse. If fictitious invoices, circular trading arrangements or inflated claims enter the chain, revenue leakage can occur without any corresponding real supply.

From that perspective, stronger invoice matching serves at least four purposes.

First, it protects the integrity of ITC by increasing the probability that the credit claimed by a recipient corresponds to a supplier-reported transaction.

Secondly, it makes fake invoicing harder to sustain. The tighter the linkage between e-invoice reporting, e-way bill data, return disclosures and recipient-side review, the more difficult it becomes to maintain unsupported credit chains.

Thirdly, it improves visibility for tax administration. Clean invoice data allows better identification of risk clusters, sectoral trends and non-compliant patterns.

Fourthly, it drives formalisation. Businesses that wish to remain part of organised supply chains are compelled to maintain better tax discipline because their customers increasingly expect accurate and timely reporting.

GST's next phase should not be assessed only by reference to collection figures or the volume of system-generated notices. The more important question is whether the digital framework is becoming more reliable, more predictable and less dispute-prone for compliant taxpayers, while remaining effective against organised fraud.

c. The corporate-side benefit: better control, earlier detection

The compliance benefit of analytics-led invoice review is not limited to the Government. Properly used, it can materially improve internal GST control within companies.

For businesses with a large vendor base, invoice-level analytics can reduce year-end surprises. Supplier non-reporting, incorrect GSTIN tagging, delayed amendments, and mismatch patterns can be identified much earlier. This improves the reliability of ITC claims and reduces the need for post-facto clean-up.

Under GST, tax risk is contagious: the recipient's credit position may be affected by the supplier's default, delay or defective reporting. As a result, vendor compliance can no longer be treated as a pure procurement issue. Tax teams increasingly need to maintain vendor risk segmentation, monitor recurring mismatch patterns and escalate persistent non-compliance.

For larger organisations, this also has an internal controls dimension. Once invoice data is standardised and system-driven, it becomes easier to build maker-checker controls, exception reports, approval workflows and dashboard-based monitoring into the ERP environment. GST compliance, in that sense, starts looking less like a monthly filing activity and more like a part of the organisation's financial controls architecture.

d. The limits of system intelligence

That said, invoice matching should not be treated as a substitute for judgment. A system may be good at spotting anomalies; it is not necessarily good at understanding why they arose.

A mismatch may arise because of delayed supplier filing, a subsequent amendment, wrong document tagging, ERP integration failure, branch-level error, or a genuine timing issue. In some sectors, complex billing cycles, post-supply adjustments, debit/credit note movements or multi-location fulfilment models may generate patterns that appear unusual without being non-compliant.

This distinction matters because GST enforcement sometimes tends to collapse three different ideas into one: mismatch, ineligibility and evasion. They are not the same. A mismatch is a data event. Ineligibility is a legal conclusion. Evasion is a finding of wrongful conduct. If system-generated alerts are treated as conclusive without contextual examination, the risk is not better enforcement; it is avoidable dispute.

There is also an asymmetry issue. Larger businesses may be able to build dashboards and automate reconciliations. Smaller businesses may still struggle with ERP capability, vendor follow-up and data discipline. If the system becomes significantly more sophisticated without a corresponding increase in taxpayer readiness, compliance burdens may simply shift downward rather than reduce.

The practical conclusion is that AI-led invoice matching is valuable and, in many ways, inevitable. But it should be seen as an **enabler of tax administration**, not as a replacement for tax judgment.

FACELESS SCRUTINY AND DIGITAL AUDITS: EFFICIENCY VERSUS FAIRNESS

The digital turn in GST is not limited to data capture. It is also changing the way scrutiny and enforcement are conducted. Across tax systems, there is a visible move toward electronic notices, portal-based responses, risk-based case selection and reduced physical interface. GST in India is also moving in that direction, even if not always under a formally labelled "faceless assessment" regime.

a. The case for digitised scrutiny

From the administration's perspective, the logic is straightforward. Physical audits and jurisdiction-driven interactions are resource-intensive and difficult to scale. A digitally mediated scrutiny framework allows notices to be generated centrally or semi-centrally, documents to be uploaded online, timelines to be tracked through the portal and case records to remain available in a single trail.

There is also an administrative capacity argument. As the GST base has expanded, the need for technology-backed scrutiny has become more obvious. GSTN's own statistics as on 31 May 2026 show the scale of the system—around 1.65 crore registered taxpayers, 192.73 crore returns filed, 778.10 crore e-way bills and 2,886 crore invoices uploaded cumulatively. At that scale, traditional audit approaches alone are simply not sufficient.

For compliant taxpayers operating across multiple States, digitised scrutiny can have genuine advantages. It reduces the need to physically produce documents before multiple offices, creates a clearer communication trail and makes it easier to internally track notices, submissions and hearing dates.

b. Where the model works well?

Portal-based scrutiny works reasonably well for document completion, reconciliation issues, return mismatches and invoice-level queries. Where the issue is largely factual and the relevant material can be produced in a structured manner, digital interaction can reduce friction for both sides.

It also creates a degree of discipline in record keeping. Once businesses know that scrutiny may be driven by invoice-level data and that responses may need to be submitted quickly in a portal environment, there is greater incentive to maintain agreements, tax workings, vendor correspondence, and reconciliation reports in a retrievable form.

c. Where the model begins to strain?

The difficulty arises when digitised scrutiny is expected to handle matters that are not merely documentary, but interpretive or fact-intensive. Many GST disputes do not turn only on missing documents. They turn on questions such as whether a transaction is a supply of goods or services, whether a bundled offering is composite or mixed, whether a reimbursement forms part of value, or whether a cross-border arrangement qualifies as export of service.

These are not always issues that can be satisfactorily addressed through a generic notice and a document upload window. If the notice does not clearly identify the invoices, legal basis, or precise discrepancy being alleged, the taxpayer is effectively left responding to a conclusion without being told the path by which that conclusion was reached.

That is the first due process concern—quality of notice drafting. A system-generated notice may be efficient, but it still needs to be intelligible.

The second concern is opacity in case selection. A risk-based system is understandable and, in fact, desirable. However, if a taxpayer is being flagged because the system has identified a high-risk pattern, there needs to be at least some meaningful disclosure of the issue being flagged. Taxpayers need not be given the algorithm. But they must know enough to respond.

The third concern is hearing quality. Not every case requires an oral hearing. But some certainly do. A purely portal-driven exchange is poorly suited to disputes involving business model explanation, layered contractual arrangements, or nuanced interpretive issues. If “faceless” comes to mean “upload and wait for an order,” the system will create efficiency at the cost of engagement.

d. What a workable faceless GST process should contain?

A mature digital scrutiny process should not be measured only by how many notices it can generate. It should also be measured by whether it reduces unnecessary dispute. At a minimum, such a framework should provide:

- issue-specific notices, not generic discrepancy alerts;
- invoice-level or transaction-level details where the dispute is data-driven;
- reasonable digital hearing opportunities for complex matters;
- closure orders that address the taxpayer's response rather than merely reproduce the notice;
- a workable route for correcting system errors and document visibility issues.

The point is not to resist digitisation. It is to ensure that digitisation does not become a substitute for reasoned tax administration.

CAN DIGITALISATION REDUCE CLASSIFICATION DISPUTES? ONLY PARTLY

One of the claims often made about technology-led tax administration is that it will reduce litigation. That is true only in part.

Digitalisation can certainly reduce a large class of clerical, documentary and reconciliation disputes. If invoice reporting is standardised, recipient review is available through IMS, and the tax system has visibility over movement of goods and supplier disclosures, then disputes relating to missing invoices, wrong document numbers, duplication, reporting delays or basic mismatch should reduce over time.

However, GST litigation is not limited to those issues. Some of the more persistent disputes under GST are interpretive in nature. They arise because GST is not only a reporting system; it is also a classification and valuation system.

a. The disputes technology can reduce

Digital systems are well placed to reduce disputes involving:

- missing or duplicate invoice reporting;
- basic GSTR-1/GSTR-3B or supplier-recipient mismatch;
- delayed or unreflected credit notes;
- missing e-way bill trail in straightforward goods movement cases;
- arithmetic or document-level inconsistencies.

In these areas, better data quality and tighter system integration can reduce both taxpayer error and administrative ambiguity.

b. The disputes technology cannot solve on its own

Technology cannot, however, by itself settle questions such as:

- whether a bundled supply is composite or mixed;
- whether a particular software or platform arrangement is a service, licence or intermediary supply;
- whether post-sale incentives alter transaction value;
- whether a cross-border support arrangement qualifies as export of service;
- whether a product falls under one tariff heading or another.

These are disputes of legal interpretation. Technology can show how the taxpayer has reported the transaction. It cannot, without a clear legal position, determine whether the reporting position is correct.

c. The more realistic contribution of digital systems

This does not mean digitalisation is irrelevant to litigation management. Its contribution is simply more limited—and more practical.

First, it can remove noise from the system. If routine mismatches and documentation defects are reduced, both taxpayers and the administration can spend less time on avoidable disputes and more time on substantive issues.

Secondly, data analytics can help to identify recurring dispute clusters. If a large number of taxpayers in a sector are consistently taking a particular classification position and field formations are challenging it, that pattern can be surfaced earlier. This can inform clarifications, circulars or fitment review.

Thirdly, digital records improve evidentiary quality. Better invoice descriptions, cleaner product mapping, structured documentation and consistent reporting can materially improve the way classification disputes are argued and decided.

But the basic limitation remains. Where the law is uncertain, technology merely processes the uncertainty faster. Reduction in classification disputes will ultimately require better drafting, timely clarifications and a more stable rate and exemption framework—not only stronger software.

WHY GST IS NOW A GOVERNANCE ISSUE, NOT ONLY A TAX ISSUE?

One of the practical lessons from GST's digital evolution is that tax compliance can no longer be treated as the sole responsibility of the indirect tax team. GST risk today cuts across procurement, sales, finance, logistics, legal, information technology and internal audit. In many cases, the tax outcome of a transaction depends as much on how the ERP is configured, how the vendor master is maintained, how discounts are documented and how goods are moved as on the legal reading of the statute.

That is why GST increasingly needs to be seen as a governance issue.

a. Questions that management and boards should be asking

In a digitally intensive GST environment, management oversight should extend to at least the following:

• Data architecture and system readiness

Are e-invoicing, ERP, return reporting and e-way bill processes aligned? Is there a control around tax master data, HSN mapping, rate updates and amendment handling?

• Vendor risk management

How are recurring vendor mismatches monitored? Are there escalation protocols for vendors whose reporting behaviour repeatedly affects ITC visibility? Is tax compliance factored into onboarding and contractual terms?

• ITC governance

Is there a documented process for availing credit, reviewing exceptions, dealing with pending invoices and tracking blocked or disputed credits? Or is the organisation still dependent on ad hoc reconciliations close to return filing?

• Interpretive risk mapping

Which products, bundled offerings, inter-company arrangements or incentive structures carry classification, valuation or place-of-supply uncertainty? Has the organisation documented its position where the exposure is material?

• Scrutiny readiness

If a digital notice is issued tomorrow based on invoice-level discrepancies, can the organisation pull out the relevant agreements, reconciliations, approvals and documentary trail quickly and coherently?

b. The role of Company Secretaries and compliance professionals

For Company Secretaries and compliance leaders, GST's digital turn has a direct relevance. The role is not to duplicate the tax function, but to ensure that tax positions sit within a documented, monitored and governance-backed compliance framework.

That may involve:

- ♦ ensuring that material GST exposures are reported to management or the Board in a structured manner;
- ♦ aligning GST compliance with enterprise risk management and internal control reporting;
- ♦ supporting the preservation of approval trails, policy records, inter-company documentation and committee decisions relevant to tax positions;
- ♦ driving cross-functional coordination between finance, tax, legal, procurement and IT where GST issues have enterprise-wide implications.

In short, GST today is not just about whether the return has been filed. It is about whether the organisation has built a compliance architecture capable of surviving a data-driven tax environment.

THE ROAD AHEAD

GST's next phase should not be assessed only by reference to collection figures or the volume of system-generated notices. The more important question is whether the digital framework is becoming **more reliable, more predictable and less dispute-prone for compliant taxpayers**, while remaining effective against organised fraud.

A few priorities stand out.

First, system-driven scrutiny needs to be accompanied by better issue visibility. If a mismatch is being flagged, the taxpayer should know which invoices, what period and what specific discrepancy is under question.

Secondly, integration across e-invoicing, e-way bill, IMS and return reporting needs to continue, but with equal attention to usability and correction workflows. A sophisticated system that does not allow efficient correction of ordinary errors will only increase compliance friction.

Thirdly, GST administration should increasingly distinguish between correctable compliance error and adversarial dispute. Not every mismatch needs to become a notice. In many cases, structured pre-notice correction windows would serve both revenue and compliance better.

Fourthly, technology adoption has to account for the reality of MSMEs and mid-sized businesses. If digital compliance expectations rise, taxpayer support tools, utilities and guidance need to rise with them.

Finally, if the objective is to reduce classification disputes, technology will have to be complemented by clearer legal guidance and faster policy response in sectors where disputes are recurring.

CONCLUSION

GST has clearly moved beyond its first-generation identity as a tax unification project. It is now a digital compliance ecosystem in which invoice standardisation, movement tracking, recipient-side controls, analytics-led review and portal-based scrutiny increasingly shape tax administration. For businesses, that changes the nature of GST risk. Compliance is no longer driven only by the legal position taken in the return; it is equally driven by whether the transaction trail is system-ready, reconcilable and capable of withstanding digital scrutiny.

AI-led invoice matching, e-invoicing and system-based scrutiny are all important developments. They strengthen traceability, improve the ability of the administration to identify high-risk patterns and push businesses toward better control over their tax data. In that sense, the digital turn in GST is both necessary and useful.

But the limits are equally important. Technology can identify anomalies; it cannot, by itself, resolve ambiguity in the law, determine commercial substance, or replace fair adjudication. A digitally mature GST system therefore cannot be built only around detection. It has to be built around clarity, proportionality and governance.

The real opportunity in GST's next phase lies there. If the system can combine stronger technology with clearer tax positions, better notice quality, more reliable credit administration and stronger enterprise-side controls, it will do more than improve enforcement. It will make GST a more workable compliance regime for honest businesses.

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GST 2.0: Navigating AI-Driven Compliance, Faceless Audits and the Techno-Legal Frontier

India's GST regime has evolved from a stabilisation phase "GST 1.0" into a technology driven "GST 2.0", powered by Artificial Intelligence, Machine Learning, and real time data analytics. This article examines three pivotal technological interventions, AI-driven fuzzy matching invoice reconciliation, decentralised faceless audits, and NLP-based predictive classification engines that collectively redefine compliance under the GSTN framework. While these tools enhance revenue buoyancy and curtail fraudulent Input Tax Credit claims through Social Network Analysis, they simultaneously create structural tensions with taxpayers' constitutional due process rights under Section 16(2)(c) and Rule 86A. Benchmarking India's model against the European Union's (EU's) VAT in the Digital Age (ViDA) initiative reveals an enforcement heavy approach that must be balanced with institutional trust. In this automated environment, the Company Secretary, as a "Techno-Legal Strategist," is pivotal, serving as a critical intermediary between algorithmic governance and administrative equity on India's road to "Viksit Bharat 2047".



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The strategic plan of the Ministry of Finance for "Viksit Bharat 2047" (NITI Aayog, 2023) accentuates the requirement for a tax system that is not only efficient, seamless and effective but also digitalised. The concept of digitalising tax process relies on the strong digital infrastructure provided by the Goods and Services Tax Network (GSTN). The GSTN has advanced from its initial role of processing transaction data to managing trillions of interconnected data points, thereby integrating regulatory compliance into corporate Enterprise Resource Planning (ERP) systems.

For the Company Secretary, this digital transformation substantially alters the professional jurisdiction. The modern Company Secretary can no longer afford to remain confined as a "filing officer" overseeing traditional submissions. The role necessitates a transformation into a "techno-legal strategist" proficient in deciphering complex algorithmic risks and advising boards on automated enforcement frameworks.

This study evaluates the operational and legal effectiveness of three fundamental technological interventions: AI-driven invoice matching, decentralized faceless audits, and predictive classification systems. It delves into the inherent structural tensions between the rapidity of automated enforcement and the constitutional entitlements of the taxpayer, offering pragmatic frameworks for corporate governance professionals who are navigating this automated regulatory landscape.

INTRODUCTION

The Goods and Services Tax (GST), introduced in 2017, has redesigned the landscape of India's fiscal federalism. In the path towards creating a common national market, it has been successful in alleviating the cascading trade barriers. The indirect tax regime has progressed from "GST 1.0", a phase of stabilisation challenges, rationalisation of rates and technological teething issues to "GST 2.0", powered by big data analytics, Machine Learning (ML) and automated enforcement mechanisms.

AI-DRIVEN INVOICE MATCHING: BEYOND GSTR-2B AND THE MECHANICS OF FUZZY MATCHING

a. The Evolution of the Matching Principle and Fuzzy Logic

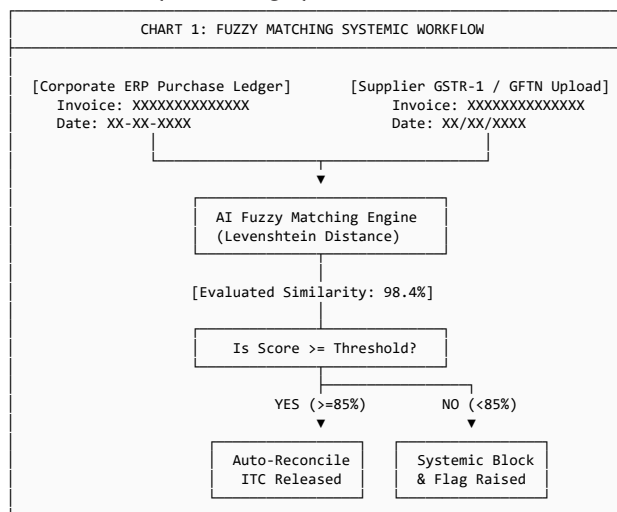
The "matching principle" is a core structural element of the invoice-based Value Added Tax (VAT) regime and acts as a statutory check to ensure that the Input Tax Credit (ITC) is allowed only if the tax corresponding to

the same has been deposited to the public treasury by the supplier upstream. This principle gave rise to much litigation in the early days of GST implementation because of the inherent conflict between the dynamic GSTR-2A and the static GSTR-3B filings. The e-invoicing ecosystem has been integrated with the e-way bill network in real time, leading to continuous automated reconciliation processes on and from 2026.

The primary enhancement in GST 2.0 is the shift from stringent validation of alphanumeric data strings towards adopting AI-driven Fuzzy Matching techniques. Often, minor but not fraudulent syntactical differences, such as added spaces, transposed characters in serial numbers, or differing date formats between a purchaser's paperwork and the vendor's stopped legitimate credit claims from passing the standard validation frameworks.

Alm & Blawatsky (2021) explicate that fuzzy matching techniques use machine learning algorithms to calculate the statistical probability that two different entries are linked to the same transaction. When the probability score is above a preset regulatory threshold, the system automatically reconciles the data stream, avoiding systemic alarms and relieving the administrative burden of manually correcting minor clerical errors.

Chart 1: Fuzzy Matching Systemic Workflow (Redacted)



Source: Authors' own illustration based on GSTN operational framework and AI fuzzy matching (Levenshtein Distance) methodology.

b. Social Network Analysis (SNA) and Bill Passing Syndicates

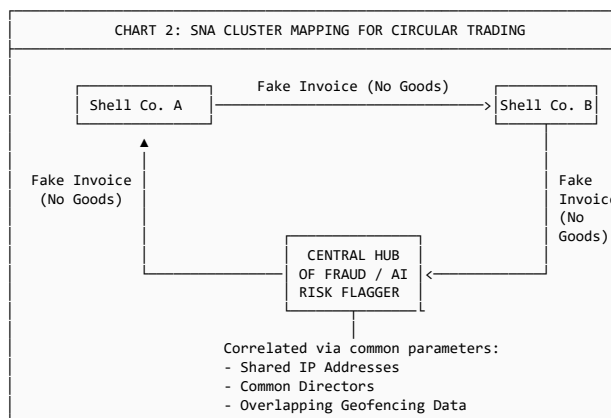
The GSTN uses advanced SNA techniques to correlate the macroeconomic structure of trade flows, going beyond simple bilateral ledger reconciliations. In the past, fraudulent groups have taken advantage of the system's shortcomings by establishing complex chains of shell companies that carried out 'circular trading', the practice of intentionally

producing counterfeit invoices without any actual movement of goods orchestrated to inflate the profits of a company, or to wrongfully claim and use ITC.

This issue is addressed by the SNA engine which looks at multi-dimensional network nodes. The algorithm sees transactions as graphical objects, tracking the speed, volume and geometric configurations of credit flows. The Central Board of Indirect Taxes and Customs (CBIC) (2025) indicates that the use of SNA models enables the department to reveal hidden interdependencies and identify the "Central Hubs" of systemic fraud. This is achieved by correlating discrete data parameters as follows:

- **IP Address Tracking:** Identifying instances where dozens of supposedly independent corporate entities upload invoices from identical IP addresses.
- **Common Directorship Overlaps:** Uncovering hidden patterns where dummy directors or common signees are recycled across separate, high volume trading nodes.
- **Geofencing Conflicts:** Detecting anomalies where overlapping geofencing records indicate that physical delivery of underlying goods is logistically unfeasible over the declared timeframe.

Chart 2: SNA Cluster Mapping For Circular Trading



Source: Authors' own illustration based on CBIC (2025) Social Network Analysis and Data Analytics for Tax Enforcement framework.

c. Statutory Friction: Section 16(2)(c) and Rule 86A

The automated application of tax regulations is susceptible to conflict with traditional principles of fairness. Section 16(2)(c) of the Central Goods and Services Tax (CGST) Act states that a registered supplier can claim ITC provided the tax on the supply has been deposited to the Government. In the case of GST 2.0, this provision is applied more strictly with the aid of risk assessment.

The GSTN engine continuously update a dynamic Risk Score for each registration. If there are some anomalies in the operational conduct of a vendor such as sudden spike in revenue without commensurate augmentation of infrastructure or consistent delays in filing of GSTR-3B despite healthy generation of e-invoices, the risk score is increased. When the risk level exceeds a predefined threshold, the system automatically initiates a Provisional Credit Block as per Rule 86A of CGST Rules. In this context, Osoba & Welser (2020) raise concern on the actions of automated algorithms that are devoid of the administrative adaptability required to acknowledge intricate commercial realities, frequently equating benign business liquidity challenges with deliberate tax evasion. This situation engenders structural friction between the swift nature of automated enforcement and the principle of fairness in law enforcement.

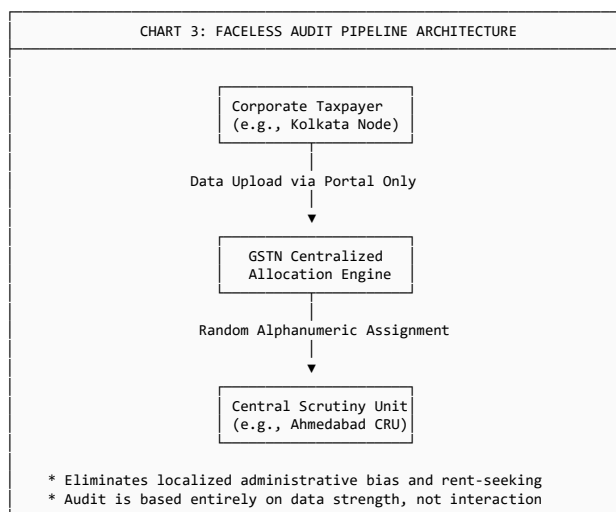
FACELESS AUDITS: EFFICIENCY VS. THE PRINCIPLES OF NATURAL JUSTICE

a. The Structural Mechanics of Geographic Decoupling

The GST department has successfully implemented its broad Faceless Audit process by end 2024, based on centralised electronic systems used in direct taxation. This paradigm shift replaces the traditional physical interface between corporate tax executives and regional tax officials with local interactions in a centralised, algorithmically governed audit framework.

Centralised risk profiles identify cases for in depth examination, and a proprietary distribution algorithm systematically assigns cases to a Centralised Review Unit (CRU). This methodology is based on geographic decoupling, which means a company based in Kolkata can have its books audited by an audit team based in Ahmedabad, with all the interaction happening through the secured GST portal.

Chart 3: Faceless Audit Pipeline Architecture



Source: Authors' own illustration based on CBIC (2024) *Manual on Faceless Audit and Assessment in GST*.

This structure represents a tangible improvement in institutional integrity from the corporate governance perspective. It reduces local administrative bias and eradicates possibility for informal inter-personal negotiation. This shifts the auditing procedure to a neutral, fact based process, where the results depend exclusively on the empirical precision of the presented digital records.

b. The Legal Challenge of “Nuanced Interpretation” and Written Advocacy

Faceless assessments are good for regular computational verifications such as whether a company's external liabilities match with the e-way bills generated by them. However, they face substantial challenges in terms of intricated legal interpretations. Tax legislation is often interpretative in nature especially with respect to classification of “Composite Supplies” or complex “Works Contracts” in infrastructure projects.

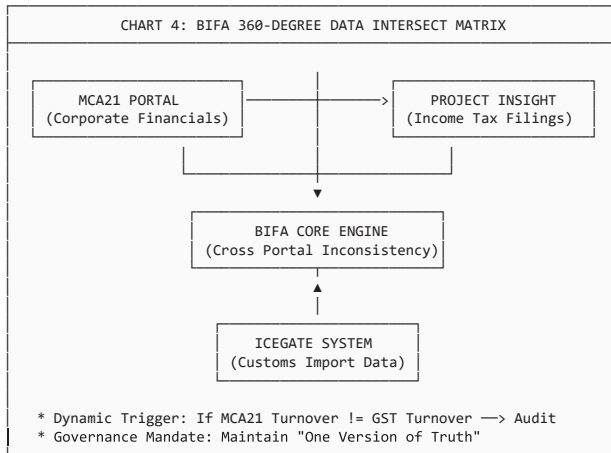
This limitation was addressed in the landmark ruling of **Bharat Mint & Allied Chemicals vs. Commissioner (2022)**, where the High Court emphasized that Section 75(4) of the CGST Act makes a personal hearing mandatory whenever an adverse order is contemplated. Furthermore, in **Samsung India Electronics Pvt. Ltd. vs. DCIT (2022)**, the court observed:

“A faceless assessment scheme does not mean that a person is deprived of a personal hearing. Technology must function as an operational enabler, not a structural barrier to the principles of natural justice.”

The professional obligations of the Company Secretary are thus transformed in this faceless regulatory framework. Without a physical place for the verbal articulation of the business models, the persuasive power of the professional defence is completely dependent on the quality of the written submissions. Each corporate response is a legal document that must be carefully constructed, complete, data supported, and self-contained. The Company Secretary must ensure that exact legal drafting corresponds to consistent data presentation so that complex corporate processes can be easily comprehended by remote, cross jurisdictional evaluators.

c. Business Intelligence and Fraud Analytics: The Cross Portal Analytical Engine

At the heart of the faceless audit system sits the Business Intelligence and Fraud Analytics (BIFA) platform. BIFA is not just another database. Rather, it is a powerful tool that pulls data from different government sources, weaving together a detailed, digital profile of every corporate taxpayer. If a company reports an aggregated revenue figure to the Registrar of Companies (ROC) via the MCA21 portal that deviates from the cumulative turnover declared in its monthly GST returns, the BIFA engine automatically identifies the statistical variance and triggers a systemic audit flag.

Chart 4: BIFA 360-Degree Data Intersect Matrix

Source: Authors' own illustration based on GSTN Business Intelligence and Fraud Analytics (BIFA) platform architecture.

REDUCTION OF CLASSIFICATION DISPUTES: PREDICTIVE ENGINES AND NUDGE THEORY

a. Resolving Borderline Classification Conflict

Indirect tax litigation in India has always struggled with intricate disputes over the classification of goods and services under the Harmonized System of Nomenclature (HSN) and Services Accounting Codes (SAC). For years, courts have been tied up with cases hinging on vague definitions such as, whether a snack counts as a traditional 'papad' or processed food product, or if a frozen paratha should get taxed like a regular roti. To tackle this recurring problem, GST 2.0 now uses Predictive Classification Engines (PCE) at the core of e-invoicing. This shift aims to cut down on endless litigation by making classification decisions more consistent.

The Company Secretary has the best opportunity to emerge as a pivotal strategic interpreter facilitating an essential linkage between algorithmic frameworks and the foundational tenets of law. By integrating technological acumen with profound legal knowledge, governance professionals can guarantee that the pursuit of digital efficiency is harmonized with administrative equity.

b. NLP-Driven Nudge Theory and "Algorithmic Consensus"

When a corporate billing operator enters a raw product description into the e-invoice terminal, the PCE uses Natural Language Processing (NLP) models to analyse the text and suggest the correct HSN or SAC code required by law. This real time suggestion system draws from a constantly updated legal database that includes:

- Judicial Precedents: Rulings from the Supreme Court and High Courts.

- Advance Tax Rulings: Decrees issued by the Authority for Advance Rulings (AAR).
- Sectoral Peer Benchmarking: Comprehensive sectoral statistical data that monitors the specific classification codes utilized by over 90% of commercial operators within the same business vertical.

Applying behavioural Nudge Theory, it reduced new systemic classification disputes by 40% between 2024 and 2026 (Department of Revenue, 2026). However, this type of automated consistency brings its own risk: Algorithmic Consensus. If the PCE sets a higher tax rate, say 18%, using cautious peer data, yet the legal team argues, quite convincingly, that a 12% rate is correct, the system tags any override as "High Risk." At this point, the Company Secretary has to do some heavy lifting by weighing the risks and rewards, and then apprise the board whether to stick with the system's safe harbour recommendation (which might make audits easier) or to challenge it and fight for their interpretation of the law.

c. Integration with the Health Security Se National Security Cess Act, 2025

This classification conundrum has been further exacerbated by the enactment of the Health Security Se National Security Cess Act, 2025, which introduces an auxiliary levy on certain luxury and demerit commodities to finance strategic defence infrastructure. PCE algorithms have been enhanced to assess the interplay between the fundamental GST rate and this targeted cess during the real time generation of invoices (Ministry of Finance, 2025). The Company Secretary may take up additional responsibility to ensure that corporate systems are impeccably

synchronized with these automated computations, thereby safeguarding the organization against potential interest claims and penalties under the new regulatory framework.

THE "BLACK BOX" OF AI: A CRITICAL EVALUATION OF SUBSTANTIVE EFFICACY

a. Algorithmic Bias and Structural Self-fulfilment

While the operational benefits of these automated systems such as accelerated refund processing and instant registration turnarounds are clear, their long term value must be evaluated through the lens of administrative justice.

A principal risk associated with automated tax enforcement is Algorithmic Bias. Machine Learning algorithms are developed utilizing historical audit databases. In instances where past enforcement measures

disproportionately, targeted particular sectors such as Real Estate due to historical documentation practices, artificial intelligence systems will persist in identifying that sector as intrinsically high risk. This scenario can engender a self-perpetuating cycle in which specific industries endure constant, automated oversight, while other sectors exhibiting dynamic fraud patterns remain insufficiently analysed. Research disseminated by the World Bank (2025) emphasizes that the integration of artificial intelligence in fiscal governance necessitates the accompaniment of independent, periodic Algorithmic Audits. These evaluations are crucial to ensure that automated risk assessment models do not inadvertently exhibit bias against Micro, Small, and Medium Enterprises (MSMEs) that may present a typical data patterns due to limited digital literacy, rather than a conscious intention to circumvent tax obligations.

b. Procedural vs. Substantive Efficacy

To ensure fiscal stability, it is imperative to establish a distinct differentiation between procedural efficacy and substantive efficacy. The existing GSTN framework accomplishes notable procedural efficiency by enhancing processing velocities and submission deadlines. Nonetheless, substantive efficacy, the ability to reliably ascertain the accurate legal tax obligation continues to require further development.

For example, in the event that a regional telecommunications failure or a central portal dysfunction inhibits a corporate taxpayer from submitting a return punctually, the automated system is devoid of the contextual insight necessary to differentiate between an external technical impediment and a deliberate non-compliance. Automated enforcement mechanisms, including the abrupt annulment of registration or automatic credit suspension through rigidly defined protocols, may function as overly simplistic administrative tools that threaten the continuity of legitimate business activities in response to trivial operational discrepancies.

GLOBAL COMPARISON: INDIA'S DIGITAL TAX JOURNEY VS. INTERNATIONAL BEST PRACTICES

To benchmark India's progress under GST 2.0, it is instructive to compare the GSTN framework with the European Union's **VAT in the Digital Age (ViDA)** initiative (European Commission, 2022). The same appears in Table 1.

Table 1

Evaluation Dimension PDF	India's GST 2.0 Framework	European Union (ViDA) / OECD
Data Architecture	Centralized, real time transaction clearing via unified GSTN.	Fragmented across 27 member states; ongoing challenges with uniform Digital Reporting Requirements (DRR).

Evaluation Dimension PDF	India's GST 2.0 Framework	European Union (ViDA) / OECD
Classification Automation	NLP-driven Predictive Classification Engines embedded at invoice generation.	Mostly decentralized; rely on retrospective audits or customized corporate rulings.
Taxpayer Protections	Enforcement heavy; uses automated provisional credit blocks (Rule 86A).	Broad regulatory "Safe Harbors" protecting buyers who rely on automated suggestions.

Source: Compiled from CBIC (2025); European Commission (2022); World Bank (2025).

While India has established a nimble transaction clearing system conducive to its extensive and varied economic landscape, the comparative examination reveals that developed OECD nations provide enhanced administrative safeguards for taxpayers who depend on the recommendations generated by automated systems. The Indian framework continues to be predominantly enforcement oriented, posing an ongoing challenge in reconciling the rapidity of automated processing with the taxpayers' institutional trust.

THE EVOLVING ROLE OF THE COMPANY SECRETARY IN GST 2.0

In this highly automated regulatory landscape, the Company Secretary's position is vital to corporate governance. The profession must transition beyond retrospective compliance to claim a central role in **Techno-Legal Governance**.

a. Implementing Forensic Governance and Pre-emptive Compliance

The modern Company Secretary should champion **Forensic Governance** within the corporate structure, executing internal data audits before regulatory algorithms identify anomalies:

- **Data Integrity Audits:** Continuous reconciliation of internal ERP records against data hosted on the GSTN, fixing data variances before they trigger automated inquiries.
- **API Management:** Overseeing the security protocols and transmission reliability of corporate APIs connecting internal financial platforms directly to government nodes.
- **Risk Heatmaps:** Formulating internal risk scoring dashboards that mirror the BIFA engine, allowing corporate management to view their regulatory risk profile in real time.

b. Strategic Board Advisory and Environmental, Social, and Governance Integration

Corporate boards need to be apprised that under GST 2.0, tax compliance risk has evolved into an immediate Reputational Risk. An algorithmically generated Show Cause Notice or an automated credit block is more than a standard legal dispute. It serves as an external indicator that a company's digital integrity may be compromised. The Company Secretary shall have to take up the onus to advise the board on these risks, integrating tax data transparency metrics directly within the organization's broader Environmental, Social, and Governance (ESG) reporting framework.

c. Enhancement of Professional Value

To enhance professional value within this automated tax environment, the following actions are recommended for corporate governance professionals:

- **Certification in Forensic Tax Analytics:** Professionals should upskill in data analytics, SQL, and data management to understand the algorithmic logic underlying systemic risk models.
- **Digital Documentation Management:** As faceless audits rely entirely on written documentation, organizations should build verified digital records repositories. This includes maintaining geotagged logistics records, digital inventory tracking logs, and secure, verified contracts to quickly address automated inquiries.
- **Advocacy for “Human-in-the-Loop” Governance:** The members of ICSI should advocate for formal administrative channels designed to handle algorithmic errors. This includes supporting the introduction of specialized grievance processes where experienced tax officers can review and adjust automated system flags driven by technical errors or platform disruptions.

CONCLUSION: THE ROAD TO VIKSIT BHARAT 2047

The digital transformation of the indirect tax framework in India signifies a fundamental reconfiguration of the economic governance. The deployment of artificial intelligence enhanced invoice reconciliation, faceless auditing procedures, and predictive classification algorithms has fostered an efficient, scalable, and resilient tax administration that mitigates revenue loss and propels the aspiration of a cohesive national marketplace.

Nevertheless, as the nation strives towards “Viksit Bharat 2047” (NITI Aayog, 2023), the ultimate efficacy of the tax ecosystem will be evaluated not exclusively on the basis of total revenue generation, but also through the lens of

transparency, consistency, and equity afforded to taxpayers. In this automated environment, the Company Secretary has the best opportunity to emerge as a pivotal strategic interpreter facilitating an essential linkage between algorithmic frameworks and the foundational tenets of law. By integrating technological acumen with profound legal knowledge, governance professionals can guarantee that the pursuit of digital efficiency is harmonized with administrative equity.

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India's Indirect Tax Revolution: GST Development, GST 2.0 and the Road to Viksit Bharat 2047

The introduction of the Goods and Services Tax (GST) in India on July 1, 2017, represented the most ambitious structural fiscal reform since independence. By subsuming a chaotic web of central and state indirect levies, GST actualized the constitutional vision of a unified national market under the principle of “One Nation, One Tax.” As the cooperative federalist architecture enters its next evolutionary stage, dubbed “GST 2.0,” the tax regime is shifting from a teething compliance framework to an advanced engine of formalization, fiscal growth, and supply-chain efficiency.



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INTRODUCTION

INCEPTION OF THE GOODS AND SERVICES TAX: A CONSTITUTIONAL AND FISCAL REVOLUTION

Prior to July 1, 2017, India's indirect tax landscape was highly fragmented, characterized by structural inefficiencies, economic distortions, and geographical barriers. The Union Government levied Central Excise Duty, Service Tax, and Additional Customs Duties, while State Governments levied Value Added Tax (VAT), Central Sales Tax (CST), Entry Tax, Octroi, Luxury Tax, and Entertainment Tax. This dual-layered administrative machinery suffered from three fundamental structural flaws:

1. **The Cascading Tax Effect:** Taxes were levied on taxes. Because central taxes like excise duty could not be offset against state-level VAT, the tax burden cascaded down the supply chain, inflating production costs and undermining domestic competitiveness. This cascading element artificially bloated consumer prices.
2. **Fragmented Common Market:** Check posts at state borders acted as fiscal barriers, delaying logistics, increasing fuel consumption, and partitioning the nation into dozens of mini-markets.
3. **Double Taxation of Transactions:** Complex transactions involving both goods and services (such as software sales or restaurant dining) faced dual taxation under both central service tax and state VAT regimes.

CONSTITUTIONAL AMENDMENT AND COOPERATIVE FEDERALISM

Resolving these distortions required a historic realignment of constitutional powers. The Constitutional Amendment Act, 2016, inserted Article 246A, granting concurrent taxing powers to both Parliament and State Legislatures. It also established Article 279A, which created the GST Council—a joint forum of the Union and the States.

The voting architecture of the GST Council reflects a model of weighted cooperative federalism, where the Union holds a 33.33% weight, and the States combined hold a 66.67% weight. To pass any resolution, a 75% majority is required.

This formula prevents either the Centre or the States from making unilateral changes, forcing consensus-driven policymaking.

THE DESTINATION-BASED CONSUMPTION PRINCIPLE

GST fundamentally shifted India's indirect tax model from an *origin-based* tax to a *destination-based consumption* tax. Under the previous regime, tax revenues accrued to the manufacturing states (such as Maharashtra, Tamil Nadu, and Gujarat). Under GST, the tax is collected by the state where the goods or services are ultimately consumed.

To bridge the transition gap for manufacturing states, the Parliament enacted the GST (Compensation to States) Act, 2017, guaranteeing a 14% compounded annual growth rate in protected revenue for five years. This was financed through a dedicated GST Compensation Cess on demerit goods.

INDIA'S GST 2.0: A VISIONARY PARADIGM SHIFT FOR VIKSIT BHARAT 2047

On the occasion of India's 79th Independence Day in August 2025, a bold blueprint was unveiled to transform the indirect tax framework into **GST 2.0**. This next-generation reform moves away from the multi-rate, complex structure of the past decade toward a simplified, growth-oriented fiscal system designed to support India's vision of becoming a developed nation (Viksit Bharat) by 2047, targeting a GDP of \$30 to \$40 trillion.

STREAMLINING THE RATE STRUCTURE

For years, India's GST was criticized for its complex five-slab structure (0%, 5%, 12%, 18%, and 28%), which caused classification disputes, inverted duty structures, and high compliance costs. GST 2.0 simplifies this indirect tax system into a streamlined three-tier architecture:

- **The 5% Concessional Tier:** Reserved for essential items, basic foods, agricultural inputs, and critical medical devices, ensuring basic necessities remain affordable.
- **The 18% Standard Tier:** Consolidates the old 12% and 18% slabs. This tier covers the vast majority of standard manufacturing, professional services, IT services, consumer goods, and industrial inputs, reducing classification disputes.
- **The 40% Luxury and Demerit Tier:** Reserved for luxury cars, yachts, and select “sin” goods, ensuring the progressive nature of the tax is preserved.

Feature	GST 1.0 (2017–2025)	GST 2.0 (Post- 2025/2026 Reforms)
Core Rate Slabs	5%, 12%, 18%, 28%	5% (Essentials), 18% (Standard)
Luxury / Sin Goods Rate	28% + Variable Compensation Cess	40% (Inclusive of standard rate + excise/cess)
Compensation Cess	Levied to fund state deficits	Phased out by March 31, 2026
E-Invoicing Threshold	Progressively lowered to INR 5 Cr	Near-universal integration for B2B/B2C transactions
Compliance System	Disparate return filings, manual reconciliations	Real-time ledger matching via AI/ML

By consolidating the standard tax rate at 18%, GST 2.0 resolves long-standing inverted duty structures—where inputs were taxed at a higher rate than finished goods—freeing up tied-up working capital and enhancing the competitiveness of domestic manufacturing.

THE BASE GST STRUCTURE UNDER THE HEALTH SECURITY SE NATIONAL SECURITY (HSNS) CESS ACT, 2025

One of the most significant structural changes under GST 2.0 is the scheduled expiration of the GST Compensation Cess on March 31, 2026. This cess was originally introduced to compensate states for revenue losses but was extended post-2022 to service the back-to-back debt incurred during the pandemic.

To maintain revenue neutrality for “sin” and “demerit” products without disrupting state finances or consumer prices, the Union Government enacted a dual legislative package in December 2025: the **Central Excise (Amendment) Act, 2025** and the **Health Security se National Security (HSNS) Cess Act, 2025**, which went into effect on February 1, 2026.

THE SHIFT TO A CAPACITY-BASED EXCISE LEVY

Historically, sectors like pan masala, chewing tobacco, and cigarettes have been highly prone to under-reporting and tax evasion. To counter this, the HSNS Cess Act, 2025, shifts these goods from a sales-based tax to a **capacity-linked monthly levy**. This tax is calculated based on the maximum rated speed of the installed manufacturing machinery or a flat monthly rate for manual processes, rather than declared sales value.

Under Section 5 and Schedule II of the HSNS Cess Act, the capacity-based monthly cess is strictly structured:

- **For Machine-Based Production:** The monthly levy is determined by the machine's maximum rated packing speed (measured in pouches or sticks per minute) and the net weight per pack. For a packing machine running up to 500 pouches per minute (with pack weights up to 2.5 grams), the statutory levy is fixed at INR 1.01 crore per month. For high-speed lines ranging between 1,001 and 1,500 pouches per minute with pouch weights exceeding 10 grams, the rate climbs to INR 25.47 crore per month.
- **For Wholly Manual Production:** Factories operating entirely through manual labor, with no mechanical packing machinery installed, are levied a flat rate of INR 11 lakh per month per factory unit.

This structured levy makes it incredibly difficult to under-report production volumes. The law also establishes strict enforcement measures, where operating an unregistered or undeclared manufacturing machine carries a statutory penalty of up to INR 10,000 or an amount equal to the evaded cess, whichever is higher, alongside the potential seizure and confiscation of the machinery.

earmarking of proceeds and the federal balance

The proceeds collected under the HSNS Cess Act are credited directly to the Consolidated Fund of India. Unlike standard central surcharges, these funds are earmarked for two strategic pillars:

1. **Public Health Infrastructure:** Funding diagnostic networks, preventive oncology programs, and specialized cancer hospitals to offset the public health costs of tobacco consumption.
2. **National Security Capabilities:** Allocating predictable capital to fund long-term defense procurement, autonomous defense systems, cybersecurity networks, and precision weapons.

Importantly, to maintain the spirit of cooperative federalism, the Union Government shares a portion of these revenues with the states, ensuring that local health programs remain funded.

THE SUNSET OF THE ANTI-PROFITEERING FRAMEWORK & MARKET PRICE ADJUSTMENTS

Section 171 of the Central Goods and Services Tax (CGST) Act, 2017, originally mandated that any reduction in tax rates or benefit of Input Tax Credit (ITC) must be passed on to the consumer by way of a commensurate reduction in prices. This provision was administered by the National Anti-Profiteering Authority (NAA).

While the NAA was created to protect consumers from artificial price inflation during the initial transition to GST, it faced significant challenges. Businesses struggled with the lack of a standardized, statutory formula to calculate “commensurate reduction” across diverse product portfolios, leading to extensive litigation in various High Courts.

The Transition to the CCI and the Sunset

To streamline administration, the Union Government dissolved the NAA in December 2022, transferring its investigative responsibilities to the Competition Commission of India (CCI). Under the GST 2.0 reforms, the anti-profiteering framework is undergoing a structured sunset.

This sunset marks a transition back to market-driven pricing mechanisms. The rationale for this policy shift includes:

- **Market Maturation:** With the tax regime now fully established, competitive market forces are more effective at regulating retail prices than rigid administrative mandates.
- **Reduction of Compliance and Litigation Costs:** The sunset resolves hundreds of outstanding tax disputes, allowing businesses to adjust pricing structures without the threat of retroactive regulatory investigations.
- **Ease of Pricing Recalibration:** As GST 2.0 simplifies tax rates, businesses can restructure their Maximum Retail Prices (MRPs) to align with standard currency denominations (such as INR 5, INR 10, or INR 20), avoiding fractional pricing complexities.

The removal of these pricing constraints allows enterprises to quickly reinvest tax savings into capacity expansion, research and development, and supply-chain efficiency.

India's Goods and Services Tax has evolved from a complex, multi-layered reform into a stable and mature digital tax ecosystem. The transition to GST 2.0 represents a strategic step forward, simplifying compliance, improving transparency, and strengthening the country's fiscal framework.

DIGITAL TRANSFORMATION & TECHNOLOGY BACK SUPPORT (GSTN)

At the heart of India's indirect tax system is the GST Network (GSTN), a state-of-the-art technological platform that manages billions of invoices, taxpayer registrations, and monthly return filings. By processing millions of transactions per second, GSTN has evolved from a basic transactional database into a powerful analytics engine.

CURRENT NORMS AND DIGITAL GUARDRAILS

Today's GSTN operates on a system of real-time data integration, utilizing strict digital validations to prevent tax evasion:

- **GSTR-2B Automated Ledger Matching:** GSTR-2B is a static, auto-drafted Input Tax Credit (ITC) statement generated for every taxpayer. It matches purchase invoices with those uploaded by suppliers in their GSTR-1, ensuring that ITC can only be claimed if the supplier has paid the corresponding tax to the government.
- **Risk-Based Scrutiny & Parametric Profiling:** The system uses automated algorithms to identify anomalies,

such as discrepancies between GSTR-1 (declared outward liability) and GSTR-3B (actual tax paid), flag sudden surges in ITC utilization, or spot high-risk taxpayer profiles.

- **Geotagging and Biometric Authentication:** To combat “fly-by-night” operators using fake identities to pass fraudulent ITC, registration now requires geotagged business premises and biometric-based Aadhaar authentication.

Future Tech Expectations: AI, ML, and Next-Gen Architectures

As GST 2.0 scales, the technological architecture is expected to incorporate several key innovations:

1. **AI-Driven Predictive Audit Frameworks:** Moving beyond reactive auditing, the GSTN will leverage deep learning models to assess a business's compliance history, industry averages, and supply-chain patterns to predict tax evasion before returns are finalized.
2. **Blockchain-Enabled Input Tax Ledgers:** Utilizing permissioned blockchain ledgers to secure the supply chain would create an immutable, shared record of transactions. This would prevent the creation of fake, circular-trading invoices, as each credit claimed would be cryptographically linked to a verified physical transaction.
3. **Decentralized, Real-Time Query Resolvers:** Natural Language Processing (NLP) tools and AI-driven assistants will handle routine taxpayer queries, draft automated clarification letters, and speed up the dispute resolution process.

INTEGRATION OF E-INVOICING AND E-WAY BILLS: SYNERGY AND SUPPLY CHAIN IMPACT

Among the most successful structural reforms within the GST ecosystem is the integration of the Electronic Invoice (e-invoice) registry with the Electronic Way (e-way) Bill system. E-invoicing, initially mandated for large corporations, has been progressively extended to all businesses with an aggregate annual turnover exceeding INR 5 crore, bringing the vast majority of commercial business-to-business (B2B) transactions under a single digital framework.

The Integrated Transaction Flow

The integration of these systems has streamlined business transactions:

1. When a seller generates a sales invoice on their ERP system, the data is uploaded to the central Invoice Registration Portal (IRP).
2. The IRP validates the data, generates a unique Invoice Reference Number (IRN) and a secure QR code, and digitally signs the invoice.
3. This transaction data is shared in real time with both the GST Portal (to pre-fill the GSTR-1 return) and the E-Way Bill Portal.

4. Using this data, the E-Way Bill Portal automatically populates Part-A of the e-way bill. The transporter only needs to enter the vehicle registration number (Part-B) to generate the final transit permit.

Supply Chain and Logistic Impacts

This integrated digital flow has had a profound impact on logistics:

- **Elimination of Interstate Bottlenecks:** Physical check posts at state borders have been replaced by RFID readers and automated ANPR (Automatic Number Plate Recognition) cameras, reducing long transit delays.
- **Optimized Warehousing:** Free from state-specific tax barriers, businesses have shifted from maintaining small, tax-optimized warehouses in every state to setting up large, strategically located logistics hubs, reducing overall inventory costs.
- **Curbing Circular Trading:** Real-time invoice matching makes it virtually impossible to generate fake paper-trail invoices for circular trading, as any discrepancy between physical transport records (e-way bills) and financial declarations (e-invoices) is immediately flagged.

GST AND MSME INTEGRATION: THE FORMALIZATION ENGINE

Micro, Small, and Medium Enterprises (MSMEs) form the backbone of the Indian economy, contributing over 30% of the country's GDP and employing millions of people. Historically, the informal nature of the MSME sector kept many businesses outside the formal tax net, limiting their access to organized credit. GST has acted as a powerful driver of formalization across this sector.

Easing the Compliance Burden

While early GST compliance requirements were challenging for smaller enterprises, targeted administrative reforms have introduced several supportive measures:

- **Quarterly Return Monthly Payment (QRMP) Scheme:** Businesses with an aggregate turnover of up to INR 5 crore can file their GSTR-1 and GSTR-3B returns quarterly, while making simplified tax payments monthly, reducing administrative costs.
- **Enhanced Composition Scheme:** Small businesses with turnovers up to INR 1.5 crore (and service providers up to INR 50 lakh) can pay a flat tax rate on their turnover (ranging from 1% to 6%) and file a single, simplified annual return, bypassing complex invoice-matching processes.
- **Pre-Filled Interactive Returns:** System-generated GSTR-3B and GSTR-2B statements reduce manual data entry, lowering errors and keeping compliance costs manageable for small entrepreneurs.

Formalization and Financial Inclusion

The digital records generated by GST compliance have also improved MSMEs' access to credit:

- **Transaction-Led Lending:** Traditionally, banks required physical collateral to extend business loans. Today, MSMEs can leverage their verified GST return data as proof of cash flow, allowing financial institutions to offer unsecured, short-term working capital loans.

- **Integration with the Open Credit Enabled Network (OCEN):** This integration allows lenders to evaluate and disburse loans based on real-time GST invoices. Small businesses can secure financing for specific purchase orders within minutes, addressing critical cash flow gaps.
- **The "Pull Factor" of ITC:** Because large enterprises can only claim input tax credits if their suppliers are registered and compliant, they actively encourage their MSME vendors to join the GST network, pulling them into the formal economy.

TAXING CROSS-BORDER E-COMMERCE & DIGITAL PLATFORMS: CHALLENGES AND SOLUTIONS

The rapid growth of the digital economy, cloud computing, cross-border e-commerce, and gig platforms has challenged traditional brick-and-mortar tax concepts. Establishing the correct place of supply and ensuring fair tax collection for digital services remains a complex policy area.

Challenges in the Digital Ecosystem

1. **The "Lack of Physical Presence" Dilemma:** Digital service providers (such as streaming platforms, SaaS providers, and online gaming networks) can deliver high-value services to Indian consumers without maintaining a physical office in the country, complicating traditional tax collection methods.
2. **Intermediary Liability and Compliance:** Multi-seller e-commerce marketplaces (such as Amazon, Flipkart, or hotel booking portals) manage transactions on behalf of thousands of third-party sellers, making it difficult to track tax compliance at scale.
3. **Classification of Digital Goods:** Distinguishing between a transaction of goods versus a supply of services—such as downloading software, purchasing digital art, or subscribing to cloud storage—often leads to classification disputes.

Modern Policy Solutions

To address these challenges, the Indian GST framework has established several mechanisms:

- **The OIDAR (Online Information Database Access and Retrieval) Framework:** Foreign digital service providers delivering services directly to non-taxable Indian consumers (B2C) must register with the Indian government and pay GST on their services. For business-to-business (B2B) transactions, the tax liability is managed by the Indian purchaser under the Reverse Charge Mechanism (RCM).
- **Tax Collected at Source (TCS) under Section 52:** E-commerce operators are legally mandated to collect TCS at a rate of 1% of the net value of taxable supplies made through their platform by other sellers, providing clear data on online sales.
- **Global Tax Consensus Coordination:** India continues to align its digital tax rules with the OECD's two-pillar solution. This framework ensures that multi-national enterprises pay a fair share of taxes in the jurisdictions where they generate consumer value.

GREEN ENERGY SUBSIDIES AND THEIR GST IMPLICATIONS

India's commitment to achieving net-zero carbon emissions by 2070 has made the transition to sustainable energy a key economic priority. The GST framework plays a central role in aligning corporate incentives with these national environmental goals.

Resolving Inverted Duty Structures

In the early stages of the GST regime, the renewable energy sector faced a challenging inverted duty structure. Inputs such as steel, cement, copper cables, and specialized electronics were taxed at 18% or 28%, while completed solar power systems or wind turbines enjoyed a concessional rate of 5%. This tax mismatch left green energy developers with unutilized input tax credits, increasing project costs.

Under the GST 2.0 reforms, these imbalances are being addressed:

- **Rationalized Rate for Solar Power Gen Units:** To resolve the inverted tax issue, a balanced flat rate of 12% has been applied to renewable energy equipment, aligning the tax on components with the rate on complete installations and improving overall project cash flows.
- **Incentivizing the Electric Vehicle (EV) Ecosystem:** To accelerate the transition to clean transport, EVs are taxed at a concessional rate of 5%, while EV charging stations have also seen rate reductions from 18% to 5%, encouraging private investment in charging infrastructure.

Supporting Waste Management and Sustainability

Beyond clean energy, recent GST rate adjustments actively encourage sustainable waste management:

- **Biodegradable Alternatives:** The GST rate on biodegradable bags was reduced from 18% to 5%, helping small manufacturers scale up production and compete with single-use plastics.
- **Common Effluent Treatment Plants (CETPs):** The tax rate on the construction and operation of CETPs was reduced from 12% to 5%, lowering waste treatment costs for small and medium-sized industrial clusters.
- **Scrap Metal and Circular Economy Incentives:** Streamlining the tax rules for recycling metal scrap helps reduce the reliance on raw materials, promoting a circular industrial economy.

MACROECONOMIC EVALUATION: SECTORAL IMPACTS, GROWTH, INFLATION, AND DEMAND DYNAMICS

The transition to GST 2.0 has had a broad impact on India's macroeconomic indicators, helping to stabilize inflation, stimulate domestic demand, and improve overall supply-chain efficiency.

Manufacturing and Heavy Industries

The manufacturing sector has been a key beneficiary of the simplified GST structure. The elimination of octroi and state-level entry taxes has significantly improved supply-chain efficiency.

- **Logistical Time Savings:** Integrated e-way bills and e-invoicing have reduced logistics transit times by 20 to 30%, cutting transportation costs and reducing the need for high inventory cushions.

- **Investment Reinvestment:** Lower transaction and compliance costs have allowed manufacturers to expand production capacity, boosting competitiveness under the *Make in India* initiative.

Services and the Knowledge Economy

The services sector, which accounts for over 50% of India's GDP, has transitioned smoothly to the centralized digital compliance framework.

- **Ease of Compliance for IT and Professional Services:** Standardizing service tax rates under the 18% slab has simplified billing for IT, legal, and financial services, resolving previous classification disputes.
- **Healthcare and Wellness Incentives:** Recent rate adjustments, including lowering the GST on job-work services for pharmaceuticals from 12% to 5%, have helped make essential healthcare and medicines more affordable across the country.

Real Estate and Construction

While the real estate sector has historically had a large informal component, the gradual integration of inputs under the GST net has encouraged greater transparency.

- **Input Tax Credit for Commercial Construction:** Encouraging developers to purchase raw materials like steel and cement from registered suppliers has helped reduce under-the-table transactions, improving financial accountability in the sector.

CONCLUSION: THE ROAD TO VIKSIT BHARAT @ 2047

India's Goods and Services Tax has evolved from a complex, multi-layered reform into a stable and mature digital tax ecosystem. The transition to **GST 2.0** represents a strategic step forward, simplifying compliance, improving transparency, and strengthening the country's fiscal framework.

By replacing the GST Compensation Cess with the capacity-based levy of the **Health Security and National Security (HSNS) Cess Act, 2025**, the government has secured a reliable, earmarked revenue stream for national security and public health without increasing the tax burden on standard consumer goods. At the same time, the sunset of the anti-profiteering framework and the digitization of the GSTN portal have made it easier to do business, fostering a more competitive market environment.

As India works toward its goal of becoming a developed nation (Viksit Bharat) by **2047**, a simplified, transparent, and digitally advanced GST system will continue to play a vital role. By promoting cooperative federalism, driving economic formalization, and supporting sustainable growth, these ongoing tax reforms lay a strong foundation for India's long-term economic development.

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Sunset of Anti-Profiteering Rules under GST: Impact on Business Price Adjustments

As GST 2.0 reforms gather momentum covering rate rationalisation, correction of inverted duty structures, and targeted sectoral relief the risk of delayed or partial pass-through in concentrated markets becomes more salient. This risk places a greater responsibility on the Central Board of Indirect Taxes and Customs (CBIC) and State tax administrations to deploy real-time data analytics using e-invoice and GSTN data to monitor price behaviour at scale, and on boards and company secretaries to ensure that their organisations' pricing responses to tax changes remain principled, transparent, and well-documented.



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INTRODUCTION

GST'S MATURING JOURNEY AND THE ANTI-PROFITEERING CHAPTER

When the Goods and Services Tax (GST) was introduced in July 2017, one central promise accompanying this sweeping reform was that a cleaner, unified tax system would reduce the overall tax burden on goods and services and that this relief would be faithfully shared with consumers. Section 171 of the Central Goods and Services Tax (CGST) Act, 2017 gave legislative form to this promise by mandating that every registered supplier pass on the benefit of tax rate reductions or enhanced input tax credit to recipients through a commensurate reduction in prices.

For the better part of nine years, this obligation was enforced through a layered institutional structure comprising State and Central Standing and Screening Committees, the Director General of Anti-Profiteering (DGAP), and the National Anti-Profiteering Authority (NAA). Over time, however, that structure has been steadily re-engineered first by transferring authority to the Competition Commission of India (CCI), and then by vesting it in the Principal Bench of the GST Appellate Tribunal (GSTAT), before ultimately fixing 1 April 2025 as the sunset date for the acceptance of new anti-profiteering applications.

This article traces that institutional journey and examines how businesses across key sectors like FMCG, real estate, restaurants, and cinemas have actually adjusted prices when GST rates fell, with reference to a clutch of recent decisions: *Sharma Trading Company*, *Sobha Limited*, *A J Enterprises*, *AMB Cinemas LLP*, and *Vishwanath Cinema Hall 70MM*. The article then considers the governance role of Company Secretaries in the post-sunset era and the implications for GST 2.0 rate rationalisation.

STATUTORY FRAMEWORK OF ANTI-PROFITEERING

A. Section 171 of the CGST Act

Section 171(1) of the CGST Act states that any reduction in the rate of tax on any supply of goods or services, or the benefit of input tax credit, shall be passed on to the recipient by way of a commensurate reduction in prices. Sub-section (2) authorises the Central Government, on the recommendation of the GST Council, to constitute or empower an authority to examine whether tax or credit benefits have actually resulted in such price reductions, and contains a crucial proviso allowing the Government to fix a cut-off date beyond which no new applications will be accepted.

Sub-section (3) links the authority's powers and functions to the CGST Rules, while sub-section (3A) inserted by the Finance Act, 2019 permits a penalty equal to ten per cent of the profiteered amount, subject to a thirty-day grace period for voluntary deposit. The statute also connects anti-profiteering with the Consumer Welfare Fund: where individual recipients cannot be identified, the profiteered amounts are credited to the Fund under Sections 57 and 58 of the CGST Act.

B. Rule Framework – Chapter XV of the CGST Rules

The original Chapter XV of the CGST Rules, 2017 contained Rules 122 to 137 dealing specifically with anti-profiteering. These rules governed the constitution of the authority, the functions of Committees, the DGAP's investigation procedure, hearings, orders, and compliance monitoring.

Rule 127 is the operational centrepiece: it lists the authority's functions, including the power to identify suppliers who have failed to pass on benefits, direct price reductions, order refunds to consumers with 18 percent interest, and even recommend cancellation of registration in egregious cases. Rule 133 prescribes a six-month period from receipt of the DGAP's report for passing orders and restates the same remedial powers.

C. Omission of Rules and Continuing Obligations

Notification No. 24/2022-Central Tax dated 23 November 2022 omitted Rules 122, 124, 125, 134, and 137 with effect from 1 December 2022. These rules were directly linked to NAA's constitution and tenure, and their omission signalled the formal closure of NAA's functioning.

Crucially, Section 171 itself remains unchanged and continues to impose the same obligation on suppliers. What has changed is the institutional architecture for enforcement, not the underlying duty to ensure that consumers receive the benefit of tax relief.

INSTITUTIONAL SHIFTS AND THE SUNSET ARCHITECTURE

A. From NAA to CCI to GSTAT

In its first phase, NAA operated as the dedicated anti-profiteering authority under Rule 122 of CGST Rules, supported by the Standing Committee at the national level and State-level Screening Committees. Complaints were screened, investigated by DGAP, and adjudicated by NAA, with appeals lying to constitutional courts.

The second phase commenced with Notification No. 23/2022-Central Tax dated 23 November 2022, which empowered the Competition Commission of India, established under the Competition Act, 2002, to act as the authority under Section 171(2) from 1 December 2022. This alignment with competition policy made good institutional sense: CCI already had the analytical capacity, investigative machinery, and behavioural economics perspective to assess market-wide pricing conduct.

The third phase arrived when Notification No. 18/2024-Central Tax, dated 30 September 2024, designated the Principal Bench of GSTAT, New Delhi, as the authority to examine anti-profiteering cases with effect from 1 October 2024. This notification was issued under Section 171(2) read with Section 109 of the CGST Act and integrated anti-profiteering oversight into the tribunal's adjudicatory structure. However, the GSTAT is constituted in 2026.

B. The Sunset – Notification No. 19/2024

Notification No. 19/2024-Central Tax dated 30 September 2024, issued on the same date, invoked the proviso to Section 171(2) of CGST Act to declare

that from 1 April 2025, the authority would not accept any new requests for examination of anti-profiteering complaints. In practical terms:

- **All complaints filed before 1 April 2025** continue to be examined and decided by GSTAT's Principal Bench; and
- **No fresh complaints** can be initiated after that date, even though Section 171 of CGST Act continues on the statute book and the underlying obligation to pass on benefits remains alive.
- Industry commentary has confirmed this position - 1 April 2025 functions as a true sunset for filing, not for the adjudication of pending matters.

C. The Caseload in Numbers – A Nine-Year Statistical Overview

Any assessment of the sunset must be grounded in the scale of what the anti-profiteering machinery actually handled over nine years. When the NAA was constituted in November 2017, complaints began arriving almost immediately following the sharp rate cuts on 178 items that same month. By June 2019 alone, NAA had passed 67 orders, of which 26 confirmed actual instances of profiteering, with the quantified profiteered amount reaching approximately ₹600 crore. By the time NAA completed its tenure, it had issued orders in more than 100 cases, cumulatively resulting in businesses depositing around ₹600 crore in profiteered amounts.

The picture during the CCI phase (December 2022 to September 2024) was markedly different. Between December 2022 and June 2024, CCI closed only 27 cases, while nearly 140 cases remained pending, with a further 184 disputes stuck in High Courts involving major firms such as Hindustan Unilever, Jubilant Foodworks, Patanjali, Reckitt Benckiser, and Procter & Gamble. The mismatch between CCI's core mandate dealing with cartels, monopolies, and abuse of dominance and the tax-compliance nature of anti-profiteering enforcement was widely acknowledged. By mid-2024, CCI itself told the GST Council that anti-profiteering was "not its core function" and that tax authorities should oversee such matters.

Since GSTAT's Principal Bench assumed jurisdiction from 1 October 2024, it has been actively disposing of the inherited pendency, with multiple final orders being issued in early 2026 across sectors including real estate, cinemas, hotels, and retail. The case numbers reaching NAPA/238/PB/2025 in the GSTAT docket indicate that at least 238 matters were registered before the Principal Bench for disposal as part of the transition backlog. Taken together, the three institutional phases NAA, CCI, and GSTAT have collectively handled well over 500 complaints and investigation references since 2017, making India's anti-profiteering framework one of the most extensively litigated consumer-price enforcement regimes among GST jurisdictions globally.

HOW 'COMMENSURATE REDUCTION' HAS BEEN UNDERSTOOD

A. Investigation and Computation Practice

DGAP and the adjudicatory authorities have broadly adopted a three-step approach to quantify profiteering. First, the base price and applicable GST rate before the rate cut are determined, and the pre-cut cum-tax selling price is computed. Second, the reduced rate and revised credit position are applied to derive an ideal post-cut price. Third, this ideal price is compared with the actual price charged post-cut across all relevant SKUs or units of supply. Any excess collection is treated as the profiteered amount.

This methodology has had to grapple with practical complexities: changes in pack sizes, promotional schemes, varied ticket categories in cinema halls, staggered construction schedules in real estate projects, and fluctuating input cost structures. Over time, tribunals and courts have refined the understanding of what genuinely amounts to passing on benefit versus what constitutes cosmetic compliance.

B. Delhi High Court in *Sharma Trading Company*

In *Sharma Trading Company v Union of India & Ors*, the Delhi High Court considered a matter involving an FMCG distributor of Vaseline VTM 400 ml. After a GST rate reduction from 28 percent to 18 percent, the company retained the same MRP but increased the base price while marginally increasing the quantity of product supplied. The assessee contended that additional grammage was equivalent to a price benefit.

The court rejected this argument firmly. It held that increasing quantity while charging the same MRP specifically to avoid reducing the price amounts to a deception of the consumer, whose ability to make an informed choice is curtailed. Relying on its earlier reasoning in *Reckitt Benckiser*, the court reiterated that promotional schemes, free material, or increased grammage do not discharge the obligation to reduce prices when GST rates fall. Transitional inconvenience is no defence: manufacturers and retailers must recalibrate pricing squarely, even if this means briefly selling below MRP.

GST 2.0 is not merely a technical exercise in rate reform; it is also a test of the system's ability to deliver consumer welfare without the scaffolding of a dedicated anti-profiteering authority. The burden of delivering that welfare now shifts more decisively to voluntary compliance, market competition, and robust governance.

the sheer scale and frequency of GST rate changes. *Sharma Trading Company* is a prominent example where the court insisted on a straightforward price reduction rather than indirect adjustments through quantity expansion.

In other cases, covering products such as instant noodles and personal care items DGAP and GSTAT have calculated profiteered amounts by comparing pre-cut and post-cut prices for each SKU and directing deposit of unclaimed benefits into the Consumer Welfare Fund. The pattern emerging from this jurisprudence is clear: the simplest and safest route to compliance is a transparent price reduction, supported by documented computations, rather than reliance on complex scheme redesigns that are difficult to verify and easy to challenge.

B. Real Estate and Construction – *Sobha Limited*

Real estate matters have typically concerned projects that straddle the pre-GST and post-GST divide, raising the question whether gains in input tax credit have been shared with homebuyers. In *DG Anti-Profiteering v. Sobha Limited*, GSTAT Delhi examined allegations of non-passing of ITC benefits in Sobha's 'International City' villa project at Gurugram. The DGAP's investigation revealed that the ratio of ITC to turnover had actually declined marginally from the pre-GST to the post-GST period—from 12.26 percent to 11.02 percent indicating no incremental credit benefit that could be passed on.

Accepting the DGAP's closure report, the tribunal held that section 171 of CGST Act was not engaged where the entire lifecycle of the transaction booking, agreement, construction and payment took place after GST came into force and pricing already reflected ITC availability. Drawing on the Delhi High Court's reasoning in *Reckitt Benckiser*, GSTAT clarified that anti-profiteering provisions are primarily designed for transitional situations and do not impose an obligation on builders to separately quantify and pass on ITC benefits in purely post-GST projects.

C. Restaurants and Quick Service Formats – *A J Enterprises*

Restaurants experienced a rate reduction from 18 percent to 5 percent on most restaurant services with a simultaneous withdrawal of ITC eligibility, prompting many outlets to adjust base prices upward on the effective date of change. In *DG Anti-Profiteering v. A J Enterprises*, GSTAT Delhi examined a Subway franchisee which increased base prices of various menu items on the very day the reduced rate came into effect, thereby maintaining the previous cum-tax price in the hands of consumers.

SECTOR-WISE IMPACT ON PRICE ADJUSTMENTS

A. FMCG and Retail

The FMCG and retail sectors have witnessed some of the largest quantified profiteering amounts, given



For example, the price of an 'Aloo Patty' sandwich moved from ₹135 to approximately ₹152 and 'Hara Bhara Kabab' from ₹120 to around ₹133 on the date of transition, while GST fell from 18 percent to 5 percent. The franchisee cited increased royalty payments, lease rentals, advertising contributions, and aggregator commissions as justification. However, it failed to produce cogent evidence demonstrating that these cost increases coincided with, and were caused by, the GST rate change.

GSTAT held that the timing of the price increase, coupled with a lack of robust cost data, was sufficient to support a presumption of profiteering. It also clarified that the six-month period in Rule 133 for passing orders is directory not mandatory given the beneficial nature of anti-profiteering provisions, restricted the levy of interest to the period following the insertion of Rule 133(3)(c) of CGST Rules in June 2019, and declined to impose penalty under Section 171(3A) of CGST Act for conduct prior to 1 January 2020.

D. Cinemas and Entertainment – AMB Cinemas and Vishwanath Cinema Hall

Cinema ticket pricing sits at the intersection of State-level price regulation under entertainment laws and the central GST obligation. From 1 January 2019, GST on tickets priced above ₹100 fell from 28 percent to 18 per cent, and for tickets priced up to ₹100 it fell from 18 percent to 12 percent. In *DG Anti-Profiteering v. AMB Cinemas LLP*, GSTAT Delhi upheld the finding that the cinema had profiteered by retaining

its pre-rate-cut ticket prices ₹300 for platinum seats and ₹200 for gold seats effectively ensuring that consumers received no monetary benefit from the rate reduction.

The respondent argued that ticket prices were governed by licensing authority orders under the Telangana Cinemas (Regulation) Act and the directions of the High Court, and that GST authorities could not compel price reductions. GSTAT rejected this contention, holding that CGST authorities are distinct from State licensing authorities, and that State cinema regulation merely prescribes price ceilings, not actual prices. The tribunal noted that AMB Cinemas had itself partially calculated and deposited profiteered amounts for some of the review period, which reinforced the conclusion that the rate-cut notification was within its knowledge and control.

In *DG Anti-Profiteering v. Vishwanath Cinema Hall 70MM*, GSTAT reached a substantially similar conclusion. The cinema had retained its pre-cut ticket prices by increasing base values after the GST reduction and again relied on State licensing authority orders as a shield. GSTAT reiterated that while State law may regulate the maximum permissible ticket price, Section 171 of CGST Act independently requires that any reduction in GST incidence must be reflected in what consumers actually pay. As individual ticket buyers were not identifiable, the tribunal directed deposit of the profiteered amount into the Central and State Consumer Welfare Funds and declined to impose penalty for the pre-2020 period.

E. MSMEs and the Broader Economy

Most reported anti-profiteering adjudications involve larger, more visible enterprises, but sectoral studies suggest that in concentrated markets, the absence of a continuing formal mechanism after the sunset creates at least some space for businesses to retain a portion of future tax benefits particularly where consumer bargaining power is limited and product markets are opaque.

For MSMEs, the case law offers a practical lesson: simple, well-documented price-adjustment practices tied to tax changes are the most effective compliance posture. In competitive markets, consumer sensitivity and the threat of reputational damage often do the work that the formal anti-profiteering machinery previously performed.

GOVERNANCE AND THE COMPANY SECRETARY'S ROLE POST-SUNSET

The readership of the Chartered Secretary Journal sits at the intersection of governance, law, and compliance. In the post-sunset environment, the focus necessarily shifts from reactively managing DGAP investigations to proactively designing internal systems that make profiteering unlikely and that render price behaviour defensible and transparent.

A useful institutional starting point is a board-approved Price Adjustment Policy that specifies how the organisation will respond to changes in GST rates or ITC structure. Such a policy should set clear timelines for price review after a rate change, require written working papers comparing pre- and post-change tax incidence, and mandate sign-off by the CFO, tax head, and the Company Secretary.

Equally important is the quality of documentation: robust files showing how prices were recalibrated, how tax and credit benefits were quantified and allocated, and why any pricing deviations were made, all supported by ERP snapshots, e-invoice data, and MRP declarations. Where prices are regulated or widely visible such as MRPs on packaged goods, cinema ticket tariffs, and hotel tariffs transparent communication with consumers reinforces trust and reduces reputational and legal risk in the event of a future challenge under consumer protection or competition law.

The Company Secretary's role here is not merely secretarial. It encompasses advising the board on compliance architecture, coordinating between tax and legal teams, ensuring that minutes and board papers capture the rationale for pricing decisions, and maintaining a compliance culture that treats fair pricing as an element of corporate integrity rather than a regulatory burden.

A GLOBAL PERSPECTIVE – HOW OTHER GST JURISDICTIONS HANDLED ANTI-PROFITEERING

India is not alone in having grappled with the challenge of ensuring that tax-side relief reaches consumers. The experiences of Australia, Malaysia, and Singapore three jurisdictions that preceded India in introducing a value-added or goods and services tax offer instructive comparisons.

Australia introduced its GST in July 2000 and simultaneously empowered the Australian Competition and Consumer

Commission (ACCC) operating under what is now the Competition and Consumer Act, 2010 to conduct price surveillance, monitoring, and inquiry in relation to goods and services affected by the rate change. The ACCC was empowered to conduct price surveillance, monitoring, and inquiry in relation to goods and services. Crucially, Australia set a clear and disciplined time horizon: anti-profiteering provisions introduced during Australia's GST rollout in 2000 were phased out within two years. Australia's approach succeeded because it was accompanied by transparent consumer education campaigns and voluntary public compliance commitments from large businesses, allowing market forces to gradually take over the policing function. Unlike India, Australia stuck to the three-year transitional period prescribed and passed the appropriate consumer welfare statute.

Malaysia introduced GST/VAT in April 2015 and enacted a dedicated statute known as the Price Control and Anti-Profiteering Act, 2011 to police pricing behaviour during the transition. The Malaysian experience, however, illustrates the dangers of over-reach: Malaysia diluted the scope of its regulations over time as over-regulation and micro-management resulted in stifled growth. The compliance burden on small and medium businesses proved disproportionate, and enforcement became increasingly selective. Malaysia ultimately abolished its GST in 2018 and replaced it with a Sales and Services Tax, though the anti-profiteering statute survived in modified form.

Singapore introduced GST/VAT in 1994 and has periodically raised rates, most recently to 9 percent. Rather than relying on a dedicated anti-profiteering authority, Singapore has managed price pass-through concerns through a combination of transparent rate-change communication by the government, a robust consumer protection framework, and a highly competitive retail environment that naturally incentivises price adjustment. Countries that adopted GST such as Singapore and Australia witnessed a spurt in inflation after implementation, but Singapore's rapid containment of this inflationary impulse is generally attributed to its competitive market structure rather than regulatory enforcement.

The common thread running through these international experiences is that anti-profiteering mechanisms work best as time-limited, transitional tools not permanent regulatory fixtures. Most countries introduced the provision under anti-trust or consumer-welfare laws rather than through the parent taxation legislation itself. India's approach of embedding anti-profiteering's Section 171 within the CGST Act itself was an unusual structural choice that integrated price-control with tax law. Amidst rising concerns across the world that VAT rate reductions and exemptions do not actually result in price cuts, anti-profiteering mechanisms present a possible solution as far as the way forward is concerned. However, as the Australian and Malaysian examples show, the governance challenge lies in designing such mechanisms with a clear sunset, a workable computation methodology, and an institutional home that has both the technical expertise and the procedural capacity to handle high-volume commercial disputes efficiently.

For India, the formal sunset of 1 April 2025 broadly mirrors the trajectory followed by Australia and Malaysia, and positions the country to rely more on competition law, consumer protection, and market discipline in the GST 2.0 era which is exactly where the global consensus now sits.

POST-SUNSET ENFORCEMENT AND THE GST 2.0 HORIZON

The closure of the formal anti-profiteering pipeline for new complaints does not leave the field entirely unpoliced. Several overlapping legal frameworks continue to operate. General GST provisions under Sections 73 and 74 of the CGST Act address tax not paid, short paid, or erroneously refunded with and without fraud and could potentially be applied where pricing behaviour is linked with deliberate misstatement or evasion. Competition law addresses collusive or abusive pricing where market power is involved, while the Consumer Protection Act, 2019 can be invoked for misleading pricing practices and unfair trade practices.

Looking ahead, as GST 2.0 reforms gather momentum covering rate rationalisation, correction of inverted duty structures, and targeted sectoral relief the risk of delayed or partial pass-through in concentrated markets becomes more salient. This risk places a greater responsibility on the Central Board of Indirect Taxes and Customs (CBIC) and State tax administrations to deploy real-time data analytics using e-invoice and GSTN data to monitor price behaviour at scale, and on boards and company secretaries to ensure that their organisations' pricing responses to tax changes remain principled, transparent, and well-documented.

GST 2.0 is not merely a technical exercise in rate reform; it is also a test of the system's ability to deliver consumer welfare without the scaffolding of a dedicated anti-profiteering authority. The burden of delivering that welfare now shifts more decisively to voluntary compliance, market competition, and robust governance.

CONCLUSION

The anti-profiteering chapter of India's GST journey has produced a rich and instructive body of law and practice. Cases such as *Sharma Trading Company*, *Sobha Limited*, *A J Enterprises*, *AMB Cinemas LLP*, and *Vishwanath Cinema Hall 70MM* illustrate how adjudicators have consistently insisted on genuine price benefit for consumers when tax burdens fall, while also recognising the limits of the framework—declining to penalise pre-2020 conduct under then-nascent provisions and acknowledging that purely post-GST projects may not attract Section 171 of CGST Act at all.

The formal sunset on new anti-profiteering complaints effective 1 April 2025 reduces the risk of being drawn into fresh DGAP-initiated proceedings. But it does not reduce the expectation—embedded in both law and consumer sentiment—that tax benefits must ultimately reach the people who consume goods and services. For governance professionals and Company Secretaries, the safest path in the GST 2.0 era is to treat fair pricing as a core compliance commitment, supported by clear internal policies, meticulous documentation, and a corporate culture that views consumer welfare not as an externally imposed burden but as an integral element of long-term business credibility and trust.

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Audit Committee's Expanding Role in Governance

This article examines the role of the Audit Committee in strengthening corporate governance in listed entities, with particular emphasis on its responsibilities in regulating and overseeing related party transactions. The analysis is structured as a point-by-point examination of the functions set out under Part C of Schedule II – Role of the Audit Committee and Review of Information by the Audit Committee of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), along with practical observations on their application. Further, the article explores the interplay and linkage of each such function with other applicable provisions of the SEBI (LODR) Regulations, 2015, the Companies Act, 2013 and related regulatory frameworks, to highlight the integrated nature of the Audit Committee's governance role.



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INTRODUCTION

The Board of Directors plays a central role in the corporate governance framework of an entity. Within the Board, the Audit Committee, as a specialised body of individuals, is entrusted with well-defined roles and responsibilities aimed at strengthening governance, enhancing transparency and ensuring accountability. Over time, the Audit Committee has moved beyond being a mere compliance requirement and has emerged as a key pillar of corporate governance, especially in light of complex reporting, evolving related party arrangements and increased regulatory scrutiny. The regulatory framework across various sectors, including banks, non-banking financial companies and insurance companies, prescribes a clear demarcation of powers, roles and duties of the Audit Committee, recognising its critical oversight function.

This article examines the role of the Audit Committee in strengthening corporate governance in listed entities, with particular emphasis on its responsibilities in regulating and overseeing related party transactions. The analysis is structured as a point-by-point examination of the functions set out under Part C of Schedule II – Role of the Audit Committee and Review of Information by the Audit Committee of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), along with practical observations on their application. Further, the article explores the interplay and linkage of each such function with other applicable provisions of

the SEBI (LODR) Regulations, 2015, the Companies Act, 2013 and related regulatory frameworks, to highlight the integrated nature of the Audit Committee's governance role.

RATIONALE FOR CONSTITUTION OF THE AUDIT COMMITTEE

Considering the wide-ranging responsibilities placed on the Board of Directors and the diversity in its composition, comprising individuals from varied professional backgrounds, it becomes necessary to constitute a subset of the Board to focus on specific and specialised functions. The Audit Committee is designed to perform a dual role.

- First, it provides an independent layer of oversight within the Board structure.
- Second, it addresses areas such as financial reporting, internal controls and audit oversight, which require specialised knowledge and expertise.

HOW THE OBJECTIVE IS ACHIEVED?

Regulation 18 of Listing Regulations ensures to achieve the first objective by mandating a robust composition framework for the Audit Committee, including the requirement of a two-third majority of independent directors and an independent chairperson. The second objective is secured by prescribing financial literacy for all members, along with the presence of a member possessing accounting or related financial management expertise.

These are intended to ensure that the Audit Committee functions with objectivity and competence, enabling focused deliberation and reducing the risk of management influence in matters involving financial judgment. Consequently, the Audit Committee is better equipped to discharge its oversight responsibilities effectively and contribute meaningfully to the overall corporate governance framework of the entity.

SCHEDULE II OF LISTING REGULATIONS AND THE EXPANDING FUNCTIONAL ROLE OF THE AUDIT COMMITTEE

Schedule II of the Listing Regulations sets out the role of the Audit Committee and the information required to be

reviewed by it. Part C of Schedule II provides an elaborate framework comprising twenty-two specific functions relating to the role of the Audit Committee, along with six categories of information that are mandatorily required to be placed before the Committee for review. These provisions collectively define the scope and depth of the Audit Committee's oversight responsibilities in listed entities.

For the purpose of this article, we have classified the function of the Committee into four heads:

1. Audit Oversight and Auditor-Related Functions
2. Financial Reporting and Internal Control Framework
3. Fund Utilisation and Investments
4. Other Governance-Centric Functions

The following section undertakes a clause-by-clause analysis of the role of the Audit Committee under Part

C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, classified under the broad heads identified above. The analysis also draws upon the relevant provisions of the Companies Act, 2013 and allied regulatory requirements, with a view to providing practical guidance to members of the Audit Committee and compliance professionals. This framework is intended to serve both as a reference for ensuring regulatory compliance and as a practical tool to assist the Audit Committee in effectively discharging its governance and oversight responsibilities.

1. Audit Oversight and Auditor-Related Functions

As the name suggests, one of the primary responsibilities of the Audit Committee relates to the appointment, remuneration and oversight of auditors, which is fundamental to maintaining the credibility of the audit process. The following table highlights the key auditor-related functions under Schedule II along with practical considerations for their effective discharge.

1. Audit Oversight and Auditor-Related Functions		
Clause in Schedule II (Part C)	Particulars	Practical Remarks
(2)	Recommendation for appointment, remuneration and terms of appointment of auditors	- Verify eligibility and independence of the auditor under the Companies Act, 2013, including confirmation of compliance with rotation norms and absence of disqualifications. - Evaluate professional competence, experience and peer-review status of the audit firm. - Ensure that remuneration approved by shareholders includes appropriate authorisation for payment of fees and expenses and, where applicable, provision for subsequent revisions within approved limits. - In terms of Section 139(11) read with Section 177 of the Companies Act, 2013, ensure that all appointments, including filling of casual vacancies, are made after due consideration of the recommendations of the Audit Committee.
(3)	Approval of payment to statutory auditors for any other services rendered	- Verify that the non-audit services proposed to be rendered by the statutory auditor are permissible under Section 144 of the Companies Act, 2013 and do not fall within the prohibited services list. - Evaluate the nature and scope of such services to assess potential conflict-of-interest risks and related remuneration. - Periodically review the ratio of audit fees to non-audit fees as an indicator of auditor independence.
(7)	Reviewing and monitoring auditor's independence, performance and effectiveness of audit process	- Obtain periodic independence declarations from statutory auditors, including disclosure of relationships with the listed entity and its group entities. - Review adherence to audit timelines, depth of audit coverage, quality of observations. - Hold exclusive meetings with statutory auditors, without the presence of management, to facilitate candid discussion on audit concerns and independence issues.

(12)	Reviewing performance of statutory and internal auditors and adequacy of internal control systems	• Conduct performance reviews of statutory and internal auditors on a periodic basis against predefined benchmarks and expectations. • Review adequacy and operating effectiveness of internal control systems, including internal financial controls over financial reporting. • Ensure coordination between statutory auditors and internal auditors to avoid duplication and to improve audit efficiency.
(14)	Discussion with internal auditors on significant findings and follow-up	• Hold periodic discussions with internal auditors on significant audit findings, high-risk observations. • Review management's action-taken reports on open audit observations and track closure of critical items. • Ensure that internal audit has direct and unrestricted access to the Audit Committee for escalation of critical issues.
(15)	Reviewing findings of internal investigations involving suspected fraud or material irregularities	• Where necessary, recommend engagement of external legal, forensic or other professional experts to assist in investigation. • Exercise powers conferred under Regulation 18(2)(c) of the SEBI (LODR) Regulations, 2015 to seek information from employees and obtain external professional advice.
(16)	Pre-audit and post-audit discussions with statutory auditors regarding scope and areas of concern	• Discuss audit plans, scope, materiality thresholds and key risk areas with statutory auditors prior to commencement of audit. • Review management preparedness and adequacy of information to support the audit process. • Conduct post-audit discussions to understand significant observations and areas requiring management attention. • Ensure that statutory auditors are invited to Audit Committee meetings where audit matters are discussed. • National Financial Reporting Authority ("NFRA") Circular on Effective Communication Between Statutory Auditors and Those Charged with Governance, casts a significant responsibility on the Audit Committee. In line with this a overall communication framework between TCWG and Auditor shall be put in place to ensure regular two-way communication, escalations of key risks and recommendations of the Statutory Auditors.

2. Financial Reporting and Internal Control Framework

Schedule II places significant responsibility on the Audit Committee in relation to financial reporting and internal control systems. These functions are aimed at ensuring the accuracy of financial statements, sound accounting practices and the effectiveness of internal financial controls.

2. Financial Reporting and Internal Controls		
Clause in Schedule II (Part C)	Particulars	Practical Remarks
(1)	Oversight of financial reporting process and disclosures	• Obtain appropriate certifications and representations from management on the accuracy and completeness of financial information. • Confirm compliance with applicable accounting standards and disclosure requirements.

(4)	Review of annual financial statements and auditor's report (including sub-clauses (a)–(g))	- Review compliance certificate furnished by the Chief Executive Officer and Chief Financial Officer in terms of Regulation 17(8) of the SEBI (LODR) Regulations, 2015. - Recommend to the Board matters relating to the Director's Responsibility Statement under Section 134(3)(c) of the Companies Act, 2013, which forms part of the Board's Report.
(5)	Review of quarterly financial statements	- Review the limited review report issued by the statutory auditors. - Consider declarations furnished by the Chief Financial Officer under Regulation 33(2)(a) of SEBI LODR relating to accounting treatments. - Pay specific attention to segment reporting, material events and significant disclosures in the notes to accounts.
(11)	Evaluation of internal financial controls and risk management systems	- Evaluate internal financial controls and risk management systems on a periodic basis. - Review significant control deficiencies and management's corrective action plans. - Ensure that internal audit observations relating to control weaknesses are placed before the Audit Committee.
(13)	Review of adequacy and structure of internal audit function	- Assess adequacy of the internal audit framework, including scope, coverage and reporting structure. - Review independence, staffing and frequency of internal audit activities. - Ensure that internal audit findings are reported directly to the Audit Committee.

3. Fund Utilisation and Investments

Monitoring of fund flows is critical to preventing misuse of resources and erosion of shareholder value. The Audit Committee plays a key role in monitoring how funds are raised, deployed and safeguarded, particularly in relation to capital issues, inter-corporate transactions. The following functions under Schedule II outline this financial discipline and monitoring responsibility.

3. Fund Utilisation and Investments		
Clause in Schedule II (Part C)	Particulars	Practical Remarks
(6)	Review of utilisation of funds raised through issues and monitoring agency reports	- Review statements on utilisation of funds raised through public issue, rights issue, preferential issue or QIP to ensure alignment with objects stated in the offer document. - In terms of Regulation 32(5) of the SEBI (LODR) Regulations, 2015, ensure that the annual statement of deviation or variation in utilisation of funds, certified by the statutory auditors, is placed before the Audit Committee until full utilisation of proceeds. - Where a monitoring agency has been appointed, review the monitoring agency reports placed before the Audit Committee on a quarterly basis in terms of Regulation 32(7), and recommend appropriate corrective actions where deviations are observed.
(9)	Scrutiny of inter-corporate loans and investments	- Review of inter-corporate loans and investments to ensure compliance with limits, approvals and disclosure requirements under Section 186 of the Companies Act, 2013. - Examine interest rates, tenure and other commercial terms to ensure they are on an arm's length basis. - Where overseas loans or investments are involved, ensure compliance with applicable FEMA regulations.

(10)	Valuation of undertakings or assets, wherever necessary	- Ensure that valuation of undertakings or assets is carried out by a registered valuer in accordance with Section 247 of the Companies Act, 2013. - Review valuation reports placed before the Audit Committee, particularly in cases involving sale, transfer or restructuring of undertakings.
(17)	Review of reasons for substantial defaults to depositors, debenture holders, shareholders or creditors	- Review instances of substantial defaults, if any, in payment of interest, principal or other dues to depositors, debenture holders and creditors. - Monitor compliance with dividend declarations and ensure that there are no defaults in payment of declared dividends to shareholders. - Where deposits are accepted, review repayment status and adequacy of safeguards for timely servicing of obligations.
(21)	Review of utilisation of loans / advances / investments by holding company in subsidiaries beyond prescribed thresholds	- Review utilisation of loans, advances or investments made by the holding company in its subsidiaries exceeding ₹100 crore or 10% of the asset size of the subsidiary, whichever is lower. - Examine whether such funds are utilised for the stated business purposes of the subsidiary.

4. Other Governance-Centric Functions

Schedule II also assigns certain governance and oversight responsibilities to the Audit Committee that extend beyond financial review and audit matters. These functions are aimed at reinforcing transparency, accountability and ethical conduct within the listed entity.

4. Other Governance-Centric Functions		
Clause in Schedule II (Part C)	Particulars	Practical Remarks
(8)	Approval or modification of related party transactions	<i>Discussed separately below</i>
(18)	Review of functioning of the whistle blower mechanism	- Appointment of Ombudsperson and placing of ombudsperson report on regular basis. - Vigil mechanism policy in place and ensure adequate safeguards against victimisation of whistle blowers and confidentiality of disclosures. - Periodically review the effectiveness of the whistle blower mechanism, including awareness levels among employees and stakeholders.
(19)	Approval of appointment of the Chief Financial Officer	- Assess the integrity, track record of the proposed CFO, given the role's criticality in financial reporting and controls. - Ensure clarity of reporting lines of the CFO to enable effective interaction with the Audit Committee.
(22)	Review of schemes of merger, demerger, amalgamation etc., including rationale and impact	- Examine the rationale, valuation basis, cost-benefit analysis and long-term impact of such schemes on shareholders and other stakeholders. - Specific responsibilities like meeting of Independent Directors in Takeover Code to examine issue price. - Review fairness opinions, valuation reports and disclosures to ensure transparency and protection of minority shareholder interests.
(20)	Carrying out other functions as per the terms of reference (TOR) of the Audit Committee	- This is very important for the Board to lay out clear TOR to the Committee and delegation of any additional powers. - Clearly document delegation of additional powers and responsibilities to avoid overlap with other Board committees.

APPROVAL OR MODIFICATION OF RELATED PARTY TRANSACTIONS

The role of the Audit Committee in the approval of Related Party Transactions ("RPTs") has evolved significantly. Regulation 23 of the SEBI LODR Regulations vests in the Audit Committee the authority to grant prior approval for all RPTs. While the Companies Act, 2013 also contemplates Audit Committee oversight, particularly in granting omnibus approvals, the transactions falling within Section 188 also require approval of the Board of Directors.

However, the regulatory structure under SEBI LODR goes a step further by mandating prior Audit Committee approval irrespective of the thresholds under Section 188, thereby elevating the Committee's role. Further, Regulation 23 of SEBI LODR Regulations provide that only the Independent Directors, who are members of the Committee shall vote to approve such transactions.

In this context, the following aspects assume particular significance for members of the Audit Committee in effectively discharging their responsibilities:

a) Omnibus Approval:

The omnibus approval mechanism, although in place to ensure operational flexibility, must not result in dilution of the Audit Committee's responsibilities. The Committee is required to formulate clear and objective criteria governing such approvals, including the categories of transactions, maximum permissible limits, validity period, and disclosure parameters. The necessity for such approval must be evaluated rather than adopted as a matter of convenience.

A robust quarterly review mechanism is essential to examine transactions undertaken pursuant to omnibus approvals, with management being required to periodically report the limits sanctioned, the extent of utilisation, and the balance available. The Committee must remain vigilant to ensure that transactions crossing the materiality thresholds prescribed under Regulation 23 are appropriately escalated for shareholder approval in compliance with the majority of minority principle.

b) Ratification and the Discipline of Prior Approval:

The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 introduced a practical relaxation of prior approval by permitting the Audit Committee to ratify related party transactions. Such

ratification must be carried out within three months from the date of the transaction or at the next meeting of the Audit Committee, whichever is earlier. While this provides operational flexibility, it should not be misunderstood as a substitute for prior approval.

When considering ratification, the Audit Committee must carefully examine why prior approval was not obtained and whether the lapse was procedural in nature or indicative of a deeper governance concern. The Committee's deliberation must extend beyond formal approval and include an evaluation of commercial rationale, arm's length principles, and fairness to minority shareholders. If ratification becomes frequent, it risks weakening the discipline that the prior approval framework seeks to establish.

Similarly, in cases of unforeseen or non-ascertainable related party transactions, the monetary ceiling of ₹1 crore should not be treated as a fallback mechanism. Such approvals must be granted only after a conscious and reasoned assessment, supported by adequate documentation and clear justification of the transaction's necessity and terms.

c) RPT Policy and Material Modifications:

Regulation 23 requires every listed entity to formulate a Related Party Transactions (RPT) Policy, which must be reviewed by the Board at least once every three years. Although this may appear to be a formal requirement, the RPT Policy plays a crucial role in shaping how related party transactions are identified, evaluated and monitored within the organisation.

In particular, the policy must clearly define what constitutes a "material modification" to an approved transaction, as any such modification requires fresh approval of the Audit Committee.

If the concept of material modification is not clearly defined, there is a risk that significant changes to an existing transaction may be implemented without adequate scrutiny. Therefore, the policy should not rely only on value-based thresholds but should also consider qualitative changes, such as alterations in pricing terms, duration, scope of services, or other key commercial conditions. A well-framed RPT Policy thus supports the Audit Committee in maintaining consistent and effective oversight over related party arrangements.

STRENGTHENING THE ROLE OF AUDIT COMMITTEE

The foregoing analysis underscores the expanding scope of the Audit Committee's role in corporate governance under Schedule II of the SEBI (LODR) Regulations.

For Company Secretaries and compliance teams, this means the job is not just to ensure that the Committee meets and approves what it must, but to help build an environment where it can ask the right questions, at the right time, with the right information in hand.

Strengthening the role of the Audit Committee, therefore, requires moving beyond procedural adherence to a model of active and informed oversight. The focus must remain on enabling the Audit Committee to function as a truly independent body, one that not only ensures compliance with the letter of the law but also upholds the spirit of robust corporate governance and protection of minority shareholder interests. In addition to the regulatory framework, the effectiveness of the Audit Committee in practice can be significantly enhanced through the following measures:

1. Ensuring Information Flow:

Timely circulation of agenda, notes and supporting documents in compliance with Secretarial Standard-1 (SS-1) is critical. Agenda items should be prioritised based on risk and materiality, ensuring that critical matters such as financial statements, internal control weaknesses and related party transactions receive adequate time and attention.

On the RPT front specifically, the Industry Standards on "Minimum Information to be provided to the Audit Committee and Shareholders for Approval of Related Party Transactions," issued by the Industry Standards Forum under the aegis of the stock exchanges, now lay down a fairly comprehensive framework prescribing the specific information that must accompany every RPT proposal. This effectively leaves little room for the Committee to approve transactions on the basis of incomplete or generic disclosures, and reinforces the broader point that information flow to the Committee cannot be left to discretion or convenience.

2. Leveraging External expertise:

Periodic separate meetings with statutory and internal auditors, without the presence of management, should be institutionalised to enable discussions on key concerns, audit findings and independence issues. The Committee shall engage external professionals such as legal advisors, forensic experts, valuers or consultants, particularly in complex transactions such as restructuring, takeover etc.

3. Capacity building for members:

Continuous upskilling of Audit Committee members on emerging regulatory changes, accounting developments and governance practices to enable informed decision-making. In this regard, structured familiarisation programmes for Independent Directors, especially for those serving on the Audit Committee, plays a critical role in enhancing their understanding of the entity's business, risk profile and regulatory landscape.

Collectively, these measures reinforce the Audit Committee's position as a cornerstone of corporate governance—ensuring that its role is not confined to oversight in form, but extends to meaningful, informed and independent governance in substance.

CONCLUSION

The above discussion clearly outlines that the Audit Committee meetings today are no longer just another item on the Board's compliance calendar. Twenty-two clauses under Schedule II may look like a long checklist on paper, but in practice, each one calls for a different kind of engagement, some technical, some judgmental, and some that simply require the Committee to ask uncomfortable questions and not settle for easy answers.

The related party transactions space captures this shift well. The regulatory framework has given the Audit Committee more tools and with the recent amendments, a bit more breathing room through ratification. But that flexibility is meant to be used sparingly, not as a routine workaround for poor planning. The same logic extends to most of the other functions discussed in this article, the law sets the floor, but the real test lies in how seriously the Committee treats its role beyond that floor.

For Company Secretaries and compliance teams, this means the job is not just to ensure that the Committee meets and approves what it must, but to help build an environment where it can ask the right questions, at the right time, with the right information in hand. That, more than anything else, is what the spirit of Schedule II seems to be asking for.

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Regards,

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- Decriminalisation of Corporate Offences under the Corporate Laws (Amendment) Bill, 2026: Reform or Liability Relocation?
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Decriminalisation of Corporate Offences under the Corporate Laws (Amendment) Bill, 2026: Reform or Liability Relocation?

The Corporate Laws (Amendment) Bill, 2026 is not India's first attempt at corporate decriminalisation; it is in fact, the third round of decriminalisation. The 2026 Bill now proposes a decriminalisation, extending the civil penalty framework to additional offences under the Companies Act, 2013 and the Limited Liability Partnership Act, 2008. The paper follows a standard legal research methodology of step-wise tracing the history of decriminalisation, assessing the proposed civil settlement mechanisms and analyzing the practical impacts of these legislative shifts. Each successive round of reforms responds to the same underlying problem centred on India's corporate regulatory architecture that imposed criminal liability on administrative conduct. The criminalisation of routine procedural defaults had created an environment of legal risk that was disproportionate to the harm caused. Foreign Investors, in particular, had been deterred, in the past, by the mere prospect that the director could face criminal prosecution for delayed filing or technical non-disclosure. Moreover, small companies and start-ups, which often lack dedicated legal compliance teams, were subjected to criminal proceedings for infractions that posed absolutely no threat to public interest or rights. In view of the above, this paper argues that the 2026 Bill, though legislatively sound and aligned with the current wave of corporate regulatory reforms, creates a framework in which criminal liability is not entirely removed but relocated, and shifted downwards from the original offence to the non-payment of the civil liability imposed. Moreover, the suggested civil enforcement structure required to replace the existing framework, is unscheduled and not enforceable by any statutory mandate.



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INTRODUCTION

The Corporate Laws (Amendment) Bill, 2026 ('the Bill'), introduced in the budget session of 2026 as Bill No. 85 of 2026, is not India's first attempt at corporate decriminalisation, it is in fact, the third round of decriminalisation.

The Companies (Amendment) Act, 2019 ('CAA 2019') decriminalised 16 compoundable offences under the Companies Act, 2013, converting them into civil defaults, to be adjudicated through monetary penalties. Immediately thereafter (less than a year), The Companies (Amendment) Act, 2020 ('CAA 2020') decriminalised 46 more provisions, removing imprisonment as a consequence for a broad spectrum of procedural and technical violations. The 2026 Bill, without evaluating CAA 2019's or CAA 2020's impact, now proposes a third round of decriminalisation, extending the civil penalty framework to additional offences under the Companies Act, 2013 and the Limited Liability Act, 2008.

Each successive round of reforms responds to the same underlying problem centred on India's corporate regulatory architecture that imposed criminal liability on administrative conduct. The criminalisation of routine procedural defaults had created an environment of legal risk that was disproportionate to the harm caused. Foreign Investors, in particular, had been deterred, in the past, by the mere prospect that the director could face criminal prosecution for delayed filing or technical non-disclosure. Hence, independent professionals were reluctant to accept directorship, in light of, potential consequences. Moreover, small companies and start-ups, which often lack dedicated legal compliance teams, were subjected to criminal proceedings for infractions that posed absolutely no threat to public interest or rights. Decriminalisation directly addresses these concerns, by shifting to a civil penalty regime, and removing the effect of criminal prosecution on corporate decision-making, ultimately improving India's standing on ease of doing business indicators. The implementation of CAA 2019 and CAA 2020, coincided

with a notable increase in foreign direct investment¹, and the introduction of the Companies Fresh Start Scheme, 2020, which benefitted over 4.73 lakh Indian companies². At the same time, to understand the implications of this new regime, consider that after the enactment of the Bill, pending criminal proceedings would be transferred to the civil framework. However, Section 454(10) of the Bill provides that the pending cases would be dealt with “in accordance with such scheme as the Central Government may notify in this behalf” (p 39), a scheme that does not exist, has no given timeline for notification, no procedural safeguard, and no obligation of parliamentary oversight.

The paper follows a standard legal research methodology of step-wise tracing the history of decriminalisation, assessing the proposed civil settlement mechanisms and analyzing the practical impacts of these legislative shifts. Accordingly, this paper argues that the 2026 Bill, though legislatively sound and aligned with the current wave of corporate regulatory reforms, creates a framework in which criminal liability is not entirely removed but relocated, and shifted downwards from the original offence to the non-payment of the civil liability imposed. Moreover, the suggested civil enforcement structure required to replace the existing framework, is unscheduled and not enforceable by any statutory mandate. In this context, the paper is organized in eight sections beginning with the first section that introduces the subject and establishes the context for the present analysis. The second section establishes, why decriminalisation of procedural defaults is justified and necessary followed by the third section that examines how the bill relocates liability rather than removing it by shifting the liability from the original offence to the non-payment of civil penalty. The fourth section analyses the enforcement infrastructure gaps in the bill. The fifth section addresses the access to justice problem arising from Sections 454C, 454D and 132E read together. The sixth section presents a cross-country analysis of enforcement sequence followed by the United Kingdom, Singapore and New Zealand followed by the way forward in the seventh section. The paper concludes by stating that while India is on the right path of corporate regulatory reforms, the Bill's objectives can only be fulfilled if the enforcement architecture is implemented correctly.

THE CASE FOR CORPORATE DECRIMINALISATION

The Companies Act, 2013, in its original form, criminalised a wide range of procedural and administrative faults. Failure to fill annual returns, non-compliance with secretarial requirements, delays in filing, each of these infractions carried the risk of criminal prosecution, including imprisonment. The consequences were systematic. Courts were being clogged with prosecution

that had no victim, no fraudulent intent, and caused no public harm. The Registrar of Companies spent countless man-hours on petty paperwork infractions instead of substantive fraud detection. According to Ministry of Corporate Affairs out of more than 40,000 cases filed under the Companies Act, 2013, almost 39000, did not involve any lapses of serious nature. The National Company Law Tribunal, which was already burdened by insolvency proceedings, continued to have a backlog because of technical defaults termed as criminal offences³. Moreover, according to the Standing Committee on Finance (2024-25), by August 2024, the NCLT had disposed of 86,828 cases and carried a pendency of 19,969 cases, although the Committee also noted persistent manpower shortages and procedural delays⁴.

To understand why such a system was ineffective, it is necessary to first establish what a crime actually is, and why the majority of corporate procedural infractions do not satisfy this definition.

A crime, in legal terms, requires a combination of two elements, that is, *actus reus*, the prohibited act or omission, and *mens rea*, the guilty mind. It is precisely this combination of wrongful conduct with moral culpability, that justifies the state's response, consisting of imprisonment, a permanent criminal record and the never-ending social stigma⁵. In contrast, civil liability is regulatory in nature. It addresses non-compliance with monetary penalties without requiring proof of criminal intent.

When such a harsh criminal framework is applied to corporate procedural defaults, a fundamental error occurs. A company that fails to file its annual return on time, or neglects sending a notice to the shareholders, or delays intimating the Registrar regarding change in directorship may, sometimes, do it without any fraudulent intent, without an identifiable victim or any instance of public harm. Hence, these failures may just be administrative lacunae. But the old regime prosecutes them as crimes, with a full criminal trial and the possibility of imprisonment, thereby treating a company that defaults, on any of the above, with the same level of judicial scrutiny as another company that manipulates its accounts to defraud investors. This equivalence is not merely disproportionate, but downright inequitable. Hence, decriminalisation is not only a matter of administrative convenience, but a legal and constitutional necessity.

³ Ministry of Information and Broadcasting, Government of India. (2023). Boost to ease of doing business and investment in the country: Decriminalization of offences under the Companies Act, 2013. Press Information Bureau. <https://static.pib.gov.in/WriteReadData/specifcdocs/documents/2023/may/doc202351190901.pdf>

⁴ Standing Committee on Finance. (2024). Report on insolvency and bankruptcy law and NCLT & NCLAT (18th Lok Sabha). Lok Sabha Secretariat. <https://ibclaw.in/report-of-standing-committee-on-finance-2024-25-on-insolvency-and-bankruptcy-law-and-nclt-nclat-december-2024/>

⁵ Ashworth, A. (2013). Principles of criminal law (7th ed.). Oxford University Press.

⁶ Press Information Bureau, Government of India, Ministry of Corporate Affairs. (2019, November 18). Company Law Committee-2019 submits its report to Finance Minister [Press release]. <https://www.pib.gov.in/newsite/PrintRelease.aspx?relid=194549®=48&lang=2>

¹ Press Information Bureau, Government of India. (2021, May 28). India attracted highest ever total FDI inflow of US\$ 81.72 billion during 2020-21, 10% more than last financial year [Press release]. <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1721268>

² Press Information Bureau, Government of India. (2021, March 23). Extending deadline of Companies Fresh Start Scheme and LLP Settlement Scheme [Press release]. <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1706926>

The Company Law Committee, in its Report of November 2019, correctly identified that the offences which are devoid of fraudulent intent, unaccompanied by the elements of *mens rea* and do not conflict with public interest, should not attract criminal liability⁶. This principle is not unique, as the United Kingdom's Companies Act, 2006 also draws a deliberate distinction between criminal offences, such as fraud and deliberate misconduct, and civil penalties administered by Companies House for procedural non-compliance⁷. Furthermore, Singapore's Accounting and Corporate Regulatory Authority has also distinguished between conduct involving dishonesty and fraudulent intent, and technical infractions⁸. Therefore, current direction of reforms, in India, is in line with the wave of corporate reforms worldwide.

The 2026 Bill's foundational objective is absolutely justified, although the question is not whether to decriminalise, but whether the replacement framework is capable of bearing the load that criminal courts previously carried. Decriminalisation is not deregulation, rather it is a substitution, where criminal liability is removed, but only on the condition that a credible and enforceable civil mechanism stands in its place. However, the Bill's suggested mechanism seems, as of yet, incomplete. Hence, the case for reform is strong, but the architecture for execution is lacking.

RELOCATION OF CRIMINAL LIABILITY

The Bill has a consistent legislative architecture, where it decriminalises at the point of the original offence, and re-criminalises at the point of non-payment of the resulting civil penalty (see Table 1.1). Section 454(8)(ii) of the Companies Act, 2013, which was carried forward in the Bill without modifications provides:

(ii) [Where an officer of a company or any other person] who is in default [fails to comply with the order made under sub-section (3) or sub-section (7), as the case may be,] within a period of ninety days from the date of the receipt of the copy of the order, such officer shall be punishable with imprisonment which may extend to six months or with fine which shall not be less than twenty-five thousand rupees but which may extend to one lakh rupees, or with both. (p 246)⁹

The Bill decriminalises the original offence, that is, failure to furnish information, violation of books of accounts requirements, procedural non-compliance, on the ground

that such infractions lack *mens rea* and hence should not attract criminal liability. Yet Section 454(8)(ii) preserves the possibility of imprisonment not for the original default, but for the failure to pay civil penalty imposed in respect of it. Hence, the criminal liability has not been removed from the statute, it has just been moved one step downwards, where it is less visible.

This is a deliberate legislative choice, and not an isolated incident, as it is followed in the newly inserted Section 132(4A), which governs non-compliance with the order of National Financial Reporting Authority (NFRA). Section 132(4A) has an identical structure, where civil penalty is imposed first followed by imprisonment for non-compliance with the civil penalty. The legislature has consciously chosen to preserve the criminal liability at the enforcement stage, while removing it from the liability stage. This architecture is problematic on four distinct grounds:

First, let's imagine an officer who fails to pay civil penalty within ninety days may do so due to reason of insolvency, medical incapacity, or genuine financial distress, none of which constitutes deliberate misconduct. Yet the statute treats non-payment as deliberate default, without requiring any finding of wilful non-compliance before imprisonment.

Second, the imprisonment under Section 454(8)(ii) arrives without the procedural safeguard of a criminal trial. The penalty is determined not by a judicial officer, who applies the standard of proof beyond reasonable doubt, but by an Adjudication Officer (IAM), a government officer, who applies civil standard. Consequently, personal

liberty under Article 21 of the Constitution is placed at risk because such a process bypasses the procedural protection that criminal law gives while imposing criminal liability.

Third, the 90-day payment window, while seems reasonable, remains inequitable in practice. A large company with an in-house legal department and ready liquidity, can comply within such a timeframe but a small time venture officer who receives a penalty order must simultaneously seek legal advice, evaluate whether to pay or appeal, arrange funds, and manage daily business operations, all within the stipulated window. For such officers, the 90-day period is not a generous grace period but a timeline that is disadvantageous to those who are less equipped to respond. Hence, the Bill's stated objectives of easing compliance burden on small companies are contradicted by its own enforcement mechanism.

Fourth, the penalty amount that leads to the possibility of imprisonment in the first place, is never judicially determined. It is fixed by an Adjudicating officer, a government appointee, whose orders may be erroneous, excessive, or procedurally flawed. While an appeal lies

The Corporate Law (Amendment) Bill, 2026 is based on a premise which, in principle, is sound. The decriminalisation of technical and procedural defaults is in line with the recommendations of Company Law Committee, and inspired by the procedure already adopted by other countries. The reform has the potential to make India's corporate environment more competitive, more investment friendly and more just.

⁷ HCR Law. (n.d.). Directors and officers beware – Criminal offences under the Companies Act, 2006. <https://www.hcrlaw.com/blog/directors-officers-beware-criminal-offences-companies-act-2006/>

⁸ Accounting and Corporate Regulatory Authority, Government of Singapore. (n.d.). Enforcement Policy Statement: Overview. <https://www.acra.gov.sg/compliance/enforcement-policy-statement-overview>

⁹ Companies Act, 2013, § 454.

to the Regional Director under Section 454(5), Section 454D requires the appellant to deposit 10% of the penalty amount before the appeal is even admitted¹⁰. For an officer who cannot afford to pay the penalty in the first place, the deposit requirement effectively renders such a remedy useless. The consequence is that the imprisonment follows, from the non-payment of a penalty amount that wasn't determined by an independent judicial officer, and against which no affordable remedy is available.

This in-equity is further compounded by the silent deletion of the repeat offender clause, that existed under the old regime. Section 441(2) of the Companies Act, 2013, provided that no offence could be compounded if the same has been compounded within the preceding three years, and the repeat defaulters will be barred from availing the benefit of Section 441(1), thereby exposing them to criminal prosecution.¹¹ The civil penalty regime introduced by the Bill, contains no equivalent provision. A company may now default on the same provision repeatedly, pay the resulting penalty each time, and face no consequences regardless of the frequency or pattern of non-compliance. This deletion removes one of the very few genuine deterrents against serial defaulters.

Table 1.1: Shift in Liability Framework under the 2026 Bill

Provision	Position before the Bill	Position after the Bill
Failure to furnish information to Registrar	Criminal Prosecution; Imprisonment possible	<i>Civil Penalty under IAM; imprisonment under S.454(8)(ii), if penalty unpaid within 90 days.</i>
Violation of books of accounts requirements	Criminal Offence	<i>Civil Penalty under IAM; imprisonment under S.454(8)(ii), if penalty unpaid within 90 days.</i>
Non-compliance with NAFRA orders	Not applicable under old framework (new provision)	<i>Civil Penalty under new S.132; imprisonment under S.132(4A), if penalty unpaid.</i>

THE ENFORCEMENT INFRASTRUCTURE GAP

The Bill recognises that civil penalties require a credible recovery mechanism in order to meaningfully replace the existing regime. Therefore, the newly inserted Section 454B vests the Recovery officer with immense powers such as attachment and sale of movable property, attachment of bank accounts, attachment and sale of immovable property, and appointment of a receiver. These powers are inspired by the recovery mechanism available under the Income-Tax Act, 1961, and they represent the government's attempt to ensure that civil penalties are enforceable.

However, the efficiency of this mechanism depends entirely on the existence of Recovery Officers to exercise these powers. Section 454B defines "Recovery Officer" to mean "an officer not below the rank of Assistant Registrar or Assistant Director authorised by the Central Government in this behalf, by general or special order in writing" (p 40)¹². This provision does not mandate that such officers be appointed, rather it merely permits the Central Government to do so. There is no prescribed timeline within which appointment must be made, no minimum number of Recovery Officers specified per region or state, and no requirement of geographic coverage to ensure that every jurisdiction has access to a functioning recovery mechanism. The power exists in the statute while its exercise only exists at the discretion of the executive.

The problems of Section 454B are compounded by Clause 1(2) of the Bill, which mandates that the Bill shall come into force "on such date as the Central Government may, by notification in the Official gazette, appoint; and different dates may be appointed for different provisions of this Act." (p 1)¹³ This is standard commencement language found in most Indian states, hence by itself, it is not unusual. However, if we read Clause 1(2) with Section 454B, it permits decriminalisation of offences, and the consequent shift, from the criminal to civil regime, to take place immediately upon notification. On the contrary, the appointment of Recovery Officers, a mechanism intended to replace the old regime, may be notified in months, years or maybe never.

This is not a speculation, rather a concern borne out of India's experience with CAA 2020. The Companies (Amendment) Act, 2020 adopted an identical structure, based on the executive's discretion, for appointment and commencement. Six years later, in early 2026, the Ministry of Corporate Affairs is still expanding the adjudication and appeals infrastructure, adding new Regional Director offices and appointing fresh adjudication officers to handle appeals arising from adjudication orders¹⁴. No government evaluation of the CAA 2020 has been published, hence the 2026 Bill proceeds with a similar structure of enforcement, without any evidentiary basis that such a structure actually works.

A further difficulty lies in the nature of the recovery mechanism itself, as Section 454B incorporates, "with necessary modification", the recovery procedure under Section 220-232 and the Second and Third Schedules of the Income-tax Act, 1961, which is a framework developed, and operated by specialised tax recovery officers trained in such procedures. The Bill imposes this mechanism on the Registrar of Companies officials, whose ordinary functions are related to incorporation, filing, and compliance, without prescribing any training programme, or increase in staff

¹⁰. Corporate Laws (Amendment) Bill, 2026 (Bill No. 85 of 2026), § 454D. Retrieved from [https://prsindia.org/files/bills_acts/bills_parliament/2026/Corporate_Laws_\(A\)_Bill_2026_Text.pdf](https://prsindia.org/files/bills_acts/bills_parliament/2026/Corporate_Laws_(A)_Bill_2026_Text.pdf)

¹¹. Companies Act, 2013, § 441. Retrieved from <https://ibclaw.in/section-441-of-the-companies-act-2013-compounding-of-certain-offences/>

¹². Corporate Laws (Amendment) Bill, 2026 (Bill No. 85 of 2026), § 454B. Retrieved from [https://prsindia.org/files/bills_acts/bills_parliament/2026/Corporate_Laws_\(A\)_Bill_2026_Text.pdf](https://prsindia.org/files/bills_acts/bills_parliament/2026/Corporate_Laws_(A)_Bill_2026_Text.pdf)

¹³. Corporate Laws (Amendment) Bill, 2026 (Bill No. 85 of 2026), § 1(2). Retrieved from [https://prsindia.org/files/bills_acts/bills_parliament/2026/Corporate_Laws_\(A\)_Bill_2026_Text.pdf](https://prsindia.org/files/bills_acts/bills_parliament/2026/Corporate_Laws_(A)_Bill_2026_Text.pdf)

¹⁴. Ministry of Corporate Affairs, Government of India. (2025, October 23 & 2026, February 10). Notification Nos. S.O. 4852(E) and S.O. 698(E). Gazette of India. Retrieved from <https://mca.gov.in/bin/dms/getdocument?mds=yAnqPocKzLxnYoeRlj0xWA%3D%3D&type=open>

strength, or increased budget. Therefore, one of the Bill's most complex provisions, that is attachment and sale of property, and arrest for non-payment, is being assigned to an authority that has neither the institutional experience nor the resources to exercise such powers.

THE ACCESS TO JUSTICE PROBLEM

The Bill's enforcement infrastructure does not allow judicial supervision at any stage where a defaulter may seek to appeal. Such a mechanism is based on the following three provisions, Firstly, Section 454C (8) provides that "no appeal shall lie against any order passed by the Specified Authority" (p40)¹⁵ in settlement proceedings. Secondly, Section 132E removes the jurisdiction of civil courts entirely, providing that "no civil court shall have jurisdiction to entertain any suit or proceedings in respect to any matter which the National Financial Reporting Authority is empowered to determine" (p18).¹⁶ Thirdly, Section 454D makes the right to appeal, conditional, as, in order to register an appeal against the civil penalty, ten percent of the penalty amount needs to be deposited¹⁷. All these provisions, taken individually, may be defensible, as they prevent frivolous litigation. However, taken together, these three interlocking provisions completely block the defaulter from seeking any kind of judicial remedy.

The settlement mechanism under Section 454C, provides that a "Specified Authority" constituted by the Central Government with no prescribed composition or independence, may settle disputes on the terms, that they consider appropriate, and Section 454C (8) bans any appeal against such a settlement. The Bill's mechanism stands in direct contrast to the SEBI (Settlement Proceedings) Regulation, 2018, which mandates review by a High-Powered Advisory Committee before settlement is finalised.

Furthermore, as per Section 454D, a penalty of fifty lakh rupees requires a five-lakh rupee deposit before the appeal is even admitted. Although such an amount is trivial for large corporations, but for a medium, micro or small company, it becomes a huge imposition. Such inequity is not remedied by the amended Section 446B, which halves the penalty for small companies, and one person companies. The recovery mechanism under Section 454B, including arrest and detention for non-payment, is applied uniformly regardless of company size. Thus, a halved penalty that remains unaffordable is not a remedy.

The gaps identified in the present Bill of 2026, are not isolated incidents, rather it is just the latest instance of a recurring pattern (see Table 1.2). Each round of decriminalisation has been presented as completing the last round, yet no government evaluation of either of preceding rounds has been published. The 2026 Bill repeats the same structure of discretionary appointment, no timeline, a criminal liability for non-payment, while adding further complexities through Section 454B, 454C, and 454D, without first establishing whether the existing structure has worked or not.

Table 1.2: Three Rounds of Decriminalisation – No Evaluation

Year	Amendment	Offences Decriminalised	Government Evaluation Published
2019	Companies (Amendment) Act, 2019	16	No
2020	Companies (Amendment) Act, 2020	46	No
2026	Companies (Amendment) Act, 2026	Further offences under Companies and LLP Act	No (The Bill is under examination by the JPC)

A CROSS-COUNTRY ANALYSIS

Other jurisdictions pursued similar reforms, but they sequenced them differently (see Table 1.3). Under the United Kingdom's Companies Act, 2006, decriminalisation of technical defaults was introduced only after Companies House had established the enforcement structure with defined collection timeline; and criminal liability was restrained only for information-holding during investigations. Singapore's Accounting and Corporate Regulatory Authority also decriminalised offences in 2017, but only after publishing a penalty collection rate and staffing a dedicated civil enforcement unit. New Zealand, on the other hand, deliberately deferred corporate reforms until the enforcement design was complete. In all the cases, decriminalisation happened only after a functioning replacement infrastructure was established. The 2026 Bill proceeds in the opposite sequence, decriminalising first and leaving enforcement capacity to be built subsequently.

Table 1.3: A Cross-Country Comparative Overview

Jurisdiction	Sequence Adopted	Enforcement pre-condition before decriminalisation
United Kingdom (Companies Act, 2006)	Enforcement-first	<i>Companies House has digitised enforcement and defined collection timeline prior to decriminalisation.</i>
Singapore (ACRA, 2017)	Enforcement-first	<i>Penalty collection rate (over 90%) published and dedicated civil enforcement unit staffed before decriminalisation.</i>
New Zealand	Enforcement-first	<i>The Government has adopted an explicit two-phase model. Phase 1 focuses on infrastructural improvements. Phase 2 will follow with review of infrastructure and further reforms.</i>
India (2026 Bill)	Decriminalisation-first	<i>No certification or infrastructure condition, before decriminalisation.</i>

THE WAY FORWARD

The 2026 Bill's direction is necessary and overdue. The OECD conducted research, covering over 60 advanced and emerging economies from 1997 to 2016, and found that corporate reforms

¹⁵ Corporate Laws (Amendment) Bill, 2026 (Bill No. 85 of 2026), § 454C(8). Retrieved from [https://prsindia.org/files/bills_acts/bills_parliament/2026/Corporate_Laws_\(A\)_Bill_2026_Text.pdf](https://prsindia.org/files/bills_acts/bills_parliament/2026/Corporate_Laws_(A)_Bill_2026_Text.pdf)

¹⁶ Corporate Laws (Amendment) Bill, 2026 (Bill No. 85 of 2026), § 132E. Retrieved from [https://prsindia.org/files/bills_acts/bills_parliament/2026/Corporate_Laws_\(A\)_Bill_2026_Text.pdf](https://prsindia.org/files/bills_acts/bills_parliament/2026/Corporate_Laws_(A)_Bill_2026_Text.pdf)

¹⁷ Corporate Laws (Amendment) Bill, 2026 (Bill No. 85 of 2026), § 454D. Retrieved from [https://prsindia.org/files/bills_acts/bills_parliament/2026/Corporate_Laws_\(A\)_Bill_2026_Text.pdf](https://prsindia.org/files/bills_acts/bills_parliament/2026/Corporate_Laws_(A)_Bill_2026_Text.pdf)

which liberalise regulatory restrictions by approximately 10% lead to an increase in bilateral FDI stocks by 2.1% on average¹⁸. Decriminalisation of corporate defaults is precisely the category of corporate reform that OECD's research findings address. Therefore, foreign investors, who evaluate legal risk before entering a new market, would find India a significantly more attractive destination after the reforms. Beyond foreign investment, a credible civil penalty regime would improve ease of doing business for domestic companies as well. MSMEs and startups, which currently operate under the risk of criminal penalty for paperwork infractions, would be free to focus on growth. Hence, if the Bill is implemented correctly, it would lead to economic betterment.

The reform has the potential to make India's corporate environment more competitive, more investment friendly and more just. But that potential is contingent on one structural correction, whereby commencement of decriminalisation of each provision must be conditional on the operationality of the civil enforcement structure required for implementation of such provision.

CONCLUSION

The Corporate Law (Amendment) Bill, 2026 is based on a premise which, in principle, is sound. The decriminalisation of technical and procedural defaults is in line with the recommendations of Company Law Committee, and inspired by the procedure already adopted by other countries. The difficulty, as identified in this paper is not in the Bill's objectives, but in its enforcement architecture. Criminal liability has not been removed from the statute, rather it has been relocated to the point of non-payment of civil penalty, where it is less visible, and where there are fewer remedies available. Ultimately such a structure places a disproportionate burden on small companies. The civil enforcement infrastructure rests in the hands of a Recovery Officer, whose existence rests on the discretion of the executive, with no statutory timeline, staffing mandate or precedent of timely implementation. Moreover, India's experience with the 2019 and 2020 rounds of decriminalisation, where appellate infrastructure remained incomplete for years, suggests that executive discretion, historically has not been converted into action. Taken together, these features demonstrate that the Bill does not achieve decriminalisation in its present state. Rather than eliminating the liability, it simply relocates it from the original misconduct to the non-payment resultant civil penalty.

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- Companies (Amendment) Act, 2020

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Articles should be submitted in Word Document Format to iisa@icsi.edu on or before **Friday, July 24, 2026**.

We look forward to your significant contribution in shaping a global perspective for the Social Impact Assessment profession and strengthening the CSR–SSE ecosystem.

Sincerely,
Team ICSI

4

SOCIAL IMPACT REVIEW



- India's Social Stock Exchange: Learning from Global Experiences to Build a Sustainable Impact Investment Ecosystem

India's Social Stock Exchange: Learning from Global Experiences to Build a Sustainable Impact Investment Ecosystem



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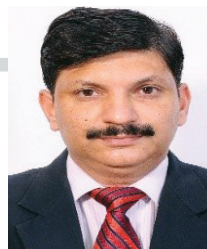
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INTRODUCTION

A **Social Stock Exchange (SSE)** is a specialized and regulated platform that facilitates the raising of social capital/funds by the social enterprises to achieve measurable social and environmental outcomes. It functions as a marketplace where entities seeking social capital connect with investors and donors, creating a mutually beneficial ecosystem. Under this regulated framework, the entities raising funds include:

- Social Enterprises (SEs)
- Non-Profit Organizations (NPOs)
- For-Profit Social Enterprises (FPEs)

These organizations may raise social capital in a **transparent, accountable, and sustainable manner**, while demonstrating measurable social impact. The providers of capital in the SSE ecosystem may include:

- High-Net-worth Individual (HNI) investors
- Corporate entities
- Philanthropic organizations
- Institutional investors
- Impact investors
- Foundations and charitable trusts

SSE serves as an **additional avenue for fundraising** and does not replace the existing sources of finance available to social enterprises. It complements traditional funding mechanisms by expanding access to impact-oriented capital. The existing primary sources of funding for SEs, NPOs, and FPEs include:

- Individual donations
- Domestic grants
- Foreign grants
- Corporate Social Responsibility (CSR) funds

- Membership fees
- Crowdfunding
- Fundraising events and campaigns
- Income generated from social enterprises or services

Thus, the SSE broadens the financing ecosystem by connecting social enterprises with investors and donors who seek to generate positive social return and environmental outcomes/impact alongside financial sustainability. Unlike conventional stock exchanges that primarily focus on financial returns, SSEs emphasize a double or triple bottom line—financial sustainability, social impact, and environmental benefits.

However, experience shows that there is an urgent need to set forth systems in place to face questions that may arise in the utilization of the funds received by the SEs, NPOs and FPEs in the context of measuring the impact of the funds deployed by these agencies, enabling the programs for which funding is received be run on a

sustainable basis, reporting mechanisms and monitoring of expenditures on programs by the investors and finally deal with the current lack of proper regulatory frameworks to monitor the activities of the agencies who have received the funding. This paper examines these aspects in comparison to the global best practices and suggests the way forward.

EVOLUTION OF SOCIAL STOCK EXCHANGES (SSE) – GLOBALLY

Over the last two decades, several countries have experimented with different models of Social Stock Exchanges (SSEs). The concept emerged from the need to bridge the financing gap faced by social enterprises and impact-driven organizations by providing a regulated platform that connects investors with entities pursuing measurable social and environmental outcomes.

The following table summarizes the key features of major international SSEs:

Year	Country	Name of the SSE	Current Status	Key Features	Reasons for Success/Closure
2003	Brazil	Bolsa de Valores Sociais (BVS)	Closed	Operated as a donation-based platform that connected investors with vetted social projects.	Closed due to insufficient scale, low investor participation, and an unsustainable revenue model.
2006	South Africa	South African Social Investment Exchange (SASIX)	Closed	Allowed individuals and institutions to fund social projects and monitor its outcome.	Low transaction volumes and inadequate financial sustainability led to closure.
2009	Portugal	Bolsa de Valores Sociais (BVS Portugal)	Closed	Focused on funding social projects through private sector participation and transparent disclosures.	Failed to achieve sufficient market demand and scale.
2013	United Kingdom	Social Stock Exchange (SSX)	Closed	Listed companies demonstrating measurable social and environmental impact.	Insufficient revenue generation and limited investor demand.
2013	Canada	Social Venture Connexion (SVX)	Active	Online impact-investment platform connecting accredited investors with social enterprises and impact funds.	Strong regulatory support and a well-developed impact-investment ecosystem.
2013	Singapore	Impact Investment Exchange (IIX)	Active	Facilitates impact investing across Asia and supports enterprises generating both financial and social returns.	Strong regional network, diversified funding mechanisms, and international investor participation.
2019	Jamaica	Jamaica Social Stock Exchange	Active	Provides a platform for social enterprises to raise funds and improve visibility and transparency.	Supported by local institutional stakeholders and a focused social enterprise ecosystem.
2022	India	Social Stock Exchange (BSE & NSE)	Active	Operates under the regulatory framework of Securities and Exchange Board of India (SEBI) and allows Non-Profit Organizations (NPOs) and For-Profit Social Enterprises.	Strong regulatory oversight and emphasis on transparency, disclosures, and measurable social impact.

Source: Author's inputs from web search.

Over the years, Social Stock Exchanges (SSEs) have evolved differently across countries, with varying degrees of success. Currently, the Social Stock Exchanges of Jamaica (2019), Singapore (2013), and Canada (2013) remain operational and continue to facilitate impact investing and funding for social enterprises.

However, earlier SSE initiatives in Brazil (2003), South Africa (2006), Portugal (2009), and the United Kingdom (2013) have ceased operations. These platforms were unable to generate sufficient revenue through their fee-based structures due to limited scale, inadequate investor participation, and insufficient demand for their services, which affected their long-term financial sustainability. Many of these platforms operated merely as online “matchmaking” boards. Because the listed stocks were largely non-tradable or restricted, investors had limited exit options and no opportunity for financial reasons, which deferred institutional capital. There was no universally accepted framework for quantifying social outcomes. Investors struggled to compare the social impact of an education-focused Non-Profit Organization (NPO) against an environmental enterprise (Shaily Gupta, 2023). In several Western countries, SSEs were launched as private, voluntary platforms rather than backed by established market regulators. Without strong statutory oversight, the market lacked the necessary trust and transparency to attract continuous funding. (Balasubramaniam, 2026). Non-profits found the strict reporting requirements of market exchanges too demanding and expensive, often outweighing the capital they were actually able to raise (Sachdeva, 2020).

Drawing from these international experiences, India introduced its Social Stock Exchange framework in 2022 under the regulatory oversight of Securities and Exchange Board of India (SEBI). The Indian SSE seeks to create a transparent and regulated ecosystem that enables Non-Profit Organizations (NPOs) and For-Profit Social Enterprises (FPEs) to raise funds while ensuring accountability, transparency, and measurable social impact. To succeed where predecessors faltered, India's model addresses several historical pitfalls. Unlike the voluntary platforms in the U.K., India anchors its SSE under SEBI regulations. This builds vital credibility, preventing the platform from devolving unregulated charity directory (Shekhar, 2023). India has established a structured framework for impact measurement, creating a formal cadre of certified “Social Impact Assessors”. This helps solve the historical problem of verifying and standardizing social claims. India utilizes specific mechanisms to ensure visibility for social enterprises. Non-profits can raise funds using Zero Coupon Zero Principal (ZCZP) Instruments, while for-profit enterprises can raise debt and equity. In a framework study of seven global exchanges¹ (Anushree Parekh, March 2021) has noted that while the spectrum of impact funding, from simple grant to innovative finance to impact investment, SSEs across the world set up direct resources towards social organizations. But their structure and design differed based on the maturity level of financial and philanthropic ecosystems. There was a significant government role in regulating the social sector.

1. Brazil, Canada, Jamaica, Portugal, Singapore, South Africa and U.K.

SSEs: COMMON CHALLENGES FOR INTERNATIONAL EXCHANGES

1. **Impact Measurement:** Measuring and assessing social impact remains one of the most significant limitations faced by international Social Stock Exchanges (SSEs). Unlike conventional stock exchanges that primarily measure financial performance through standardized indicators such as revenue, profit, and market capitalization, SSEs are required to assess social outcomes, which are often qualitative, long-term, and difficult to quantify. The absence of globally accepted impact measurement standards has created challenges in comparing and evaluating the performance of social enterprises across countries and sectors. Though SSEs have strong measuring and reporting mechanisms established, however, they do not entirely capture the impact. (Anushree Parekh, March 2021)
2. **Limited Liquidity:** Several international Social Stock Exchanges, such as those in Brazil, South Africa, Portugal, and the United Kingdom, faced sustainability challenges due to limited scale, low investor participation, and insufficient demand for their services.
3. **Investor Awareness:** It has been a significant limitation of international Social Stock Exchanges (SSEs). Many investors are unfamiliar with the concept, objectives, and functioning of SSEs, as these platforms prioritize social impact alongside financial sustainability rather than maximizing financial returns. This lack of understanding has restricted investor participation and limited the growth of SSEs worldwide. For example, several international SSE initiatives, including those in Brazil, South Africa, Portugal, and the United Kingdom, struggled to achieve sufficient scale and investor participation, which contributed to their eventual closure. In Canada, the Social Venture Connexion which started in September 2013, describes itself as a “trusted connector” giving social entrepreneurs access to service providers, impact investors, high visibility and a way to evaluate their triple bottom line at competitive rates (EQUIPP, 2019 20).
4. **Regulatory Complexity:** It is one of the major limitations faced by international Social Stock Exchanges (SSEs). Since SSEs operate at the intersection of capital markets, social enterprises, and non-profit organizations, designing a suitable regulatory framework is challenging. Regulators must balance investor protection, transparency, and accountability, while preserving the social mission of participating organizations. For example, international SSE initiatives in Brazil, South Africa, Portugal, and the United Kingdom encountered operational difficulties due to limited market scale, fragmented regulatory structures, and insufficient demand for their services.



SSEs: SUCCESS FACTORS IN INTERNATIONAL EXCHANGES

The following factors have been commonly observed in successful Social Stock Exchanges (SSEs) internationally:

1. **Strong Regulatory Oversight:** Developed and enforced an effective regulatory framework to ensure transparency, accountability, investor protection, and enhances the credibility of the Social Stock Exchange.
2. **Standardized Impact Measurement Frameworks:** Implemented uniform methodologies for measuring and reporting social outcomes enables comparability across social enterprises and facilitates informed investment decisions.
3. **Independent Third-Party Verification:** Adopted external verification of social impact reports and disclosures increases reliability, minimizes the risk of impact-washing, and strengthens stakeholder confidence.
4. **Transparent Disclosure Requirements:** Maintained consistent disclosure of financial performance, governance practices, and social impact indicators promotes transparency and accountability among participating organizations.
5. **Government Support:** Growth-oriented government policies, tax incentives, grants, and capacity-building initiatives, encourage participation and contribute to the long-term sustainability of SSEs.
6. **Alignment with the United Nations Sustainable Development Goals (SDGs):** Successful SSEs aligned their activities with the 17 Sustainable Development Goals (SDGs) adopted by the United Nations. This alignment provided a globally recognized framework for measuring impact and attracts international investors seeking sustainable investment opportunities.

CRITICAL LESSONS FROM THE INTERNATIONAL EXPERIENCE

A deep analysis of the international scenario reveals that maintaining a social stock exchange is incredibly difficult. After recognizing these challenges, Indian policymakers examined the accomplishments and setbacks of international SSEs, while designing a more resilient regulatory framework under the Securities and Exchange Board of India (SEBI).

1. **The Survival Challenge:** SSE platforms in places like South Africa (SASIX) and Portugal struggled with financial viability. A major study found that nearly 75% of global impact platforms failed to generate enough standalone revenue to cover their basic operational costs, requiring continuous philanthropic backing.
2. **The Liquidity Problem:** Since social investments are linked to long-term social and environmental outcomes, such as poverty elimination and carbon emission reduction, rather than short-term financial returns, secondary market trading remains limited. As a result, investors often find it difficult to obtain quick exit opportunities.
3. **The Sizing Bias:** One of the challenges faced by international Social Stock Exchanges (SSEs) is sizing bias. Small grassroots non-profit organizations often lack the financial, accounting, and administrative capacity to meet stringent listing and regulatory requirements. Consequently, SSEs tend to favour larger, well-established organizations with stronger governance structures and higher revenues.
4. **The Risk of "Impact Washing":** Another key obstacle faced by international Social Stock Exchanges (SSEs) is the risk of "Impact Washing." Without clear impact

definitions, standardized measurement frameworks, and independent third-party verification (called certified Social Impact Assessors), Social enterprises may exaggerate or overstate their social contributions to attract funding. This can undermine investor confidence and damage the credibility of the SSE ecosystem.

IS INDIA'S SSE STRUCTURED TO OVERCOME THESE GLOBAL HURDLES?

To prevent the structural failures that led to the closure of several Social Stock Exchanges (SSEs) in Europe and Africa, India's Social Stock Exchange was operationalised under the regulatory supervision of the Securities and Exchange Board of India (SEBI). Rather than establishing a standalone exchange, India developed and implemented an integrated model by creating the SSE as a separate segment within the existing stock exchanges, namely the National Stock Exchange of India (NSE) and the Bombay Stock Exchange (BSE). This approach immediately addressed the fundamental challenge of operational sustainability by leveraging the existing market infrastructure, governance mechanisms, investor base, and regulatory systems.

Furthermore, key lessons, derived from international experiences, have been incorporated into the Indian SSE framework through a series of SEBI circulars, notifications, and recent notifications issued by the Ministry of Corporate Affairs (MCA). These measures have addressed several structural and operational challenges in the following ways:

1. **Bypassing the "Liquidity" Problem: The ZCZP Instrument:** International SSEs faced low liquidity because NPOs do not generate financial returns, leading to poor trading activity.

India introduced the Zero Coupon Zero Principal (ZCZP) instrument, a unique security designed specifically for NPOs. Under a ZCZP instrument, investors receive no interest (Zero Coupon) and no repayment of principal (Zero Principal). Although, legally classified as a security, it functions as a structured donation rather than a traditional investment. This model eliminates the need for a liquid secondary market, overcoming a key weakness that affected several international SSEs. Funds raised are used for specific social projects with a defined tenure, such as healthcare, education, skill development, and livelihood programmes. The instrument aligns investor expectations with social impact objectives, creating a sustainable funding mechanism for NPOs.

2. **Solving the Funding Bottleneck through CSR Integration:** International SSEs struggled to maintain a steady flow of capital due to limited and inconsistent investor participation.

India addressed this challenge by leveraging its mandatory Corporate Social Responsibility (CSR) framework under Section 135 of the Companies Act, 2013, which requires eligible companies to spend

at least 2% of the average net profits of the preceding three years on CSR activities. In 2026, the Ministry of Corporate Affairs (MCA) expanded scope of Schedule VII of the Companies Act permitting companies to treat subscriptions to Zero Coupon Zero Principal (ZCZP) instruments as eligible CSR expenditure, subject to a maximum limit of 10% of the annual CSR budget. This integration creates a stable and predictable source of funding for Social Stock Exchanges due to the following reasons:

- Companies investing through ZCZP instruments are exempt from undertaking independent impact assessments, as the SSE framework already provides rigorous monitoring and reporting mechanisms.
- To encourage wider public participation, SEBI reduced the minimum retail investment amount to ₹1,000/-, making social investing accessible to ordinary citizens. Individuals can now support verified social projects through their demat accounts, similar to investing in mutual funds.

These measures strengthen the SSE ecosystem by broadening investor participation, improving funding stability, and enhancing accessibility.

3. **Preventing "Impact Washing" through Social Impact Assessors:** International SSEs faced the risk of "impact washing," where Social Enterprises could exaggerate or misrepresent their social outcomes to attract funding.

India addressed this challenge by introducing a new professional category of Social Impact Assessors. Social Impact Assessors are certified professionals who independently assess actual social outcomes and ground-level impact. In place of merely disclosing how much money has been spent, listed Non-Profit-Organisations (NPOs) are also required to report standardized Annual Disclosure Metrics prescribed by SEBI. These disclosures focus on measurable social outcomes, transparency, and accountability rather than only financial expenditures. Independent social impact assessments enhance the credibility and reliability of impact claims, reducing the possibility of misleading information.

This framework strengthens investor confidence, promotes evidence-based decision-making, and safeguards the integrity of India's Social Stock Exchange ecosystem.

Impact Reporting:

At present, impact reporting on the SSE largely focuses on activities and outputs: how many people received seed funding, how many women were trained, how many small businesses were started, and how much money was spent. What it often does not tell us is what happened afterward.

Take a livelihoods or micro-enterprise programme as an example. Reports may show how many women received training or seed capital and how many businesses were launched. But did those businesses survive beyond the first year? Did household incomes actually increase? Were families better off two or three years later? These are the outcomes that matter most to the people affected, yet they are often the hardest to measure.

This gap does not necessarily reflect poor performance or a lack of transparency. Tracking long-term outcomes is genuinely difficult for several reasons:

- It requires significant time and resources. Following up with the same families or enterprises over multiple years can be expensive, particularly for smaller grassroots organizations with limited budgets.
- Outcomes are harder to standardize and compare. Metrics such as “100 people trained” are relatively easy to report across organizations. Measuring whether lives actually improved is far more complex, and different organizations often use different methods and indicators.
- Impact takes longer to emerge than funding cycles allow. Many grants and programmes operate on one- or two-year timelines, while meaningful changes—such as a business becoming financially stable or a family's income remaining consistently higher—may only become visible after funding has ended.

As a result, although impact assessment, disclosures, and reporting requirements have improved transparency around how funds are used, a significant gap remains between demonstrating that money was spent as intended and demonstrating that it produced lasting improvements in people's lives.

Source: Authors inputs

meet the compliance and administrative demands of stock market participation.

To improve inclusivity, SEBI introduced procedural relaxations in 2026 to encourage the participation of smaller and regional NPOs. Registered NPOs are provided with a two-year transition period to strengthen their internal governance systems and build relationships with investors before being required to issue their first Zero Coupon Zero Principal (ZCZP) instrument. SEBI also relaxed the minimum subscription requirement for public issues in certain cases. Earlier, an issue would fail if it did not achieve 75% subscription. This threshold has now been reduced to 50% in special circumstances. These reforms reduce fund-raising pressure and lower entry barriers for grassroots organizations.

Overall, the measures enhance accessibility, inclusiveness, and participation, enabling smaller NPOs to benefit from the Social Stock Exchange ecosystem.

COMPARATIVE ANALYSIS OF DOMESTIC (INDIA) vs. INTERNATIONAL SOCIAL STOCK EXCHANGE (SSE)

The following table presents a comparative analysis of India's Social Stock Exchange (SSE) and international Social Stock Exchanges, highlighting the key differences in their regulatory framework, funding mechanisms, liquidity models, impact measurement systems, and overall sustainability.

Parameter	International SSE	Indian SSE
Regulatory Framework	• Regulatory structures vary considerably. • Some countries rely more on voluntary disclosures.	• Highly regulated by Securities and Exchange Board of India (SEBI). • Comprehensive eligibility and disclosure norms. • Continuous monitoring mechanisms.
Institutional Operational Structure	Exchanges functioned independently and struggled to achieve financial sustainability: • UK: Affiliated with traditional exchanges. • Canada: Private investment platform. • Singapore: Cross-border impact exchange. • Brazil: Donation platform.	SSE operates as a separate segment within existing infrastructure, reducing operational costs: • National Stock Exchange of India • BSE Limited
Funding Source	Relied mainly on: • Voluntary philanthropic contributions and • Impact investors, resulting in inconsistent capital flows.	Supported by multiple funding channels, including: • Corporate Social Responsibility (CSR) funds, • Retail Investors, and • Institutional Investors.
Liquidity Mechanism	Faced severe liquidity constraints due to limited trading activity.	Introduced Zero Coupon Zero Principal (ZCZP) instruments, eliminating dependence on a secondary market.
Investor Returns	Limited or unclear financial returns discouraged participation.	Investors contribute primarily for social impact, with ZCZP instruments functioning as structured donations.

CSR Integration	No formal integration with mandatory corporate spending frameworks in most countries.	CSR contributions under Section 135 of the Companies Act can be channelled through ZCZP instruments, subject to prescribed limits.
Impact Measurement	Practices differ: • UK: Strong measurement systems. • Singapore: Advanced frameworks. • Brazil: Moderate reporting.	Mandatory disclosures requirement prescribed by SEBI include: • Annual Impact Report • Social Impact Assessment • Outcome indicators • Beneficiary reporting.
Prevention of Impact Washing	Weak verification mechanisms increased the risk of exaggerated impact claims.	Independent Social Impact Assessors verify social outcomes and enhance transparency.
Accessibility for Smaller NPOs	Strict compliance requirements often favoured large organizations.	SEBI introduced procedural relaxations, transition periods, and lower subscription thresholds to support smaller and regional NPOs.
Sustainability	Several SSEs, particularly in Europe and Africa, were discontinued due to insufficient scale and demand.	Designed to be sustainable through integration with existing exchanges, regulatory support, and diversified funding sources.

Source: Author's inputs from secondary research.

India's Social Stock Exchange has adopted a regulated, integrated, and impact-driven model that directly addresses many of the shortcomings experienced by international SSEs. By combining SEBI oversight, ZCZP instruments, CSR integration, independent social impact assessments, and inclusive reforms, India has created a more sustainable ecosystem for mobilizing capital toward measurable social outcomes.

CONCLUSION

The emergence of Social Stock Exchanges (SSEs) represents an innovative approach to addressing the financing gap faced by social enterprises and impact-driven organizations worldwide. Over the past two decades, several countries have experimented with different SSE models with varying degrees of success. While countries such as Canada, Singapore, and Jamaica have developed sustainable ecosystems, earlier initiatives in Brazil, South Africa, Portugal, and the United Kingdom were unable to achieve long-term sustainability due to limited scale, inadequate investor participation, liquidity constraints, and unsustainable business models.

Drawing upon these international experiences, India established its Social Stock Exchange in 2022 under the regulatory oversight of the Securities and Exchange Board of India (SEBI). Instead of creating a standalone platform, India adopted an integrated approach by operating the SSE as a separate segment within the National Stock Exchange of India and the Bombay Stock Exchange. This institutional design leverages existing market infrastructure, governance systems, and investor networks, thereby enhancing operational sustainability.

Overall, India's Social Stock Exchange represents a significant evolution in impact financing. By combining strong regulatory oversight, innovative financing instruments, robust governance mechanisms, and inclusive participation, India has developed a more resilient and sustainable model that addresses many of the structural weaknesses that limited the success of earlier international Social Stock Exchanges. If effectively implemented and continuously strengthened, the Indian SSE could emerge as a global benchmark for mobilizing capital towards measurable social

and environmental outcomes while advancing sustainable and inclusive development objectives.

Note: The article is based on publicly available information obtained from SEBI regulations, Ministry of Corporate Affairs notifications, international Social Stock Exchange reports, and publications from global organizations relating to impact investing and sustainable finance.

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भारतीय कम्पनी सचिव संस्थान
Company Secretaries of India
 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। कष्टेषु हिंस्रो न भवेत्; प्रमत्तः भूयेत्तु व्यवहारः

Mission

"To develop high calibre professionals facilitating good corporate governance"

PREVENTION OF MONEY-LAUNDERING ACT, 2002

Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) Guidelines

Prevention of Money-laundering Act, 2002 casts certain obligations on the reporting entities and Financial Intelligence Unit- INDIA have implemented AML & CFT Guidelines effective from June 19, 2023 for Professionals including Company Secretaries in Practice to establish an efficient reporting mechanism to prevent money laundering, terrorist financing and proliferation financing.

Reporting Entity

(As notified by Ministry of Finance vide its notification dated May 03, 2023)

Company Secretaries in Practice, carrying out the following Financial Transactions in the course of his/her profession would be termed as 'Reporting entity' under PMLA and Rules made thereunder:

- buying and selling of any immovable property
- managing of client money, securities or other assets
- management of bank, savings or securities accounts
- organisation of contributions for the creation, operation or management of companies
- creation, operation or management of companies, limited liability partnerships or trusts, and buying and selling of business entities



Applicable Laws/Rules/Regulations

- Prevention of Money-Laundering Act, 2002 (PMLA, 2002)
- Recommendations 24 to 26 & 28 of Financial Action Task Force
- PML (Maintenance of Records) Rules, 2005
- AML & CFT Guidelines For Professionals with Certificates of Practice from ICAI, ICSI and ICMAI
- Section 12A of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 [applicable to all Company Secretaries]

Registration of Reporting Entities

Company Secretaries in Practice falling under the definition of Reporting Entity as per AML/CFT Guidelines need to register as "Reporting Entity".

Do's for Reporting Entities

- Appointment of Designated Director and Principal Officer
- Reporting of Suspicious Transaction Reports to Financial Intelligence Unit- INDIA
- Maintenance of Records
- Adoption of appropriate policies and procedures to prevent money laundering, terrorist financing and proliferation financing
- Performing Client Due Diligence (CDD) / Enhanced Due diligence (EDD)
- Appropriate training to its employees on the procedures for KYC, CDD, sanction screening and record keeping

ICSI PMLA Portal

ICSI PMLA Portal accessible at <https://www.icsi.edu/home/money-laundering-prevention/> and consists of following: -

- FAQs on AML & CFT Guidelines for Professionals
- Designated List (Amendments): Section 12A of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005:
- List of individuals, designated as terrorist, under UAPA, 1967
- Notifications of Ministry of Finance
- Weblinks of Documents related to Targeted Financial Sanctions Related to Terror Financing and Proliferation Financing

Steps to Register

- Click on the URL: <https://stimulate.icsi.edu/>
- Click on the tab "Reporting Entity"
- Click on the option "Register as a Reporting Entity"

For queries e-mail at: pmla@icsi.edu

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The Concept of Marriage

The concept of marriage is universal in most societies. A family consists of a husband, wife and their children. It is the basic unit of society and society exists because of families. The families together form the community in a locality. Communities in turn form the Nation. The family is eventually the basic unit of a civilization.

Adulthood is heralded in females by menarche and in males by the appearance of secondary sexual characteristics. It brings with it a sense of sexual awakening in all species. In most societies this is an indication to start preparing the ground for making the youngster accomplished in the many tasks ahead expected of an adult in life. Girls are taught cooking, household chores, sewing, and fine arts like singing and dancing. Boys are taught to fix gadgets, change bulbs and learn field work in rural areas. Later with maturity when the legal age is reached, the parents try to find a suitable match for the person to start his or her own family. A happy, lasting and vibrant partnership can become a reality if there is a conscious effort by the parents/society/guidance center to prepare the bride and groom for the new roles expected of them to make a success of this union of marriage.

Is marriage really necessary? What is its purpose? To a student of Biology, the primary objective of life is cohabitation and procreation. This is in all living species. Human beings are considered to be an evolved species which during its long civilizational history has put into place a series of social norms, religious denominations, legal procedures and a code of acceptable behavior patterns. These may vary in different communities and parts of the world but by and large the aim in a marriage is a conjugal peaceful coexistence which paves the way for a deep and lasting companionship.

A marriage formalized according to social norms provides acceptance in one's community. It is also important for inheritance purposes and legal matters. However, the greater purpose of this union is the fact that one seeks a companion to share one's life with on a day-to-day basis. It provides an opportunity for developing trust, coexistence, patience, a caring attitude and the indefinable joy of creating a new life and nurturing it together.

FINDING A SUITABLE PARTNER FOR THE PURPOSE OF MARRIAGE

In some societies, the partners meet and choose each other independently of parents, friends or other family members. They may meet at some event or due to proximity of work. The decision to marry is generally one's own choice and family members including parents may be informed only after the two have decided to marry. This is largely the case in most of the western society. However, even today, in India, the parents, and family and, even the immediate community often play a role in suggesting and actively identifying a suitable partner for the marriageable person. Sometimes even the temple priest pitches in with suggestions. Before confirming a match, many parents in India would like to match horoscopes and study the suitability of the match by discussing the individual economic and social status and standing in the community of the two families as it is believed that disparities in these fields could create adjustment problems in one or the other of the partners. The educational qualifications and job description of the young man is crucial in the decision-making process. If the young lady is also working at a job then her earnings and rights are taken into account. A non-earning woman is not given the same consideration as far as the rights and certain responsibilities are concerned. However, all these issues are subject to discussion and

consent in most reasonable families. Sometimes, a man and woman may meet independently of anyone's intervention either at some social event or even in the work place and decide to marry. Even in such cases, the blessings of both sets of parents are sought and the wedding itself, mostly involves arrangements in which the entire family on both sides enthusiastically participates and celebrates.

THE NEED FOR PREMARITAL COUNSELLING

Unfortunately premarital counselling in a structured manner is sadly missing in most cases. A young lady from a religious family told me that in Catholic families, the couple is required to attend a certain number of counselling sessions arranged by the Church before entering into a marriage. The objective is to familiarize the couple of the understanding and commitment required in a marriage and situations which may need one or the other to compromise or make adjustments to ensure the marriage remains strong even in the times of adversity. This is considered important as conventionally, the Catholic Church discourages break-up, separation or divorce in a marriage. Perhaps we need to consider this aspect of a relationship and ensure that the couple to be, are made more aware of the challenges and responsibilities of the sacred union they are about to enter into, by ensuring that we have in place a module to create awareness of the issue. Orientation programs are held for jobs and performance related work. Marriages too should have an orientation program to improve compatibility and promote understanding between partners, parents, siblings and extended families of each side. This would certainly help them navigate better throughout life within the intricate family dynamics. In our culture the institution of marriage is considered sacred and lifelong. It is indeed a pity that exposure to western culture has made some of our youth adopt live-in relationships and defiantly declare that marriage is just a piece of paper. A marriage is a live-in relationship with legal sanction which enjoys the approval of the society and community that we live in. One can be open about one's relationship and avoid deceit. I say this because I have known many who opted for a live-in relationship and would pretend they were married in order to be fully accepted by the community where they resided. Any relationship which offers scope for misrepresentation or deceit requires reassessment. In case such a couple opt for children, it would do well for them to understand the turmoil of a growing child who does not fully comprehend why he is different from his friends who may be asking him questions which he is unable to answer, about the relationship between his parents.

A transparent relationship requires both partners to be in communication at all times and to share their hopes and frustrations with each other. They also need to be open about their relationship and obligations, especially financial

if any, with their parents and siblings. Many a marriage develops cracks when one or the other partner financially supports a member of the parental family without taking the partner into confidence. This undermines mutual trust and creates a distance between the couple which is avoidable by a frank prior discussion.

Mutual trust and respect with open communication channels are essential for the smooth functioning of a household and understanding among the members of the family. Most societies are patriarchal in their established practices of marriage and running a household. Traditions and social behavior have evolved over the years. Many women today are well educated and financially independent. This fact has altered the way they see themselves and their roles in the world in general and in their family structure in particular. But the conventional thinking has not changed to the same degree and most men feel they have the right of control. A couple who were having marital problems sought advice. Both were earning members of the family and were expected to give their earnings to the man's mother who oversaw the running of the household. The woman once asked her mother-in-law for some money to buy a gift for her parents for their wedding anniversary. This was refused outright so rather than face the embarrassment of going without a gift, she called in sick and skipped the celebrations. At such times, it is necessary for the couple to discuss in detail the expectations of each other and both partners need to understand that their relationship as husband and wife is of paramount importance and supersedes all other relationships within the family. A realization of the utmost importance of the husband and wife relationship over that of any in the past is a vital cementing factor.

In some cases, despite no obvious reason, the marriage is shaky due to repeated inconsequential arguments. Sometimes it is a difference of opinion. Sometimes it is due to contradicting each other in the presence of children or outsiders. Often, it is due to unjustifiable outbursts of anger which one later regrets. In such cases each of the partners need to work on sharing these concerns and controlling their own negative emotions. If required one must seek the help of a counselor. Acknowledging one's shortcomings and accepting one's faults is the first step towards an effort to overcome them. It is a sign of strength and not weakness of character.

Marriage is a joint adventure of life in all its dimensions and can be one of the most fulfilling relationships with a little humility, understanding, appreciation of one another and mutual respect. Constant effort is required initially to keep alive and vibrant every aspect of marriage. Gradually, with time a comfort zone of security, love, and interdependence develops which helps to maintain closeness and confidence without effort. Consideration, care and transparency are the cornerstones of a sound base in a marriage.



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5

LEGAL WORLD



- Darius Rutton Kavasmaneck v. Gharda Chemicals Ltd. & Ors [SC]
- Reliance Industries Limited v. The Securities And Exchange Board Of India [SC]
- Indian Steel Association v. Bhadrasahi/Guali Truck Association & Ors [CCI]
- Harmeet Singh v. Nanuan's (Nanuan Travels) & Anr [CCI]
- National Highway Authority of India v. T. Younis & Anr [SC]
- Shijosh v. The State of Kerala & Anr [KER]
- Purushothaman Thitta v. Pothan Rajan & Ors [KER]



Corporate Laws

Landmark Judgement

LMJ 07:07:2026

DARIUS RUTTON KAVASMANECK v. GHARDA CHEMICALS LTD. & ORS [SC]

Civil Appeal No. 2481 of 2014

A.K. Sikri & J. Chelameswar, JJ. [Decided on 28/10/2014]

Equivalent citations: 2014 AIR SCW 6441; 2015 (14) SCC 277; AIR 2015 SC (SUPP) 1566; (2014) 12 SCALE 403.

Companies Act, 1956- Section 43A- whether a deemed public company retain the restriction of share transfer in its articles of association- Held, Yes.

Brief facts :

The respondent company was incorporated as a private company and Art. 57 of the AOA of the company contained restrictions on the rights of all the shareholders to transfer their shares. Any shareholder desiring to sell his shares must offer his shares to the other shareholders of the company pro rata to the holding of each of such other members respectively at a fair value. Subsequently the respondent company became a Section 43A company i.e. deemed public company or hybrid company. Respondent No. 2 intended to sell his shares to third party and appellants, the other shareholders, sought to refrain from doing so by filing a petition in CLB claiming their pre-emptive rights under Art. 57. CLB dismissed the petition and on appeal High Court upheld the decision. Hence the present appeal before the supreme Court.

Decision: Allowed.

Reason:

The case of the appellants all through has been that notwithstanding the amendment of the Act by the Amendment Act 53 of 2000, Article 57 of the Articles of Association still governs the rights of the members of the first respondent Company. On the other hand, the case of the respondents has always been and is that the first respondent company is a public company having had become so by the operation of law i.e., Section 3A(1) and it cannot now become a private company.

The other conclusion of the High Court that the failure of the first respondent company to amend its

Articles of Association to give effect to clause (d) of Section 3(1)(iii) rendered the first respondent company to cease to be a private company, in our opinion, is irrelevant for the decision on the REAL question in this case.

The REAL question is not whether the failure to amend the Articles of Association by the first respondent company rendered the first respondent company (which is otherwise a private company) a public company, but whether such a failure destroyed the collective right of the members of the first respondent company to have shares whose transferability is subject to limitations and restrictions contained in Article 57 of its Articles of Association.

Originally, Section 3(1)(iii) stipulated to be a private company, a company's Articles of Association are required to contain certain stipulations with regard to the matters specified in clause (a), (b) and (c). By virtue of the Act 53 of 2000 w.e.f. 13.12.2000 a private company's Articles of Association are required to contain additional stipulations relating to the matter contained in clause (d) also. The question is whether the newly-introduced requirement is applicable to existing private companies also or only to those which come into existence subsequent to the commencement of the Act 53 of 2000?

Section 27(3) mandates that the articles of a private company having share capital (such as the one on hand) shall only contain provisions relating to matters specified in clauses (a), (b) and (c) of Section 3(1)(iii) but not matters relating to clause (d). In other words, though the Parliament chose to introduce clause (d) in Section 3(1)(iii) (by an amendment in the year 2000), did not think it necessary to make a corresponding amendment to Section 27(3).

Then came, in 1988, Section 43A(1C), which only declared that a private company either accepting deposits from or renewing existing deposits (made either after or prior to 15.6.1988 respectively) collected from "persons other than its members, directors or their relatives" (hereinafter for the sake of convenience referred to as "PUBLIC") shall become a public company. But under the proviso to sub-section (1C), even after becoming a public company, such a Company can retain either restrictions or limitations contemplated under Section 3(1)(iii).

The insertion of clause (d) in Section 3(1)(iii) is admittedly only prospective. Therefore, on and after 13.12.2000, if anybody proposes to create a private company, the Articles of Association of such company must contain a clause prohibiting the invitation and acceptance of deposits from PUBLIC.

For all the abovementioned reasons, we are unable to agree with the submission of the respondents that by the Amendment Act 53 of 2000 and more particularly sub-section (11) of Section 43A, the Parliament intended to curtail or destroy the collective right of the shareholders of a HYBRID company to impose restrictions on the rights of the individual shareholders to have unfettered right of transfer of their shares. Such a restriction which, in our view, constitutes a restriction on the fundamental rights under Article 19(1)(c), requires a more express legal authority and cannot be brought in by inference.

Therefore, in our opinion, the failure of the first respondent company to amend its Articles of Association to give effect to clause (d) of Section 3(1)(iii) does not affect the operation of its Article 57.

LW 49:07:2026

**RELIANCE INDUSTRIES LIMITED v.
THE SECURITIES AND EXCHANGE BOARD OF
INDIA [SC]**

Civil Appeal No. 4015 of 2020 with connected appeal

J.B. Pardiwala & R. Mahadevan [Decided on 29/05/2026]

Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market), 2003 – futures segment-appellants sold shares through 12 entities-manipulation of share price to gain profit alleged-WTM found appellants guilty- SAT confirmed the same- whether appellants manipulated the price and indulged in fraud-Held, No.

Brief facts:

The two statutory appeals arose from the judgment and order dated 05.11.2020 and 04.12.2023 respectively passed by the Securities Appellate Tribunal, Mumbai ("SAT"), wherein by a 2:1 majority, the Tribunal dismissed the appeal filed by the appellant no. 1 herein against the order of the Whole-Time Member ("WTM") of the Securities and Exchange Board of India ("SEBI"), essentially on the ground that the appellant no. 1 made an illegal and undue gain of Rs. 447.27 crore while trading in the shares of Reliance Petroleum Ltd. ("RPL") by manipulating the prices thereof to profit in the futures segment, in violation of the Securities Contracts (Regulation) Act, 1956 (the "SCRA") and the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market), 2003 (the "PFUTP Regulations") respectively.

Decision: Partly allowed.

Reason:

The SC framed four issues and answered the same as follows:

- a. Whether the agreements entered into by and between the appellant no. 1 and the twelve entities were fraudulent and manipulative device under the PFUTP Regulations?

In our considered opinion, the agreements entered into by and between the appellant no. 1 and the twelve entities were not a device used for fraud and manipulation. The 2001 SEBI Circular did not place a ban on the breach of position limits, rather it only required disclosure when positions were taken in excess, and penalized only the non-disclosure of the same. We have held in the aforesaid parts of this judgment that the appellant no. 1 is liable only to be penalized in terms of the 2001 SEBI Circular and the 2001 NSE Circular.

210. However, to make out a case for fraud, it was incumbent upon the respondent to show how the usage of agency relationships could be said to be manipulative when the 2001 SEBI Circular itself left a loophole in respect of prescribing position limits for persons acting in concert. A literal interpretation of the Circular would not even allow us to penalize their conduct. The only reason for upholding of penalty levied by the SAT and the WTM is that the respondent attempted to do something indirectly, what it could not do directly.

In our view, the PFUTP Regulations cannot be attracted on the sole circumstance of the appellant no. 1 using 12 agency agreements to take excess position limits and it was necessary for the respondent to prove whether the manner in which these agency agreements were utilised was fraudulent or not.

- b. Whether the 9.92 crore open positions in the November 2007 futures segment of the RPL stock, were valid hedges?

In the context of the facts and circumstances presented to us by the parties and the materials placed on record, we find that the 9.92 crore positions taken by the appellant no. 1 in the RPL futures segment were valid hedges. We have said so because the underlying 22.5 crore RPL shares that were supposed to be sold in the cash segment were more than half of the futures positions taken in the November 2007 series.

Further, we have found that there is no legal requirement to ensure a perfect hedge with 1:1 ratio of underlying risk to number of hedge positions. Therefore, we find no force in the argument of the respondent that the appellant no. 1's futures positions from 23.11.2007 onwards were 'naked hedges'.

- c. Whether the agreements entered into by and between the appellant no. 1 and the twelve entities were used by the appellant no. 1 to corner open positions in the November 2007 futures segment of the RPL stock for the purpose of manipulating the futures market?

On the basis of the discussion in the aforesaid, the answer to this question must be a firm 'No'. We say so because the basis to calculate the percentage of the appellants' positions out of all the open positions in the derivatives market, was flawed. The respondent should have calculated the open interest of the appellants out of the total open positions across all derivatives and not just one series.

In our opinion, cornering that includes within itself the intent to manipulate prices must be patently clear from the conduct and transactions of the allegedly fraudulent party, which in the present matter, is not the case. This is because the 40.10% of open interest

constituted genuine and valid hedges. In situations like the one in the instant matter, one may be able to say that cornering provides the ability to manipulate, however, it cannot be said with absolute surety that cornering by itself is manipulation.

In the present case, since no inducement pursuant to cornering has been proved, there was a higher burden of proof to establish a separate act of price manipulation. Therefore, it cannot be said that the 40.10% of the open interest was cornering such that the large share of the appellant no. 1 in the futures market itself indicated towards its fraudulent intent.

- d. Whether the sale of 1.95 crore RPL shares in the cash segment during the last 10 minutes of the trading day on 29.11.2007 was an attempt to depress RPL share prices to make unlawful profits in the November 2007 futures segment?

It was only in the last 10 minutes of the settlement date, 29.11.2007 that there was a significant increase in prices due to unknown circumstances and the appellant no. 1 sought to take advantage of the same. Had it been the intention of the appellant no. 1 to depress the price, it would have sold far more shares than 1.95 crore and with prices below Rs. 210/- per share. Merely because the appellant no. 1 did not place sell orders on the LTP cannot prove that the appellant no. 1's intention was to manipulate the price of the RPL stock.

Another reason for us to conclude that it is not likely that the appellant no. 1 would intentionally manipulate prices is because of its majority shareholding in RPL. Even though 5% out of the shareholding was being offered for sale in the cash segment, the appellant no. 1 continued to retain 70% of the stake in the company. Any decrease in price would depreciate the entire 70% holding and adversely impact the valuation of RPL. The trade-off that the appellant no. 1 would make as regards its 70% shareholding to gain profits in the futures segment for 7.97 positions, seems highly unlikely to us.

In such view of the matter, there is no manner of doubt in our minds that the respondent was unable to discharge the higher burden of proof to establish manipulation. Hence, fraud under the PFUTP Regulations is not made out against the appellant no. 1 in the present matter.

For all the foregoing reasons, we have reached the conclusion that the SAT in its majority judgment, committed an egregious error in passing the impugned judgment insofar as the question of fraud under Regulations 3 and 4 of the PFUTP Regulations respectively, is concerned. However, we concur with the observations of the SAT in its majority judgment as regards the penalty to be levied on the appellant no. 1 for violating the disclosure requirements under 2001 SEBI Circular in respect of position limits.



Competition Laws

LW 50:07:2026

INDIAN STEEL ASSOCIATION v. BHADRASAH/ GUALI TRUCK ASSOCIATION & ORS [CCI]

Case No. 21 of 2022

Ravneet Kaur, Anil Agrawal, Sweta Kakkad & Deepak Anurag.

[Decided on 09/06/2026]

Competition Act, 2002- Sections 3 & 4- cartelisation of truck operators- cease and desist order passed.

Brief facts:

The present case involved a complaint against the OPs who are truck operators. The Commission initially ordered investigation into the allegations. The DG investigation concluded that the OPs were engaged in anti-competitive practices, including cartelization with affiliated transporters and truck owners. They were found to have arbitrarily fixed freight rates at variance with those prescribed by the STA, Government of Odisha, and restricted market access by preventing non-member transporters from operating in the mines, thus violating the provisions of Sections 3(3) (a) and 3(3)(b) of the Act during the specified periods for each OP between the years 2017 and 2023. The OPs have refuted the findings of the investigation and stated that there exists no cogent or concrete evidence against them to be held liable for contravention of the provisions of the Act.

Decision: Allowed. Cease and desist order passed.

Reason:

The commission framed 3 issues and decided as under:

- (i). Whether the OPs, by way of fixing freight rates for transporting mineral-carrying goods carriages, even beyond the maximum freight fixed by the State Government, have entered into an agreement which directly or indirectly determines purchase or sale prices and violated the provisions of Section 3(3) (a) read with Section 3(1) of the Act.

The Commission observes that the existence of an "agreement" under the Act need not be formal or written and may be inferred from the conduct of the parties and surrounding circumstances. In the present case, the evidence placed on record, including freight rate charts, circulars, resolutions, and admissions of the OPs, indicates that the associations were engaged in fixing and revising freight rates for transportation

of mineral-carrying goods carriages. The Commission notes that such rate determination was not isolated but was undertaken through meetings, joint deliberations, and coordinated decisions among the associations. Such agreement to fix freight rates was enforced through member constituents of the OPs, which are competing enterprises falling under the definition of “enterprise” u/s 2(h) of the Act. These member constituents have agreed with each other to fix prices for supply of services of freight transport under the aegis of the OPs and had the effect of causing AAEC by raising the cost for steel manufacturers and the end consumer. Further, the fact that such diktats of similar nature were issued by multiple associations, establishes the market wide practice of rate determination being followed instead of allowing individual transporters to determine their freight rates. This also negates the contention of the OPs that they are not a price setting enterprise. The Commission observes that in practice, the OPs took upon the role of setting freight rates on behalf of individual transporters.

As regards the contention of the OPs that there is no explicit agreement or uniformity across the market, the Commission is of the view that the absence of a formal agreement or strict uniformity does not preclude a finding of contravention under Section 3(3) of the Act. The material on record sufficiently establishes a concerted practice by the OPs aimed at determining freight rates. Further, the justification advanced by the OPs regarding operational costs and inefficiencies does not negate the fact of coordinated price fixation, particularly in light of the presumption of AAEC applicable to agreements falling under Section 3(3) read with Section 3(1) of the Act.

In view of the foregoing, the Commission holds that the conduct of the OPs of fixing and revising freight rates for transportation of mineral-carrying goods carriages amounts to an agreement which determines prices, and is therefore in contravention of the provisions of Section 3(3)(a) read with Section 3(1) of the Act.

- (ii). Whether the OPs, by not allowing any independent transporter to transport raw materials from the mines, have limited or controlled market or provision of services and violated the provisions of Section 3(3) (b) of the Act.

The Commission further notes that the consistent practice of mandating registration, coupled with denial of operational freedom to independent transporters, reflects a concerted approach adopted by the OPs to control the supply of transportation services. The evidence, including statements of association representatives and communications issued by the OPs, indicates that such restrictions were systematically enforced, resulting in foreclosure of market access to non-member transporters.

The Commission also finds no merit in the submission that dispatch control rests with mine operators or authorities, as the evidence on record demonstrates

that the OPs exercised significant control over which transporters could participate in the transportation process. The role of other stakeholders does not dilute the fact that the associations, through collective decisions, imposed restrictions that had the effect of limiting the provision of services in the relevant market.

In view of the foregoing, the Commission holds that the conduct of the OPs of not allowing any independent transporter to transport raw materials from the mines amounts to limiting and controlling the market for provision of transportation services. Accordingly, such conduct is found to be in contravention of the provisions of Section 3(3)(b) read with Section 3(1) of the Act.

- (iii). Whether the OPs, by using only smaller trucks (6 and 10-wheeler trucks) for transportation, have limited or controlled production, supply, markets or provision of services and violated the provisions of Section 3(3) (b) read with Section 3(1) of the Act.

In the present case, the allegation of the Informant is that the OPs deliberately restricted the deployment of higher-capacity vehicles so as to create artificial scarcity and inflate freight rates. In support of this allegation, the Informant has submitted certain letters from JSPL to the local authorities citing this issue. However, upon perusal of the DG's investigation, the Commission finds that such allegation has not been substantiated by credible evidence.

The Commission observes that the DG has categorically recorded that there is no consistent or systemic restriction on the use of higher-capacity vehicles across routes. Further, there is no documentary evidence, such as resolutions, circulars, or meeting records, indicating any agreement or decision among the OPs to restrict vehicle capacity. The absence of corroboration from third parties and the lack of clarity in defining “smaller vehicles” further weakens the Informant's case.

In such circumstances, the Commission is of the view that mere allegations, unsupported by evidence demonstrating concerted action or coordinated conduct, cannot form the basis of a finding of contravention under Section 3(3)(b) read with Section 3(1) of the Act. The essential element of an «agreement» leading to limitation or control of services remains unestablished in the present case. Accordingly, the Commission holds that no contravention of the provisions of Section 3(3)(b) read with Section 3(1) of the Act is made out against the OPs on this issue.

In view of the foregoing analysis, the Commission finds contravention against OP-1 to OP-4 in terms of the provisions of Section 3(3)(a) and Section 3(3) (b) read with Section 3(1) of the Act. Accordingly, the Commission in terms of Section 27(a) of the Act,

directs the OPs to cease and desist in future from indulging in any practice/conduct/activity that has been found in the present order to be in contravention of the provisions of Section 3 of the Act.

LW 51:07:2026

HARMEET SINGH v. NANUAN'S (NANUAN TRAVELS) & ANR [CCI]

Case No. 45 of 2025

Ravneet Kaur, Anil Agrawal, Sweta Kakkad & Deepak Anurag.

[Decided on 08/06/2026]

Competition Act, 2002 - Section 4 - abuse of dominance-licensed ride aggregators - airport gates-preventing solo taxi/cab drivers from accessing - whether abuse of dominance - Held, No.

Brief facts:

The informant is a cab driver and the OPs are ride aggregators. The primary grievance of the Informant is that OP-1, having been granted a license to provide taxi/cab services by OP-2, has misused its alleged dominant position by preventing solo taxi/cab drivers from accessing areas in proximity to arrival gate no. 1 of OP-2. The Informant is also aggrieved that all the exiting passengers are captured by OP-1 which results in absolute monopolistic control with zero competition, in contravention of Sections 3 and 4 of the Act.

Decision: Dismissed.

Reason:

The Commission notes that awarding tender to OP-1 does not, per se, confer any statutory or de-facto exclusive right to operate in the said premises. The license merely enables OP-1 to operate within the designated space subject to terms and conditions imposed by CHIAL. Such grant of license through a competitive bidding process, is a standard commercial arrangement and cannot be construed as creating barrier to entry or foreclosing competition in the relevant market.

The Commission further notes that as per the Information, there are solo cab/taxi operators like the Informant as well as those registered with online taxi/cab applications (OLA, Uber etc.) who are also allowed to provide their services at OP-2. Thus, the allegations that all exiting passengers are captured by OP-1 doesn't hold good as the passengers retain the choice to use app-based taxi/cab service providers or pre-arranged transport (either from company, hotel or self-booked).

In view of the allegations levelled by the Informant, the Commission is of the view that the grievances raised by the Informant regarding restriction on solo taxi/cab drivers appear to relate to operational arrangements rather than any anti-competitive conduct attributed to OP-1 flowing from an exclusive right. Therefore, in the absence of exclusivity and given that CHIAL retains the discretion to

introduce competing service providers, the Commission finds no material indicating existence of any anti-competitive conduct which necessitates further inquiry by the Commission with regard to contravention of Section 4 of the Act.

With regard to violation of Section 3 of the Act, the Commission notes that there is no evidence on record which indicates any anti-competitive agreement including cartel or bid-rigging, necessitating further inquiry by the Commission.

Further, as regards the allegation regarding enforcing monopoly through coercion by OP-1, the Commission observes that the same is related to alleged criminal conduct on the part of OP-1 and does not fall within the purview of competition law.

The Commission notes that the Informant has not made specific allegations against OP-2, therefore the conduct of OP-2 doesn't merit scrutiny.

In view of the allegations raised in the Information and the analysis carried out in preceding paragraphs, the Commission is of the opinion that no prima facie case of contravention of Sections 3 and 4 of the Act is made out against OP-1 and OP-2. Accordingly, the Information is directed to be closed forthwith under Section 26(2) of the Act



LW 52:07:2026

NATIONAL HIGHWAY AUTHORITY OF INDIA v. T. YOUNIS & ANR [SC]

Civil Appeal No. _____ of 2026 [@ SLP (C) No. 7570 OF 2024]

P.S. Narasimha & Aradhe, JJ. [Decided on 02/06/2026]

Arbitration & Conciliation Act, 1996 - Sections 33 & 34-challenge to award - limitation to file challenge application-clarification application filed before the arbitrator- what is the relevant date to calculate limitation period - High Court clarified the position.

Brief facts:

Pursuant to the remand order passed by the High Court, the Arbitrator conducted fresh proceedings and passed an Award on 03.2.2022. On 08.03.2022, the Appellant filed application under Section 33(1)(a) of the Act before Arbitrator seeking correction of Arbitral Award. On 10.03.2022, the Respondent No. 1 filed an application

under Section 33(4) of the Act seeking an additional award of 50% over and above the market value. The Arbitrator by a common order dated 04.07.2022, dismissed the applications filed under Section 33 of the Act by the Appellant as well as Respondent No. 1. The certified copy of the said order was received by the Appellant on 15.09.2022.

On 29.10.2022, the Appellant filed applications under Section 34 of the Act along with applications seeking condonation of delay. The Principal District & Sessions Judge, Bellary by an order dated 05.08.2023 condoned the delay in filing the applications under Section 34 of the Act and allowed the same. The Respondent No.1 challenged the aforesaid order dated 05.08.2023 in a Writ Petition.

The High Court concluded that the benefit of limitation under Section 34(3) of the Act was not available and, therefore, the limitation could not be computed from the date of disposal of such applications. Aggrieved by the judgment of the High Court, the Appellant has filed the present appeal.

Decision: Allowed.

Reason:

Having heard the rival contentions and perusing the material on record, the issue that arises is whether the limitation under Section 34(3) would commence from the date of the original award or from the date on which the application under Section 33 came to be disposed of.

Section 33 of the Act deals with the request made to the Arbitral Tribunal for correction and interpretation of the award as well as for rendering additional award. An application under Section 33 of the Act is required to be made within a period of 30 days from the date of the receipt of the award. From careful scrutiny of Section 34(3) of the Act, it is evident that where a request under Section 33 of the Act has been made, the limitation for filing an application under Section 34 of the Act shall be reckoned from the date on which such request is disposed of by the Arbitral Tribunal. The said provision does not distinguish between the applications which are ultimately allowed or dismissed. The said provision also does not indicate that only an application which is maintainable under Section 33 of the Act would defer the commencement of litigation under Section 34(3) of the Act. Had the legislature intended to restrict the benefit only to the applications which were ultimately allowed or which were held to be maintainable, it would have expressly provided so. The Court cannot read into the provision a restriction which the legislature itself has not consciously incorporated.

Once proceedings under Section 33 are initiated and entertained by the Arbitral Tribunal, the award remains subject to the limited jurisdiction of the tribunal for correction, interpretation, or supplementation as contemplated under the provision. So long as such proceedings remain pending, the parties cannot be compelled to institute proceedings under Section 34 merely as a matter of abundant caution. The parties can effectively

pursue their remedy under Section 34 only upon conclusion of the proceedings under Section 33. Consequently, the limitation prescribed under Section 34(3) can start only from the date on which the proceedings under Section 33 are disposed of.

In our view, the contention of the Respondent that only an application which is “maintainable” under Section 33 can defer the commencement of limitation under Section 34(3), cannot be accepted. Whether the application under Section 33 ultimately succeeds or fails, or whether the Arbitral Tribunal eventually finds that no correction or modification of the award is warranted, is not determinative for the purpose of Section 34(3). What is relevant is that whether the jurisdiction of the Arbitral Tribunal under Section 33 had been formally invoked and that such proceedings remained pending consideration before the tribunal.

We are also of the view that the interpretation adopted by the High Court would defeat the scheme and object of the Act. If parties are compelled to institute proceedings under Section 34 during the pendency of proceedings, under Section 33 merely as a matter of abundant caution, it would result in multiplicity of proceedings and procedural uncertainty. At the same time, it is clarified that where applications under Section 33 are found to be sham, frivolous, or mala fide or solely filed for the purpose of defeating limitation under Section 34(3) of the Act, the courts would be justified in imposing exemplary and punitive costs, as maintaining the balance between preserving legitimate remedies and preventing abuse of process is fundamental to effective administration of justice.

A plain reading of Section 34(3), read in the light of the law laid down in *Geojit (supra)*, makes it clear that once jurisdiction under Section 33 is formally invoked and such proceedings are entertained by the Arbitral Tribunal, the limitation for filing an application under Section 34 would commence only from the date on which such request is disposed of by the Arbitral Tribunal. The appeal is accordingly allowed.

LW 53:07:2026

SHIJOSH v. THE STATE OF KERALA & ANR [KER]

Criminal Appeal No. 1403 of 2008

A. Badharudeen , J. [Decided on 09/06/2026]

Negotiable Instruments Act, 1881- Section 139- dishonour of cheque- statutory presumption- when applicable- witness could not prove the giving of loan and issuance of cheque- drawer acquitted- whether correct - Held, Yes.

Brief facts:

The appellant is the payee complainant and the 2nd Respondent is the drawer of the cheque for Rs.4,50,000/- which was dishonoured. Consequent to dishonour of a cheque alleged to be issued by the accused to the complainant in discharge of an amount of Rs.4,50,000/-

alleged to be borrowed by the accused from the complainant, the complainant lodged prosecution alleging commission of offence punishable under Section 138 of the Negotiable Instruments Act ('NI Act' for short). After securing the presence of the accused for trial, the learned Magistrate tried the matter and finally acquitted the accused.

Decision: Dismissed.

Reason:

The complainant got examined as PW1 after filing proof affidavit. During cross examination, his evidence is that Rs.4,50,000/- was given to the accused by his father on 5 instalments and whether the accused agreed for a particular period to repay the same was not known to him. His further version is that his father maintained a notebook and in the said notebook each instalments with date thereof were endorsed and the notebook would be available in his house. Despite this evidence, the said notebook was not tendered in evidence. Further he deposed that he was unaware of the fact that when his father had given the first instalment to the accused and stamp paper and a cheque were obtained. Then he added that the stamp paper was available, but when a question was asked as to what was written in the agreement, he answered that he did not read the same.

It is the well-settled law that in a prosecution alleging commission of offence punishable under Section 138 of the NI Act, the complainant would get the benefit of twin presumptions under Sections 118 and 139 of the NI Act and the pre-condition for the same is proof of the transaction and execution of the cheque in a convincing manner. The same would definitely include passing of consideration covered by the cheque. Indubitably such evidence shall be given by the person, who had direct knowledge regarding the transaction and execution of the cheque and the evidence of a person, who does not know the same is insufficient to prove the transaction and the execution of the cheque. In the instant case, as per the evidence given by PW1, money was given to the accused by 5 instalments by the father of the complainant and details of the same were noted by his father in a notebook. This evidence would show that, in fact, the transaction and passing of consideration are in between the father and the accused, and the complainant did not know the transaction or execution of the cheque, including passing of consideration. Thus in the instant case the competent person to depose about the transaction and execution of Ext. P1 cheque is none other than the father of PW1. It is relevant to note that, despite this fact, the father of the complainant was not examined. According to the learned counsel for the 2nd respondent/complainant, the father was engaged in money lending business even though he had been working as a police officer and thereby he could not do the business of money lending as against the prohibition contained in the Conduct Rules applicable to Government servants. That is why, he did not opt to give evidence.

On scrutiny of the evidence of PW1 and the discussion as aforesaid, it is emphatically clear that the transaction which led to execution of Ext. P1 cheque failed to be proved by the

evidence of PW1 and the complainant had miserably failed to discharge the initial burden cast upon him, to prove the transaction which led to the execution of the cheque, which would disentitle him the benefit of presumptions under Sections 118 and 139 of the NI Act in favour of him. In such view of the matter, the learned Magistrate is right in holding that the complainant failed to prove the case beyond reasonable doubts and therefore the impugned verdict is only to be confirmed.

In the result, the appeal fails and is accordingly dismissed confirming the verdict of the learned Magistrate.

LW 54:07:2026

PURUSHOTHAMAN THITTA v. POTHAN RAJAN & ORS [KER]

OP(C) NO. 2308 OF 2025

S. Easwaran, J. [Decided on 01/06/ 2026]

Article 226 of the Constitution of India read with Section 16 of the Arbitration and Conciliation Act, 1996 - jurisdiction of arbitrator- sole arbitrator upholding her jurisdiction- whether challengeable under writ - Held, Yes.

Brief facts:

Can the High Court exercise its Jurisdiction under Article 227 of the Constitution of India against an order of the Arbitrator upholding his Jurisdiction in an application under Section 16(2) of the Arbitration and Conciliation Act, 1996, (for short 'the Act')?. The petitioner contended that the order is not appealable under Section 37 of the Act and that he has no other remedy except to invoke the Jurisdiction of this Court. Respondents also did not dispute the same, but contended that the petitioner must wait till the final award is passed by the arbitrator and thereafter invoke the remedy under Section 34 of the Act, if so advised.

The relief sought for in the claim petition, before the court appointed sole arbitrator, was basically to record the division of assets and liabilities of the company as per Memorandum of Understanding (MoU) dated 17.09.2021. The MoU pertained to certain division of assets and liabilities in respect of three companies namely Pioneer Cars India Private Limited, Pioneer Motors (Kannur) Private Limited and Wayanad Vehicles Private Limited, which are companies registered under the provisions of the Companies Act, 2013. The petitioner, who was the 2nd respondent in the arbitration case, filed an application under Section 16 of the Arbitration and Conciliation Act, 1996, seeking to drop the arbitration proceedings in respect of the companies in question on the ground that the Arbitrator lacks jurisdiction to decide the claim. According to him, the jurisdiction exclusively vest with National Company Law Tribunal. The said application was dismissed holding that nowhere the company is sought to be wound up nor dissolved and that the arbitrator can make decisions about the ownership and shareholding of the companies including dividing shares among the owners. The said order is impugned in this original petition.

Decision: Partly allowed.**Reason:**

In a given case where the arbitral tribunal or the arbitrator acts beyond its Jurisdiction or for that matter a claimant initiates an arbitration on a dispute which is not arbitrable or governed by a separate mechanism provided under a statute, the opposite party is certainly entitled to raise the question of Jurisdiction and if it is rejected, can certainly approach this Court under Article 226 and 227 of the Constitution of India as the case may be. In such cases, this Court can examine the case to find out whether the dispute is arbitrable or a separate mechanism to resolve the dispute is provided under a statute. Hence this Court is inclined to hold that the present original petition under Article 227 of the Constitution of India is maintainable.

Next, it is to be decided whether the dispute now raised by the 1st respondent is arbitrable or not. This in turn will decide whether this court must exercise its jurisdiction and interfere with the order impugned. A reading of the claim petition shows that essentially what is sought for is for restructuring of the company. The entire basis for initiation of the arbitration proceedings is the arbitration clause in the MoU signed by the respondents between themselves. Pertinently, a glance at the MoU, a copy of which is placed for perusal of this court shows that the company is not a party to the MoU. It is between the respondents 1 and 2 in their individual capacity. One of the most crucial points to be noted is that there is a clause for selling the assets to the third party on a price mutually agreed upon. This is where the question of arbitrability arises.

Moreover, from the claim petition filed before the Arbitrator it is evident that the matter pertains to the division of the assets of the three companies in question of which the petitioner is a minority shareholder. If in a given case, a case of total lack of Jurisdiction of the arbitrator is made out, it will be wholly impermissible for this court to hold that, the petitioner must still wait till the final award is passed by the arbitrator.

The next question to be decided is whether the dispute regarding restructuring of a company is arbitrable. This question assumes importance in view of the specific plea raised by the petitioner that the subject matter of arbitration is not arbitrable.

Yet another aspect to be considered is whether the dispute now raised before the arbitrator falls within the ambit of the powers of National Company Law Tribunal. This will in turn enable this Court to decide whether the finding of the arbitrator that he has the power to decide the allotment of shares is correct or not.

The reading of Section 242 of the Companies Act, 2013 shows that the powers of the tribunal are extensive in nature. As stated afore, the 1st respondent has basically claimed restructuring of the company including change of Managing Director and division of assets of the company including the sale to the third parties. The arbitrator on the other hand proceeds to hold that she has the power to

entertain the claim and decide on the division of shares. It is at this point; the conflict of Jurisdiction arises especially since a specialized forum is created under the Companies Act, 2013. Unfortunately, the arbitrator could not properly comprehend the issue and erroneously rejected the objection. Therefore, when it is evident from records that, the claim before the Arbitrator touches upon functioning and restructuring of the companies, which falls under the exclusive jurisdiction of the National Company Law Tribunal under Section 241 read with Section 242 of the Companies Act, 2013, it is inevitable that this Court must hold that process of restructuring and re-division of the assets of the companies is of statutory in nature and cannot be a subject matter of a personal contract.

Albeit, this Courts finds that the dispute before the arbitrator qua the companies is essentially an intra-company dispute. Pertinently, the company is not a signatory to the MoU, whereas it is between two brothers. Moreover, the presences of a specialized statutory form like National Company Law Tribunal which is given exclusive power to adjudicate on the dispute touching upon the structure of the company and the rights of a minority shareholder, is a clear indication that the subject matter of the dispute is non- arbitrable. Further, it is undeniable that the disputes raised in the claim petition constitutes an action in rem and not in personum.

Accordingly, this Court finds that the petitioner is entitled to succeed in part and this original petition is consequently allowed. Ext. P7 order, insofar as it proceeds to reject, non-suit, the jurisdictional objection raised by the petitioner under Section 16 of the Act in relation to the three companies specifically enumerated in Relief No. 1 of Ext. P1 claim petition, is found to be legally unsustainable and is therefore hereby interfered with.

As an sequitur flowing from the aforesaid declaration, the arbitral proceedings presently pending shall, insofar as they relate to or are sought to be continued against the said three companies, stand terminated forthwith, there being no surviving arbitral jurisdiction exercisable against them within the contours of the present proceedings. Such termination, however, shall be confined strictly to the said entities and shall not, by implication or otherwise, affect the maintainability or continuance of the arbitral proceedings against any other contesting parties who are otherwise amenable to the arbitral process in accordance with law. Further, in order to obviate any ambiguity on the legal consequences arising from this adjudication, it is clarified that the findings rendered herein shall not be construed as a pronouncement on the merits of the inter se disputes, rights, obligations, shareholding claims, or any other corporate and statutory issues that may arise between the parties under the framework of the Companies Act, 2013. All such rights and remedies, available to the petitioner as well as the respondents are left expressly open and reserved, including the liberty to invoke such statutory remedies as may be available before the National Company Law Tribunal by instituting appropriate proceedings in accordance with law.

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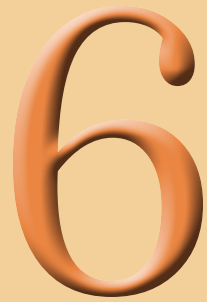
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Corporate Laws

Ministry of Corporate Affairs

01 Guidelines for Corporate Mitra Scheme

[Issued by the Ministry of Corporate Affairs dated 26.06.2026]

1. The Corporate Mitra Scheme was announced in the Union Budget 2026-27. It aims to empower India's Micro, Small and Medium Enterprises (MSMEs) through para-professionals called Corporate Mitra. Through this Scheme, youth will undergo 6 months Academic Course (comprising about 150 hours of online structured learning and 6 months of On-the-Job training providing exposure to real-life business environment and employment opportunities.
2. MSMEs are the backbone of India's economic growth, employment generation, entrepreneurial ecosystem and journey towards Viksit Bharat. Recognizing their critical role, the Government has proposed the creation of a cadre of Corporate Mitras – trained and certified paraprofessionals who will serve the MSMEs.
3. Corporate Mitras will provide affordable and accessible support in areas such as regulatory compliance, GST, accounting, financial guidance, Cost Accounting and secretarial services ensuring that MSMEs can focus on innovation and growth while meeting the regulatory compliance requirements with ease. To ensure reach beyond metropolitan hubs, Corporate Mitras will primarily operate in Tier-II and Tier-III cities, extending the professional assistance to enterprises in emerging business centres across India, thereby strengthening the foundation of India's entrepreneurial ecosystem.
4. Primary objectives of the Corporate Mitra Scheme are:
 - a) Build a skilled & Accredited Para-Professionals talent pool to support MSMEs in regulatory compliance, GST, accounting, financial guidance, Cost Accounting and secretarial services and corporate governance.
 - b) Enhance ease of doing business for MSMEs through structured professional guidance.
 - c) Generate employment opportunities: Corporate Mitra scheme will focus on making graduates "industry-ready," with high placement opportunities in MSMEs.

- d) Strengthen professional advisory services through standardized course/training and certification, ensuring quality and trust.
5. The scheme will commence with 2000 participants, including 200 participants from the North East Region, creating a robust cadre of trained Corporate Mitras to serve enterprises across India.
6. Scope: This Scheme is separate from all the existing internship schemes and student training related to skill programmes, etc. being implemented across all the States & UTs of India and will run independently of all such Central/State schemes.
7. Salient Features of the Corporate Mitra Scheme:

Eligibility criteria for Candidates:

- i) Age Limit: Candidates must be up to 30 years as on the application submission date.
- ii) Nationality: Must be an Indian National.
- iii) Education Qualification:
 - ♦ Graduates from any recognized university or
 - ♦ Students currently in their final year of graduation (will be provided Corporate Mitra Certificate only after completing graduation successfully).

Complete details are not published here for want of space. For complete notification readers may log on to www.mca.gov.in

02 Relaxation in paying additional fees in case of delay in filing DPT-3 for Financial Year ended on 31 March 2026 up to 31st July 2026-reg.

[Issued by the Ministry of Corporate Affairs [F. No. Policy-02/2/2020-CL-V-MCA] dated 19.06.2026]

The due date for filing Form DPT-3 (Return of deposits) is 30th of June 2026 for the Financial Year 2025-2026. In view of the capacity enhancement/restoration activities being done at Data Center consequent to a fire incident on 05/06/2026, it has been decided to allow companies to file Form DPT-3 for the financial year 2025-2026 without paying additional fees up to 31st July 2026.

2. This issues with the approval of the competent authority.

INDRAJIT VANIA
Joint Director (Policy)

03 Notification

[Issued by the Ministry of Corporate Affairs [E. No. Policy-17/60/2026-CL-V-MCA] dated 16.06.2026]

In exercise of the powers conferred by sub-clause (ii) of clause (11) of Section 2 of the Companies Act, 2013 (18 of 2013), the Central Government hereby specifies, for the

purposes of the said sub-clause, the New Development Bank, established under an agreement including its Annexure amongst the Governments of Federative Republic of Brazil, the Russian Federation, the Republic of India, the People's Republic of China and the Republic of South Africa signed on 15th July, 2014 at the city of Fortaleza, Brazil and any amendment thereto.

BALAMURUGAN D.
Joint Secretary

04 The Companies (Registered Valuers and Valuation) Amendment Rules, 2026

[Issued by the Ministry of Corporate Affairs on [F. No.1/27/2013-CL-V(Part)] dated 01.06.2026]

In exercise of the powers conferred by Section 247 read with Sections 458, 459 and 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Registered Valuers and Valuation) Rules, 2017, namely:-

1. **Short title and commencement** – (1) These rules may be called the Companies (Registered Valuers and Valuation) Amendment Rules, 2026.
(2) They shall come into force on the date of their publication in the Official Gazette.
2. In the Companies (Registered Valuers and Valuation) Rules, 2017, in rule 12, in sub-rule (1), for clause (i) the following clause shall be substituted, namely:-
“(i) it has been registered under Section 25 of the Companies Act, 1956 (1 of 1956) or Section 8 of the Companies Act, 2013 (18 of 2013), having, -
(a) a minimum paid-up share capital of twenty-five lakh rupees;
(b) the sole object of dealing with matters relating to regulation of valuers of an asset class or asset classes; and
(c) bye-laws containing the requirements specified in Annexure–III:

Provided that a registered valuer organisation which does not have the specified minimum paid-up capital as on the date of the commencement of the Companies (Registered Valuers and Valuation) Amendment Rules, 2026 shall comply with this requirement on or before 31st March, 2028.”

BALAMURUGAN D.
Joint Secretary

Securities and Exchange Board of India

05 Ease of Doing Business – Relaxation in certification requirement for Persons Associated with Investment Advice (PAIA) – Sales and other non-core services

[Issued by the Securities and Exchange Board of India vide Circular HO/38/12/11(5)2026-MIRSD-POD/1/14660/2026 dated 24.06.2026]

1. In terms of Regulation 7 of Securities and Exchange Board of India (Investment Advisers) Regulations,

2013 (“IA Regulations”), Persons Associated with Investment Advice (PAIA), shall, inter alia, obtain relevant certification from National Institute of Securities Market (NISM).

2. Vide Gazette Notification dated January 02, 2025 under Securities and Exchange Board of India (Certification of Associated Persons in the Securities Markets) Regulations, 2007, it was, inter alia, specified that PAIA shall obtain certification from NISM by passing the “NISM Series-X-A: Investment Adviser (Level 1) Certification Examination” and the “NISM Series-X-B: Investment Adviser (Level 2) Certification Examination”.
3. Based on the feedback from market participants and as a step towards ease of doing business, it has been decided to specify a lighter NISM certification module for PAIA, such as sales staff, relationship managers and other staff, who only perform sales and other non-core services. These staff have contact with the client but are not directly associated or involved in investment advice related aspects.
4. Accordingly, the following is being specified:
 - 4.1. PAIA, who perform only sales and other non-core services, shall obtain certification from NISM by passing the “NISM Series–XXV-B: Persons Associated with Investment Advice (Sales and Other Non-Core Services) Certification Examination”, as mentioned in the NISM Communique No. NISM/ Certification/ NISM-Series-XXV-B: Persons Associated with Investment Advice (Sales and Other Non-Core Services) Certification Examination/ 2026/ 01 dated May 18, 2026.
 - 4.2. PAIA, other than those who perform sales and other non-core services, shall continue to obtain certification from NISM by passing the “NISM Series-X-A: Investment Adviser (Level 1) Certification Examination” and the “NISM Series-X-B: Investment Adviser (Level 2) Certification Examination”.
5. The PAIA (as referred at paragraph 4.1 above) who have already obtained the NISM Series-X-A and NISM Series-X-B certifications, as on the date of this circular, shall not be required to undertake the NISM Series-XXV-B certification at this stage. Such PAIA shall obtain NISM Series-XXV-B certification only before expiry of the validity of their existing certifications.
6. The provisions of this circular shall come into force with immediate effect.
7. The Investment Adviser Administration and Supervisory Body, is advised to:
 - 7.1. make necessary amendments to the relevant bye-laws and rules, for the implementation of this circular; and

7.2. bring the provisions of this circular to the notice of the registered Investment Advisers and also disseminate the same on its website.

8. This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992, read with Regulation 7 of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 and Regulation 3(1) of SEBI (Certification of Associated Persons in the Securities Markets) Regulations, 2007, to protect the interests of investors in securities and to promote the development of, and to regulate the securities markets.
9. This circular is issued with the approval of the competent authority.
10. This circular is available on SEBI website at www.sebi.gov.in under the category: 'Legal → Circulars'.

DIVYA HAMIRBASIA
Deputy General Manager

06 Clarification with respect to applicability of the benefit of early pay-in in Commodity Derivatives Segment

[Issued by the Securities and Exchange Board of India vide Circular HO/47/16/13(4)2026-MRD-POD1/I/14266/2026 dated 19.06.2026]

1. Para 11.3 of Chapter 11 of SEBI Master Circular SEBI/HO/MRD/MRD-PoD-1/P/CIR/2023/136 for Commodity Derivatives Segment dated Aug 04, 2023 prescribes norms for Early Pay-in Facility in respect of commodity derivatives.
2. Based on representations received from stakeholders and deliberations by the Working Group (WG) on "Review of current regulatory framework of delivery and settlement applicable to Agricultural Commodity Derivatives Segment and the Commodity Derivatives Advisory Committee (CDAC), paragraph 11.3.1 of the aforementioned Master Circular stands revised as under:

"11.3.1. Clearing Corporations shall provide early pay-in facility to market participants permitting them to deposit certified goods to the Clearing Corporation accredited warehouse against relevant derivatives contracts. For such positions against which early pay-in has been made, based on risk perception, Clearing Corporations may exempt imposition of all types of margins. However, Clearing Corporations shall continue to collect mark to market margins from such market participants against such positions."

3. This circular shall come into effect from September 21, 2026.
4. The Stock Exchanges and Clearing Corporations are advised to make necessary changes to their systems for implementation of the above and bring the provisions of this circular to the notice of their members and also to disseminate the same on their website.
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, read with Regulation 51 of the

Securities Contracts (Regulation) (Stock Exchange and Clearing Corporations) Regulations, 2018 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

6. The Circular is issued with the approval of the competent authority.
7. This Circular is available on SEBI website www.sebi.gov.in under the category "Legal→Circulars" and "Info for Commodity Derivatives".

NEETIKA RAJPAL
Deputy General Manager

07 Guidelines for winding up of AIFs with respect to retention of proceeds and 'Inoperative Fund' status

[Issued by the Securities and Exchange Board of India vide Circular HO/19/34/11(2)2026-AFD-POD1/I/13764/2026 dated 16.06.2026]

1. SEBI (Alternative Investment Funds) Regulations, 2012 ("AIF Regulations") have been amended and notified on April 18, 2026 to provide certain flexibility to AIFs with respect to winding up of their schemes and surrender of registration.
2. Regulation 29 of AIF Regulations states, inter alia, the following with respect to winding up –
 - 2.1. Regulation 29(7) - Within the liquidation period, the assets shall be liquidated, and the proceeds accruing to investors in the AIF or the scheme of the AIF shall be distributed to them after satisfying all liabilities, subject to conditions as may be specified by SEBI from time to time.
 - 2.2. Regulation 29(10A) - An AIF may be tagged as an inoperative fund, in such manner and subject to conditions as may be specified by SEBI from time to time.
 - 2.3. Regulation 29(11) - Upon winding up of the AIF, the certificate of registration shall be surrendered to SEBI.

The conditions and modalities with respect to retention of proceeds beyond permissible fund life, tagging as 'Inoperative Fund' and surrender of registration are being specified in this circular.

ANSHUL JAGDISH GOYAL
Deputy General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.sebi.gov.in

08 Norms for Base Price, Price Bands, Call Auction in pre-open session and Close-out procedure for Exchange Traded Funds (ETFs)

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/47/11/11(1)2026-MRD-POD3/I/13804/2026 dated 15.06.2026]

1. In terms of Paragraph 2.3.1 of Chapter 1 of SEBI Master Circular for "Stock Exchanges and Clearing Corporations" dated December 30, 2024 (hereinafter referred to as "Master Circular"), individual scrip wise price bands up to 20% either way for all scrips in the rolling settlement except for the scrips on which

derivatives products are available, has been prescribed. Further, in terms of Paragraph 2.5 of Chapter 1 of the Master Circular, dynamic price bands (operating range) have been prescribed for scrips on which derivative products are available. These price bands are applied on the T-1 day closing price.

- Currently, for Exchange Traded Funds (ETFs) (based on Equity, Debt and Commodities), a fixed price band of +20% (except for Overnight ETFs, for which the price band is +5%) is applicable on the base price, which is T-2 day Net Asset Value (NAV) of the ETFs.
- In order to address the issues involved due to lag of 1 trading day in base price of ETFs and the fixed price band of ETFs not being commensurate with the price range of the underlying; and based on the recommendations of the Working Group of Stock Exchanges, the matter was discussed in the Secondary Market Advisory Committee of SEBI (SMAC). Based on the recommendations of the SMAC, comments received through public consultation and subsequent discussion with various stakeholders, the norms for determination of base price, price bands, call auction in pre-open session and close-out mark-up for ETFs are provided below:

HRUDA RANJAN SAHOO

General Manager

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09 Extension of timelines for compliance with certain provisions of Circular dated January 02, 2026

[Issued by the Securities and Exchange Board of India vide Circular HO/49/14/15(2)2026-CFD-POD/1/13567/2026 dated 11.06.2026]

- SEBI (Merchant Bankers) (Amendment) Regulations, 2025 ("MB Amendment Regulations") were notified on December 05, 2025, inter alia, revising the net worth and liquid net worth requirements applicable to Merchant Bankers and introducing Regulation 13A relating to activities that may be undertaken by Merchant Bankers and segregation of other activities through Separate Business Units ("SBUs").
- In this regard, SEBI issued Circular No. HO/49/11/11(106)2025-CFD-RACDIL3/ I/1796/2026 dated January 02, 2026 ("MB Circular"), inter alia, specifying the operational framework, implementation timelines and compliance requirements for Merchant Bankers.
- Based on representations received from the industry highlighting operational challenges in establishing the necessary systems and processes for implementation of the SBU framework and seeking alignment of the compliance timeline for net worth and liquid net worth requirements with the end of the financial year, it has been decided to grant additional time for compliance with the aforesaid requirements.

VIMAL BHATTER

Deputy General Manager

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Reserve Bank of India

10 Foreign Exchange Management (Deposit) (Sixth Amendment) Regulations, 2026

[Issued by the Reserve Bank of India vide Notification No. FEMA 5(R) (6)/2026-RB dated 18.06.2026]

In exercise of the powers conferred by sub-section (2) of Section 6 and sub-section (2) of Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank of India makes the following amendment in the Foreign Exchange Management (Deposit) Regulations, 2016 (Notification No. FEMA 5 (R)/2016-RB dated April 01, 2016) (hereinafter referred to as 'the principal regulations'), namely:-

1. Short Title and Commencement: -

- These regulations may be called the Foreign Exchange Management (Deposit) (Sixth Amendment) Regulations, 2026.
- They shall come into force from the date of their publication in the Official Gazette.

2. In the principal regulations, in regulation 2, after clause (v), the following shall be inserted namely:-

"(v-a) 'International Financial Services Centre' or 'IFSC' shall have the same meaning as assigned to it in clause (g) of Section 3 of the International Financial Services Centres Authority Act, 2019 (50 of 2019)."

3. In the principal regulations, the sub-regulation (4) of regulation 5, shall be substituted by the following namely:-

"Any person resident outside India may open, hold and maintain with an authorised dealer in India or its branch outside India (including in an IFSC in India), a Special Non-Resident Rupee Account (SNRR account), specified in Schedule 4."

4. In the principal regulations, in Schedule 1, in paragraph 3, after clause (j), the following shall be inserted namely:-

"(k) Transfer from NRO account within the limit specified in Regulation 4 of Foreign Exchange Management (Remittance of Assets) Regulations, 2016."

5. In the principal regulations, in Schedule 3, in subparagraph (B) of paragraph 3, after clause (iv), the following shall be inserted namely:-

"(v) Transfer to NRE or SNRR account within the limit specified in Regulation 4 of Foreign Exchange Management (Remittance of Assets) Regulations, 2016."

6. In the principal regulations, in Schedule 4, the existing paragraph 1 shall be substituted by the following namely:-

A person resident outside India may open a Special Non-Resident Rupee Account (SNRR account), with an authorised dealer in India or its branch outside India (including in an IFSC in India), for the purpose of putting through permissible current and capital account transactions with a person resident in India in accordance with the rules and regulations framed under the Act, and for putting through any bona fide transaction with a person resident outside India.

7. In the principal regulations, in Schedule 4, the existing paragraphs 2, 5, 6, 7, 8 shall be deleted.
8. In the principal regulations, in Schedule 4, the existing paragraph 10 shall be substituted by the following namely:-

“Transfer from NRO account to SNRR account shall be in accordance with the Schedule 3 of these regulations.”

9. In the principal regulations, in Schedule 4, after paragraph 15, the following shall be inserted namely:-

“16. Transactions between persons resident outside India involving the SNRR accounts, which may not be subject to compliance under the Act, or the Rules and Regulations framed thereunder, are to be effected by the AD bank based on instructions/mandate from the account holder that shall indicate the underlying purpose of the transfer.”

N. SENTHIL KUMAR
Chief General Manager

11 Master Direction – Reserve Bank of India (Credit Derivatives) Directions, 2026

[Issued by the Reserve Bank of India vide RBI/FMRD/2026-27/407 FMRD. DIRD.No.02/14.03.046/2026-27 dated 25.06.2026]

Please refer to Paragraph 13 of the Statement on Developmental and Regulatory Policies announced as a part of the Bi-monthly Monetary Policy Statement for 2025-26 dated February 06, 2026, regarding the introduction of derivatives on credit indices and total return swaps on corporate bonds. Accordingly, draft directions were released for public comments on February 06, 2026.

2. Based on the feedback received, the Directions have since been finalised and issued herewith.
3. These Directions have been issued by the Reserve Bank in exercise of the powers conferred under Section 45W of the Reserve Bank of India Act, 1934, and of all the powers enabling it in this behalf.
4. These Directions shall be applicable from immediate effect.

DIMPLE BHANDIA
Chief General Manager

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12 Review of Circulars issued under Foreign Exchange Management Act, 1999 (FEMA)

[Issued by the Reserve Bank of India vide RBI/2026-27/175 A.P. (DIR Series) Circular No. 18 dated 24.06.2026]

In pursuance of the Reserve Bank's ongoing initiative to rationalise the regulatory framework under the Foreign Exchange Management Act, 1999 (FEMA), a review of circulars issued since June 01, 2000, has been undertaken. The circulars, as listed at Annex, that have ceased to be operative owing to subsequent regulatory amendments, redundancy, overlap or supersession by newer directives, are being withdrawn.

2. Authorised Persons may bring the contents of this circular to the notice of their constituents concerned.
3. The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the FEMA, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

DR. ADITYA GAIHA
Chief General Manager-In-Charge

13 Modification of Returns / Reporting requirements under FEMA, 1999

[Issued by the Reserve Bank of India vide RBI/2026-27/174 A.P. (DIR Series) Circular No.17 dated 24.06.2026]

Attention of Authorised Persons is invited to the provisions contained in the Foreign Exchange Management (Authorised Persons) Regulations, 2026, Master Direction – Money Changing Activities, Master Direction – Money Transfer Service Scheme (MTSS), and Master Direction – Reporting under Foreign Exchange Management Act, 1999, as amended from time to time.

2. On a review, it has been decided to rationalise certain reporting requirements, and prescribe/modify reporting formats pursuant to the Foreign Exchange Management (Authorised Persons) Regulations, 2026.
3. The formats for submission of various returns are provided in the Annex to this circular. The following additional instructions shall apply:
 - i) The revised format of FLM-8 shall also capture details relating to write-off of foreign currency notes. The requirement of obtaining prior approval of the Reserve Bank for write-off of foreign currency notes exceeding USD 2000 has been discontinued. Entities maintaining Nostro accounts and reporting the relevant transactions through FETERS shall not submit FLM-8 returns.
 - ii) Authorised Persons having franchisee arrangements shall submit a list of such arrangements within 15 days from the end of each calendar quarter.

- iii) Indian Agents under MTSS shall submit the list of Sub-Agents on a quarterly basis within 15 days from the end of each calendar quarter.
4. The following instructions / returns / forms stand discontinued:
 - i) Prescribed formats of registers FLM-1 to FLM-7 under the Master Direction – Reporting under FEMA. However, FFMCs and non-bank AD Category-II entities shall continue to maintain complete and accurate records of all foreign exchange transactions undertaken by them and shall make such records available to the Reserve Bank for inspection/supervisory purposes, as and when required.
 - ii) Return titled “Quarterly Statement showing summation of Foreign Currency Account opened in India out of export proceeds of Foreign Currency Notes / encashed Travellers’ Cheques.”
 - iii) Requirement for submission of separate List of Additional Locations under MTSS and the requirement of quarterly confirmation regarding the veracity of the list published on the Reserve Bank’s website.
 - iv) Return relating to Statement of Collateral under MTSS. Indian Agents shall, however, continue to ensure adequacy of collateral in terms of extant instructions.
5. Master Direction – Money Changing Activities and Master Direction – Reporting under FEMA are being updated separately to reflect the above changes.
6. 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.

N. SENTHIL KUMAR
Chief General Manager

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14 Reserve Bank of India (Rural Co-operative Banks - Responsible Business Conduct) Third Amendment Directions, 2026

[Issued by the Reserve Bank of India vide RBI/2026-27/173 DOR.MCS.REC. No.136/01-01-038/2026-27 dated 24.06.2026]

Instructions on ‘Limiting Liability of Customers in Unauthorised Electronic Banking Transactions’ for Rural Co-operative Banks (hereinafter referred to collectively as “RCBs” and individually as an “RCB”) have been consolidated in the Reserve Bank of India (Rural Co-operative Banks – Responsible Business Conduct) Directions, 2025. On a review, it has been decided to issue revised instructions on the subject.

2. In exercise of the powers conferred by Sections 35A and 56 of the Banking Regulation Act, 1949, the

Reserve Bank, being satisfied that it is necessary and expedient in public interest so to do, hereby issues the Amendment Directions hereinafter specified.

3. Short Title and Commencement

- (1) These Directions shall be called the Reserve Bank of India (Rural Co-operative Banks - Responsible Business Conduct) Third Amendment Directions, 2026.
- (2) These Directions shall apply in cases of electronic banking transactions undertaken by customers of an RCB on or after January 1, 2027.
4. These Amendment Directions shall modify the Reserve Bank of India (Rural Co-operative Banks – Responsible Business Conduct) Directions, 2025 as under:
 - (1) In paragraph 4, the following definitions shall be inserted after sub-paragraph 4(5), namely:

“4(5.1A) Card Not Present transaction shall have the same meaning as given in the Reserve Bank of India (Authentication Mechanisms for Digital Payment Transactions) Directions, 2025.

4(5.1B) Card Present transaction shall have the same meaning as given in the Reserve Bank of India (Authentication Mechanisms for Digital Payment Transactions) Directions, 2025.”

- (2) In paragraph 4, the following definition shall be inserted after sub-paragraph 4(9C), namely:

“4(9D) Electronic banking transaction (EBT) shall have the same meaning as ‘electronic funds transfer’ given in Section 2(c) of the Payment and Settlement Systems Act, 2007 and inter alia include both Card Not Present and Card Present transactions.”

VEENA SRIVASTAVA
Chief General Manager

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15 Reserve Bank of India (Urban Co-operative Banks - Responsible Business Conduct) Third Amendment Directions, 2026

[Issued by the Reserve Bank of India vide RBI/2026-27/172 DOR.MCS.REC. No.135/01-01-037/2026-27 dated 24.06.2026]

Instructions on ‘Limiting Liability of Customers in Unauthorised Electronic Banking Transactions’ for Urban Co-operative Banks (hereinafter referred to collectively as “UCBs” and individually as a “UCB”) have been consolidated in the Reserve Bank of India (Urban Co-operative Banks – Responsible Business Conduct) Directions, 2025. On a review, it has been decided to issue revised instructions on the subject.

2. In exercise of the powers conferred by Sections 35A and 56 of the Banking Regulation Act, 1949, the Reserve Bank, being satisfied that it is necessary and expedient in public interest so to do, hereby issues the Amendment Directions hereinafter specified.

3. Short Title and Commencement

- (1) These Directions shall be called the Reserve Bank of India (Urban Co-operative Banks - Responsible Business Conduct) Third Amendment Directions, 2026.
 - (2) These Directions shall apply in cases of electronic banking transactions undertaken by customers of an UCB on or after January 1, 2027.
4. These Amendment Directions shall modify the Reserve Bank of India (Urban Co-operative Banks – Responsible Business Conduct) Directions, 2025 as under:
- (1) In paragraph 4, the following definitions shall be inserted after sub-paragraph 4(5), namely:

“4(5.1A) Card Not Present transaction shall have the same meaning as given in the Reserve Bank of India (Authentication Mechanisms for Digital Payment Transactions) Directions, 2025.

4(5.1B) Card Present transaction shall have the same meaning as given in the Reserve Bank of India (Authentication Mechanisms for Digital Payment Transactions) Directions, 2025.”
 - (2) In paragraph 4, the following definition shall be inserted after sub-paragraph 4(9C), namely:

“4(9D) Electronic banking transaction (EBT) shall have the same meaning as ‘electronic funds transfer’ given in Section 2(c) of the Payment and Settlement Systems Act, 2007 and inter alia include both Card Not Present and Card Present transactions.”

VEENA SRIVASTAVA
Chief General Manager

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16 Reserve Bank of India (Regional Rural Banks - Responsible Business Conduct) Third Amendment Directions, 2026

[Issued by the Reserve Bank of India vide RBI/2026-27/171 DOR.MCS.REC. No.134/01-01-036/2026-27 dated 24.6.2026]

Instructions on ‘Customer Protection - Limiting Liability of Customers in Unauthorised Electronic Banking Transactions’ for Regional Rural Banks (hereinafter referred to collectively as “RRBs” and individually as an “RRB”) have been consolidated in the Reserve Bank of India (Regional Rural Banks – Responsible Business Conduct) Directions, 2025. On a review, it has been decided to issue revised instructions on the subject.

2. In exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949, the Reserve Bank, being satisfied that it is necessary and expedient in public interest so to do, hereby issues the Amendment Directions hereinafter specified.

3. Short Title and Commencement

- (1) These Directions shall be called the Reserve Bank of India (Regional Rural Banks - Responsible Business Conduct) Third Amendment Directions, 2026.
 - (2) These Directions shall apply in cases of electronic banking transactions undertaken by customers of an RRB on or after January 1, 2027.
4. These Amendment Directions shall modify the Reserve Bank of India (Regional Rural Banks – Responsible Business Conduct) Directions, 2025 as under:
- (1) In paragraph 4, the following definitions shall be inserted after sub-paragraph 4(6A), namely:

“4(6.1A) Card Not Present transaction shall have the same meaning as given in the Reserve Bank of India (Authentication Mechanisms for Digital Payment Transactions) Directions, 2025.

4(6.1B) Card Present transaction shall have the same meaning as given in the Reserve Bank of India (Authentication Mechanisms for Digital Payment Transactions) Directions, 2025.”
 - (2) In paragraph 4, the following definition shall be inserted after sub-paragraph 4(10C), namely:

“4(10D) Electronic banking transaction (EBT) shall have the same meaning as ‘electronic funds transfer’ given in Section 2(c) of the Payment and Settlement Systems Act, 2007 and inter alia include both Card Not Present and Card Present transactions.”

VEENA SRIVASTAVA
Chief General Manager

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17 Reserve Bank of India (Local Area Banks - Responsible Business Conduct) Third Amendment Directions, 2026

[Issued by the Reserve Bank of India vide RBI/2026-27/170 DOR.MCS.REC. No.133/01-01-035/2026-27 dated 24.06.2026]

It has been decided to issue instructions on ‘Customer Protection in Electronic Banking Transactions’ to Local Area Banks (hereinafter referred to collectively as “LABs” and individually as an “LAB”) under the Reserve Bank of India (Local Area Banks - Responsible Business Conduct) Directions, 2025.

2. In exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949, the Reserve Bank, being satisfied that it is necessary and expedient in public interest so to do, hereby issues the Amendment Directions hereinafter specified.

3. Short Title and Commencement

- (1) These Directions shall be called the Reserve Bank of India (Local Area Banks - Responsible Business Conduct) Third Amendment Directions, 2026.

(2) These Directions shall apply in cases of electronic banking transactions undertaken by customers of an LAB on or after January 1, 2027.

4. These Amendment Directions shall modify the Reserve Bank of India (Local Area Banks – Responsible Business Conduct) Directions, 2025 as under:

(1) In paragraph 4, the following definitions shall be inserted after sub-paragraph 4(6), namely:

“4(6.1A) Card Not Present transaction shall have the same meaning as given in the Reserve Bank of India (Authentication Mechanisms for Digital Payment Transactions) Directions, 2025.”

4(6.1B) Card Present transaction shall have the same meaning as given in the Reserve Bank of India (Authentication Mechanisms for Digital Payment Transactions) Directions, 2025.”

(2) In paragraph 4, the following definition shall be inserted after sub-paragraph 4(10C), namely:

“4(10D) Electronic banking transaction (EBT) shall have the same meaning as ‘electronic funds transfer’ given in Section 2(c) of the Payment and Settlement Systems Act, 2007 and inter alia include both Card Not Present and Card Present transactions.”

VEENA SRIVASTAVA
Chief General Manager

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18 Reserve Bank of India (Payments Banks - Responsible Business Conduct) Second Amendment Directions, 2026

[Issued by the Reserve Bank of India vide Notification No. RBI/2026-27/169 DOR.MCS.REC.No.132/01-01-034/2026-27 dated 24.6.2026]

Instructions on ‘Limiting Liability of Customers in Unauthorised Electronic Banking Transactions’ for Payments Banks (hereinafter referred to collectively as “PBs” and individually as an “PB”) have been consolidated in the Reserve Bank of India (Payments Banks - Responsible Business Conduct) Directions, 2025. On a review, it has been decided to issue revised instructions on the subject.

2. In exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949, the Reserve Bank, being satisfied that it is necessary and expedient in public interest so to do, hereby issues the Amendment Directions hereinafter specified.
3. **Short Title and Commencement**
 - (1) These Directions shall be called the Reserve Bank of India (Payments Banks - Responsible Business Conduct) Second Amendment Directions, 2026.
 - (2) These Directions shall apply in cases of electronic banking transactions undertaken by customers of a bank on or after January 1, 2027.

4. These Amendment Directions shall modify the Reserve Bank of India (Payments Banks - Responsible Business Conduct) Directions, 2025 as under:

(1) In paragraph 4, the following definitions shall be inserted after sub-paragraph 4(4), namely:

“4(4.1A) Card Not Present transaction shall have the same meaning as given in the Reserve Bank of India (Authentication Mechanisms for Digital Payment Transactions) Directions, 2025.”

4(4.1B) Card Present transaction shall have the same meaning as given in the Reserve Bank of India (Authentication Mechanisms for Digital Payment Transactions) Directions, 2025.”

- (2) In paragraph 4, the following definition shall be inserted after sub-paragraph 4(7C), namely:

“4(7D) Electronic banking transaction (EBT) shall have the same meaning as ‘electronic funds transfer’ given in Section 2(c) of the Payment and Settlement Systems Act, 2007 and inter alia include both Card Not Present and Card Present transactions.”

VEENA SRIVASTAVA
Chief General Manager

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19 Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Second Amendment Directions, 2026

[Issued by the Reserve Bank of India vide RBI/2026-27/166 DOR.FIN.REC. No.140/03.10.001/2026-27 dated 24.06.2026]

The Reserve Bank has issued the Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025 dated November 28, 2025 (hereinafter referred to as ‘Directions’) in exercise of the powers conferred to it under the provisions of the Reserve Bank of India Act, 1934, the Factoring Regulation Act, 2011, the National Housing Bank Act, 1987, and all other provisions / laws. There is a need to amend the Directions based on a review of regulations applicable to NBFCs in the Upper Layer under the Scale Based Regulatory Framework for NBFCs.

2. Accordingly, in exercise of the powers conferred with the Reserve Bank under Sections 45JA, 45K, 45L and 45M of the Reserve Bank of India Act, 1934 (Act 2 of 1934), Section 3 read with Section 31A and Section 6 of the Factoring Regulation Act, 2011 (Act 12 of 2012), and Sections 30, 30A, 32 and 33 of the National Housing Bank Act, 1987 (Act 53 of 1987), and all other laws enabling the Reserve Bank in this behalf, the Reserve Bank being satisfied that it is necessary and expedient in the public interest so to do, hereby issues the Amendment Directions hereinafter specified.
3. These Amendment Directions shall be called the Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Second Amendment Directions, 2026.

4. These Amendment Directions shall come into force with effect from date of issuance.
5. These Amendment Directions modify the Directions as under:

(1) After paragraph 23, the following proviso shall be inserted, namely: -

“Provided that these provisions shall not be applicable to NBFC-UL which are fully owned and controlled by Government.”

J. P. SHARMA

Chief General Manager-in-Charge

20 Reserve Bank of India (All India Financial Institutions (AIFIs) – Prudential Norms on Capital Adequacy) Fourth Amendment Directions, 2026

[Issued by the Reserve Bank of India vide RBI/2026-27/161 DOR.MRG. REC.No.147/21-01-002/2026-27 dated 24.06.2026]

Please refer to Annex I of the FMRD Master Direction - Risk Management and Inter-Bank Dealings (Master Direction No. 1/2016-17 dated July 5, 2016) and paragraph 192 (Section D.4) of the Reserve Bank of India (All India Financial Institutions (AIFIs) – Prudential Norms on Capital Adequacy) Directions, 2025 dated November 28, 2025, which specify the methodology for computation of Net Open Position and calculation of capital charge on foreign exchange risk. Upon a review and to ensure greater alignment with international standards and consistent implementation across All India Financial Institutions, there is a felt need to amend these instructions.

2. Accordingly, in exercise of the powers conferred by Section 45L of the Reserve Bank of India Act, 1934 and all other provisions / laws enabling the Reserve Bank of India (RBI) to issue instructions in this regard, the RBI being satisfied that it is necessary and expedient in the public interest so to do, hereby, issues the Amendment Directions hereinafter specified.
3. (i) These instructions shall be called the Reserve Bank of India (All India Financial Institutions (AIFIs) – Prudential Norms on Capital Adequacy) Fourth Amendment Directions, 2026.
- (ii) These Amendment Directions shall come into effect from April 1, 2027.
4. Reserve Bank of India (All India Financial Institutions (AIFIs) – Prudential Norms on Capital Adequacy) Directions, 2025 are amended as provided below.

(i) Paragraph 192 shall be substituted by the following, namely: -

“D.4 Foreign Exchange Risk

192. An AIFI shall compute capital charge for foreign exchange risk as per the following method.

SUNIL T. S. NAIR

Chief General Manager

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21

Reserve Bank of India (Standalone Primary Dealers) Second Amendment Directions, 2026

[Issued by the Reserve Bank of India vide RBI/2026-27/162 DOR.MRG. REC.No.148/03-10-119/2026-27 dated 24.06.2026]

Please refer to Annex I of the FMRD Master Direction - Risk Management and Inter-Bank Dealings (Master Direction No. 1/2016-17 dated July 5, 2016) and paragraphs 92 and 93 (Section E.1.4) of the Reserve Bank of India (Standalone Primary Dealers) Directions, 2025 dated November 28, 2025, which inter alia specify the methodology for computation of Net Open Position and calculation of capital charge for foreign exchange risk. Upon a review and to ensure greater alignment with international standards and consistent implementation across Standalone Primary Dealers (SPDs), there is a felt need to amend these instructions.

2. Accordingly, in exercise of the powers conferred by Sections 45JA, 45L and 45M of the Reserve Bank of India Act, 1934 and all other provisions / laws enabling the Reserve Bank to issue instructions in this regard, the RBI being satisfied that it is necessary and expedient in the public interest so to do, hereby, issues the Amendment Directions hereinafter specified.
 3. (i) These instructions shall be called the Reserve Bank of India (Standalone Primary Dealers) Second Amendment Directions, 2026.
 - (ii) These Amendment Directions shall come into effect from April 1, 2027.
 4. The Reserve Bank of India (Standalone Primary Dealers) Directions, 2025 are amended as provided below.
 - (i) Paragraph 92 shall be substituted by the following, namely: -
- “E.1.4 Capital Charge for Foreign Exchange (FE) Position
92. An SPD shall compute capital charge for foreign exchange risk as per the following method.

SUNIL T. S. NAIR

Chief General Manager

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22

Open positions of Authorised Dealer Category-I banks

[Issued by the Reserve Bank of India vide RBI/2026-27/153 A.P. (DIR Series) Circular No.16 dated 23.06.2026]

Attention of Authorised Dealer Category (AD Cat)-I banks is invited to the A.P. (DIR Series) Circular No. 13 dated June 8, 2026 and the Master Direction – Risk Management and Inter-Bank Dealings dated July 05, 2016, as amended from time to time. Attention of AD Cat-I banks is also invited to circulars FMOD.MAOG.No.S-56/01.06.016/2026-27 dated June 8, 2026 on ‘Swap Facility for FCNR (B) Deposits’ and FMOD.MAOG.No.S-57/01.06.016/2026-27 dated June 8, 2026 on ‘Swap Facility

for External Commercial Borrowings and Overseas Foreign Currency Borrowings’.

2. In partial modification of the A.P. (DIR Series) Circular No. 13 dated June 8, 2026 on ‘NOP-INR position of Authorised Dealer Category-I banks’, it has been decided that AD Cat-I banks shall exclude the positions arising out of hedged transactions related to FCNR (B) deposits, External Commercial Borrowings and Overseas Foreign Currency Borrowings raised in terms of the aforesaid circulars, while ensuring compliance with the provisions of the A.P. (DIR Series) Circular No. 24 dated March 27, 2026 and for computation of net overnight open position in terms of the aforesaid Master Direction.
3. The directions contained in this circular have been issued under Sections 10(4), 11(1) and 11(2) of the FEMA, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

DIMPLE BHANDIA
Chief General Manager

23 Reserve Bank of India (Commercial Banks – Credit Facilities) Fourth Amendment Directions, 2026

[Issued by the Reserve Bank of India vide RBI/2026-27/152 DOR.STR. REC.128/21-07-001/2026-27 dated 23.06.2026]

Please refer to Reserve Bank of India (Commercial Banks – Credit Facilities) Directions, 2025 (hereinafter referred to as ‘the Directions’).

2. In view of circular on “Operation of Pre-Sanctioned Credit Lines at Banks through Unified Payments Interface (UPI)” dated September 04, 2023, which allow banks to enable transactions using the UPI system through a pre-sanctioned credit line with prior consent of the customer, it is imperative to ensure consistency in regulatory compliance towards such products across banks.
3. Accordingly, in exercise of the powers conferred by the Sections 21 and 35A of the Banking Regulation Act, 1949 and all other laws enabling the Reserve Bank in this regard, the Reserve Bank being satisfied that it is necessary and expedient in the public interest so to do, hereby issues the Amendment Directions hereinafter specified.
4. These Amendment Directions modify the Directions as under:

After Chapter II of the Directions, a new Chapter IIA shall be inserted as below:

Chapter IIA: Credit Facilities Linked to Specific Payment Instruments.

5A. Notwithstanding the mode / channel of credit delivery or the type of payment instrument and / or underlying technology used for its disbursement, the prudential treatment of an underlying credit facility, including pre-sanctioned credit lines meant for payment transactions through UPI, shall be solely determined by the nature of the underlying credit facility, governed in terms of the applicable prudential norms.

5B. Any credit facility which is designed to be linked to a specific payment mode, shall have its terms and

conditions included in the bank’s credit policy and shall comply with all other applicable regulatory requirements.

Explanation – For avoidance of any doubt, it is clarified that only such credit facilities as are otherwise permitted to be sanctioned by a bank under the extant regulations, can be offered as part of any such arrangement.

5C. The above instructions shall be without derogation to the provisions of any other law or regulation in relation to transactions effected through any payment mechanism.

VAIBHAV CHATURVEDI
Chief General Manager

24 Reserve Bank of India (Small Finance Banks – Credit Facilities) Third Amendment Directions, 2026

[Issued by the Reserve Bank of India vide RBI/2026-27/151 DOR.STR. REC.129/21-07-001/2026-27 dated 23.06.2026]

Please refer to Reserve Bank of India (Small Finance Banks – Credit Facilities) Directions, 2025 (hereinafter referred to as ‘the Directions’).

2. In view of circular on “Operation of Pre-Sanctioned Credit Lines at Banks through Unified Payments Interface (UPI)” dated September 04, 2023 (made applicable to SFBs with effect from February 12, 2025), which allow banks to enable transactions using the UPI system through a pre-sanctioned credit line with prior consent of the customer, it is imperative to ensure consistency in regulatory compliance towards such products across banks.
3. Accordingly, in exercise of the powers conferred by the Sections 21 and 35A of the Banking Regulation Act, 1949 and all other laws enabling the Reserve Bank in this regard, the Reserve Bank being satisfied that it is necessary and expedient in the public interest so to do, hereby issues the Amendment Directions hereinafter specified.
4. These Amendment Directions modify the Directions as under:

After Chapter II of the Directions, a new Chapter IIA shall be inserted as below:

Chapter IIA: Credit Facilities Linked to Specific Payment Instruments

5A. Notwithstanding the mode / channel of credit delivery or the type of payment instrument and / or underlying technology used for its disbursement, the prudential treatment of an underlying credit facility, including pre-sanctioned credit lines meant for payment transactions through UPI, shall be solely determined by the nature of the underlying credit facility, governed in terms of the applicable prudential norms.

5B. Any credit facility which is designed to be linked to a specific payment mode, shall have its terms and conditions included in the bank’s credit policy and shall comply with all other applicable regulatory requirements.

VAIBHAV CHATURVEDI
Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

25 Reserve Bank of India [Rural Co-operative Banks - Kisan Credit Card (KCC) Scheme] Directions, 2026

[Issued by the Reserve Bank of India vide RBI/FIDD/2026-27/405 FIDD. CO.FSD.BC.No.07/05.05.010/2026-27 dated 19.06.2026]

In exercise of the powers conferred under Section 21 and Section 35A read with section 56 of the Banking Regulation Act, 1949, and of all the powers enabling it in this behalf, the Reserve Bank of India, being satisfied that it is necessary and expedient in the public interest and in the interest of banking policy to do so, hereby, issues the Directions hereinafter specified.

Chapter I: Preliminary

A. Short Title and Commencement

- These Directions shall be called the Reserve Bank of India [Rural Co-operative Banks - Kisan Credit Card (KCC) Scheme] Directions, 2026.
- The Directions shall be applicable to loans sanctioned under the KCC Scheme with effect from January 01, 2027. Loans sanctioned prior to the said date shall continue to be governed by the extant guidelines till maturity / next renewal.

B. Objective

- These Directions are issued with a view to laying down the framework for adequate and timely credit support from the banking system to be provided under the KCC Scheme to meet the working capital and investment credit needs of borrowers engaged in agriculture and allied activities, through a composite facility, requiring simple and standard procedure.

C. Applicability

- These Directions shall be applicable to Rural Co-operative Banks (RCBs), (hereinafter collectively referred to as 'banks' and individually as a 'bank')

In this context, 'Rural Co-operative Banks' shall mean State Co-operative Banks (StCBs) and Central Co-operative Banks (CCBs), as defined in the National Bank for Agriculture and Rural Development Act, 1981.

NISHA NAMBIAR

Chief General Manager-in-Charge

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

26 Reserve Bank of India [Small Finance Banks - Kisan Credit Card (KCC) Scheme] Directions, 2026

[Issued by the Reserve Bank of India vide RBI/FIDD/2026-27/403 FIDD. CO.FSD.BC.No.05/05.05.010/2026-27 dated 19.06.2026]

Chapter I: Preliminary

A. Short Title and Commencement

- These Directions shall be called the Reserve Bank of India [Small Finance Banks - Kisan Credit Card (KCC) Scheme] Directions, 2026.
- The Directions shall be applicable to loans sanctioned under the KCC Scheme with effect from January 01, 2027. Loans sanctioned prior to the said date shall continue to be governed by the extant guidelines till maturity / next renewal.

B. Objective

- These Directions are issued with a view to laying down the framework for adequate and timely credit support from the banking system to be provided under the KCC Scheme to meet the working capital and investment credit needs of borrowers engaged in agriculture and allied activities, through a composite facility, requiring simple and standard procedure.

NISHA NAMBIAR

Chief General Manager-in-Charge

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

27 Reporting of FCNR (B) Deposits, ECB and OFCB mobilized under Reserve Bank's Swap Facility

[Issued by the Reserve Bank of India vide RBI/2026-27/144 A.P. (DIR Series) Circular No. 15 dated 19.06.2026]

Attention of Authorised Dealer (AD) Category-I banks is invited to circulars FMOD.MAOG.No.S-56/01.06.016/2026-27 dated June 8, 2026, on 'Swap Facility for FCNR (B) Deposits' and FMOD.MAOG.No.S-57/01.06.016/2026-27 dated June 8, 2026, on 'Swap Facility for External Commercial Borrowings and Overseas Foreign Currency Borrowings'.

- All AD Category-I banks are advised to submit daily data on FCNR (B) deposits, External Commercial Borrowings (ECBs) and Overseas Foreign Currency Borrowings (OFCBs), mobilized under the provisions of the above FMOD circulars, by 6 p.m. every day. The data shall be submitted in the format provided at Annex I for FCNR (B) deposits to fedcoepd@rbi.org.in, Annex II for ECBs to ecbframework@rbi.org.in and for OFCBs in Annex III to fmrdfs@rbi.org.in. In case of no transactions during the day, a NIL statement should be submitted (except on Saturdays and holidays).
- The data on FCNR (B) deposits, ECBs and OFCBs from June 08, 2026 till issuance of these directions, shall be submitted along with the first reporting due on June 22, 2026.
- The directions contained in this circular have been issued under Sections 10(4), 11(1) and 11(2) of the FEMA, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

DR. ADITYA GAIHA

Chief General Manager-In-Charge

28 Reserve Bank of India (Rural Co-operative Banks – Interest Rate on Deposits) Amendment Directions, 2026

[Issued by the Reserve Bank of India vide RBI/2026-27/143 DOR.SOG(SPE). REC.122/13.03.00/2026-27 dated 17.06.2026]

Please refer to the Reserve Bank of India (Rural Co-operative Banks – Interest Rate on Deposits) Directions, 2025 (hereinafter referred to as 'Directions'), dated November 28, 2025. On a review, it has been decided to temporarily withdraw interest rate ceiling on fresh FCNR(B) deposits of 3-5 year tenors and restriction on interest rates on NRE deposits of 3-year and above tenors, including the deposits

that are renewed upon maturity, from the date of this Amendment Directions till September 30, 2026.

2. Accordingly, in exercise of the powers conferred by Section 35A read with Section 56 of the Banking Regulation Act, 1949 and all other laws enabling the Reserve Bank India (RBI) in this regard, the RBI, being satisfied that it is necessary and expedient in public interest so to do, hereby, issues the Amendment Directions hereinafter specified.
3. These Amendment Directions shall be called the Reserve Bank of India (Rural Co-operative Banks – Interest Rate on Deposits) Amendment Directions, 2026.
4. These Amendment Directions shall come into effect from the date of issue.

DR. SUDARSANA SAHOO

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

29 Reserve Bank of India (Commercial Banks – Interest Rate on Deposits) Amendment Directions, 2026

[Issued by the Reserve Bank of India vide RBI/2026-27/138 DOR.SOG(SPE). REC.117/13.03.00/2026-27 dated 17.06.2026]

Please refer to the Reserve Bank of India (Commercial Banks – Interest Rate on Deposits) Directions, 2025 (hereinafter referred to as ‘Directions’), dated November 28, 2025. On a review, it has been decided to temporarily withdraw interest rate ceiling on fresh FCNR(B) deposits of 3-5 year tenors and restriction on interest rates on NRE deposits of 3-year and above tenors, including the deposits that are renewed upon maturity, from the date of this Amendment Directions till September 30, 2026.

2. Accordingly, in exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949 and all other laws enabling the Reserve Bank India (RBI) in this regard, the RBI, being satisfied that it is necessary and expedient in public interest so to do, hereby, issues the Amendment Directions hereinafter specified.
3. These Amendment Directions shall be called the Reserve Bank of India (Commercial Banks – Interest Rate on Deposits) Amendment Directions, 2026.
4. These Amendment Directions shall come into effect from the date of issue.

DR. SUDARSANA SAHOO

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

30 Reserve Bank of India (Small Finance Banks – Prudential Norms on Capital Adequacy) Sixth Amendment Directions, 2026

[Issued by the Reserve Bank of India vide RBI/2026-27/137 DOR.STR. REC.116/21-01-002/2026-27 dated 16.06.2026]

Please refer to Reserve Bank of India (Small Finance Banks – Prudential Norms on Capital Adequacy) Directions, 2025 (hereinafter referred to as ‘the Directions’).

2. Please refer to circular Ref. No. 0264/NCGTC/ECLGS5.0 dated May 08, 2026, issued by National Credit Guarantee Trustee Company (NCGTC) in respect of Emergency Credit Line Guarantee Scheme (ECLGS) 5.0, introduced by the Government of India.

3. In exercise of the powers conferred by the Section 35A of the Banking Regulation Act, 1949 and all other laws enabling the Reserve Bank in this regard, the Reserve Bank being satisfied that it is necessary and expedient in the public interest so to do, hereby issues the Amendment Directions hereinafter specified.

4. These Amendment Directions shall amend the Directions as specified below:

(1) Paragraph 25A shall be inserted as below:

“Exposures guaranteed under the Emergency Credit Line Guarantee Scheme (ECLGS) 5.0 shall attract risk weight of zero percent to the extent of 75% of the guaranteed portion, i.e., to the extent of guaranteed portion wherein the settlement amount is expected to be received within thirty days from the date of invocation. The remaining exposure shall attract risk weight as per the extant guidelines.”

5. The above amendment shall come into force with immediate effect.

VAIBHAV CHATURVEDI

Chief General Manager

31 Reserve Bank of India (Regional Rural Banks - Prudential Norms on Capital Adequacy) Second Amendment Directions, 2026

[Issued by the Reserve Bank of India vide RBI/2026-27/135 DOR.STR. REC.114/21-01-002/2026-27 dated 16.06.2026]

Please refer to Reserve Bank of India (Regional Rural Banks - Prudential Norms on Capital Adequacy) Directions, 2025 (hereinafter referred to as ‘the Directions’).

2. Please refer to circular Ref. No. 0264/NCGTC/ECLGS5.0 dated May 08, 2026, issued by National Credit Guarantee Trustee Company (NCGTC) in respect of Emergency Credit Line Guarantee Scheme (ECLGS) 5.0, introduced by the Government of India.

3. In exercise of the powers conferred by the Section 35A of the Banking Regulation Act, 1949 and all other laws enabling the Reserve Bank in this regard, the Reserve Bank being satisfied that it is necessary and expedient in the public interest so to do, hereby issues the Amendment Directions hereinafter specified.

4. These Amendment Directions shall amend the Directions as specified below:

(1) Paragraph 15(5)A shall be inserted as below:

“Exposures guaranteed under the Emergency Credit Line Guarantee Scheme (ECLGS) 5.0 shall attract risk weight of zero percent to the extent of 75% of the

guaranteed portion, i.e., to the extent of guaranteed portion wherein the settlement amount is expected to be received within thirty days from the date of invocation. The remaining exposure shall attract risk weight as per the extant guidelines."

5. The above amendments shall come into force with immediate effect.

VAIBHAV CHATURVEDI

Chief General Manager

32 Master Directions on Authorisation to operate a Payment System

[Issued by the Reserve Bank of India vide RBI/DPSS/2026-27/401DPSS.CO.AUTH.No.S-239/02-27-004/2026-27 dated 15.06.2026]

These Directions are issued in exercise of powers conferred in Chapter III on Authorisation of Payment Systems and issued under Section 10(2) read with Section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007) hereinafter referred as "PSS Act".

1. Short Title and Commencement

- 1.1 These Directions shall be called the Master Directions on Authorisation to operate a Payment System.
- 1.2 These directions shall come into effect on the day they are placed on the website of the Reserve Bank.

2. Definitions

2.1 In these directions, unless the context otherwise.

- (1) 'Payment System' has the same meaning as defined in the PSS Act.
- (2) 'Payment System Operator' (PSO) has the same meaning as defined for System Participant in clause (p) of Section 2(1) of the PSS Act.
- (3) 'Company' means a company registered under Section 3 of the Companies Act, 1956 or the corresponding provision under the Companies Act, 2013.

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

33 Reserve Bank of India (Payments Banks – Undertaking of Financial Services) Amendment Directions, 2026

[Issued by the Reserve Bank of India vide RBI/DoR/2026-27/127 DOR.RAUG.AUTREC.No.106/24.01.041/2026-27 dated 15.06.2026]

In exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949, the Reserve Bank being satisfied that it is necessary and expedient in the public interest to do so, hereby, amends the directions issued vide Reserve Bank of India (Payments Banks – Undertaking of Financial Services) Directions, 2025 ("Master Direction").

2. The extant regulations governing agency business and referral services have been reviewed and, accordingly, the Master Direction shall be amended. The revised

regulatory framework is provided below. Further, the regulatory instructions on customer service and conduct aspects shall be consolidated in the Reserve Bank of India (Payments Banks - Responsible Business Conduct) Directions, 2025.

3. Short Title and Commencement

- (1) These Directions shall be called the Reserve Bank of India (Payments Banks - Undertaking of Financial Services) Amendment Directions, 2026.
- (2) These Directions shall come into effect on January 01, 2027.
4. These Amendment Directions shall modify the Reserve Bank of India (Payments Banks – Undertaking of Financial Services) Directions, 2025 as under:
 - (i) In paragraph 4 of the Master Direction,
 - a) Sub-para (1) shall be substituted by the following, namely:-

"(1) 'Agency Business' means an arrangement under which a bank acts as an agent of a third-party product or service provider (TPPSP), without risk participation, to facilitate the sale of the latter's financial products or services (e.g., insurance, mutual fund, pension fund, etc.) to its own customers. The activities covered under agency business arrangements may inter alia include marketing, sales, promotion, initial point of contact for redressal of grievance and other after-sale services related to the product or service."

MANORANJAN PADHY

Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

34 Reserve Bank of India (All India Financial Institutions – Credit Facilities) Amendment Directions, 2026

[Issued by the Reserve Bank of India vide RBI/2026-27/113 DOR.CRE.REC.93/07.01.007/2026-27 dated 10.06.2026]

Please refer to the Reserve Bank of India (All India Financial Institutions – Credit Facilities) Directions, 2025 (hereinafter referred to as 'Directions').

2. On a review, and in exercise of the powers conferred by Section 45L of the Reserve Bank of India Act, 1934 and all other provisions / laws enabling the Reserve Bank of India in this regard, the Reserve Bank of India, being satisfied that it is necessary and expedient in public interest so to do, hereby, issues the Amendment Directions hereinafter specified.
3. The Amendment Directions modify the Directions as under:
 - 3(1) In 'Chapter VI – Other Instructions on Credit Facilities' of the Directions, paragraphs 123 to 126 shall be deleted.
 - 3(2) The following paragraphs shall be inserted under the sub-section 'C.2 Lending to Infrastructure Investment Trusts (InvITs)', namely:

"126A. AIFIs shall be permitted to lend to InvITs which are registered with and regulated by SEBI.

126B. General Conditions:

(i) An AIFI shall put in place a Board approved policy on lending to InvITs, which shall cover, inter alia, appraisal mechanism, sanctioning conditions, underwriting norms, including metrics such as the debt service coverage ratio (DSCR) and their corresponding benchmark levels, internal limits for individual exposures as well as the aggregate portfolio, and monitoring mechanisms, including stipulation of appropriate covenants. As the valuations of InvITs are primarily based on projected cash flows, an AIFI shall satisfy itself regarding the valuation methodology and the assumptions used for such valuations vis-à-vis AIFI's own policy and relevant regulatory standards.

VAIBHAV CHATURVEDI
Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

35 Withdrawal of old series of banknotes issued prior to 2005: Consolidation of instructions

[Issued by the Reserve Bank of India vide RBI/2026-27/108 DCM(Plg) No.S737/10.02.060/2026-27 dated 09.06.2026]

The Reserve Bank of India follows a policy of phasing out certain series of banknotes from time to time with a view to introduce banknotes with upgraded security features, in alignment with standard international practice of withdrawing old series banknotes. Accordingly, it was decided on January 23, 2014 that all old series of banknotes issued prior to 2005 would be completely withdrawn from circulation, and banks were advised to extend all necessary cooperation to the members of public for the withdrawal exercise to be carried out in a smooth and non-disruptive manner.

- Based on a review, it was decided that from July 01, 2016, the facility of exchanging the pre-2005 banknotes would be available only at the 19 RBI Issue Offices¹.
- As advised at Paragraph 3 of the circular dated January 23, 2014, banks shall continue to ensure that pre-2005 series banknotes are not re-issued through ATMs or over-the-counter transactions. Such notes shall be sorted and deposited in currency chests under the Linkage Scheme or forwarded to the nearest RBI Issue Office for disposal.
- Pre-2005 series banknotes (other than those whose legal tender status was withdrawn vide Government of India Notification no. 2652 dated November 8, 2016) continue to be legal tender.
- This consolidates the instructions issued earlier on the subject, as detailed hereunder².

SANJEEV PRAKASH
Chief General Manager-In-Charge

36 Withdrawal of ₹2000 Denomination Banknotes from circulation: Consolidation of instructions

[Issued by the Reserve Bank of India vide RBI/2026-27/107 DCM(Plg) No.S736/10.02.060/2026-27 dated 09.06.2026]

The ₹2000 denomination banknote was introduced in November 2016 under Section 24(1) of the RBI Act, 1934. Thereafter, in pursuance of the "Clean Note Policy" of the Reserve Bank of India, on May 19, 2023, it was decided to withdraw ₹2000 denomination banknotes from circulation.

- Facility for exchange/ deposit of the ₹2000 denomination banknotes was extended to members of the public through bank branches across the country till October 07, 2023. Since October 09, 2023, the facility for exchange/ deposit of the ₹2000 banknotes is available for individuals / entities at the 19 RBI Issue Offices¹, and the same shall be available till further advice. ₹2000 denomination banknotes continue to be legal tender.
- This consolidates the instructions issued earlier on the subject, as detailed hereunder².

SANJEEV PRAKASH
Chief General Manager-In-Charge

37 NOP-INR position of Authorised Dealer Category-I banks

[Issued by the Reserve Bank of India vide RBI/2026-27/101 A.P. (DIR Series) Circular No. 13 dated 08.06.2026]

Attention of Authorised Dealer Category (AD Cat)-I banks is invited to circulars FMOD.MAOG.No.S-56/01.06.016/2026-27 dated June 8, 2026, on 'Swap Facility for FCNR (B) Deposits' and FMOD.MAOG.No.S-57/01.06.016/2026-27 dated June 8, 2026, on 'Swap Facility for External Commercial Borrowings and Overseas Foreign Currency Borrowings'.

- AD Cat-I banks may exclude the swap positions arising out of FCNR (B) deposits, External Commercial Borrowings and Overseas Foreign Currency Borrowings raised in terms of the aforesaid circulars while ensuring compliance with the provisions of the A.P. (DIR Series) Circular No. 24 dated March 27, 2026.
- The directions contained in this circular have been issued under Sections 10(4), 11(1) and 11(2) of the FEMA, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

DIMPLE BHANDIA
Chief General Manager

38 Swap Facility for External Commercial Borrowings and Overseas Foreign Currency Borrowings

[Issued by the Reserve Bank of India vide RBI/2026-27/100 FMOD.MAOG. No.S-57/01.06.016/2026-27 dated 08.06.2026]

Please refer to the Governor's Statement dated June 5, 2026.

- It has been decided to introduce a US Dollar-Rupee Forex Swap Facility for,
 - External Commercial Borrowings (ECBs) of average maturity of three years and above, drawn on after

the date of this circular till December 31, 2026, (i) by Public Sector Undertakings (PSUs) viz., whose majority ownership is with central and / or state government (other than banks), or (ii) such PSUs which are incorporated, established or registered under a Central or State Act and controlled by the Central / State Government. The facility will also be available for the undrawn portion as on date for any existing ECB but will not be available for borrowings with embedded options, or ECBs raised for refinancing / repayment of existing ECBs, and

- (b) Overseas Foreign Currency Borrowings (OFCBs) raised by Authorised Dealer Category I banks for a minimum maturity of 3 years.

3. The salient features of the new Swap Facility are as under:

- (a) The Swap Facility will be available to the PSU ECB borrowers through their AD Category-I banks for eligible ECBs and eligible OFCBs raised by the AD Category I banks, raised in any currency. However, the Swap Facility with RBI will be available in US Dollars only. The maximum tenor of swap will be coterminous with the repayment schedule / maturity of the ECB/ OFCB, subject to maximum period of five years.

T. KIRAN KUMAR
General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

39 Foreign Exchange Management (Cross-Border Merger) (Amendment) Regulations, 2026

[Issued by the Reserve Bank of India vide Notification No. FEMA 389(1)/2026-RB dated 29.05.2026]

In exercise of the powers conferred by Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank makes the following amendment in the Foreign Exchange Management (Cross Border Merger) Regulations, 2018 (Notification No. FEMA.389/2018-RB dated March 20, 2018) (hereinafter referred to as 'the Principal Regulations'), namely:-

1. Short title and commencement:

- (1) These regulations may be called the Foreign Exchange Management (Cross Border Merger) (Amendment) Regulations, 2026.
- (2) They shall come into force with effect from the date of their publication in the Official Gazette.

2. Amendment to regulation 2:

In the Principal Regulations, in regulation 2, –

- (i) the clause (vii) shall be omitted;
- (ii) after the clause (ii), the following clause shall be inserted, namely –

“(iia) ‘Competent Authority’ means any authority empowered under the Companies Act, 2013 or any subordinate legislation made thereunder to approve a scheme of merger or amalgamation;”

3. Amendment to regulations 4, 5, 7 and 9:

In the Principal Regulations, in regulations 4, 5, 7 and 9 for the word “NCLT”, wherever it occurs, the words “Competent Authority” shall be substituted.

DR. ADITYA GAIHA
Chief General Manager-in-Charge

40 Investments by Foreign Portfolio Investors in Government Securities – Amendments to the regulatory framework

[Issued by the Reserve Bank of India vide RBI/2026-27/97 A.P. (DIR Series) Circular No. 11 dated 05.06.2026]

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to the Foreign Exchange Management (Debt Instruments) Regulations, 2019 notified vide Notification No. FEMA. 396/2019-RB dated October 17, 2019, as amended from time to time; the Master Direction - Reserve Bank of India (Non-resident Investment in Debt Instruments) Directions, 2025 dated January 07, 2025 [hereinafter, 'Master Direction']; and A.P. (DIR Series) Circular No. 05 dated April 06, 2026.

2. At present, investments by Foreign Portfolio Investors (FPIs) in Government Securities through the General Route are subject to (i) short-term investment limit, (ii) security-wise limit, and (iii) concentration limit. On a review, and with a view to providing greater ease of investment to FPIs, it has been decided to withdraw the requirement for FPIs to comply with the above three limits, for their investments in Government securities under the General Route.

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

41 Formation of new district in the State of Assam – Assignment of Lead Bank Responsibility

[Issued by the Reserve Bank of India vide RBI/2026-27/96 FIDD.CO.LBS. BC.No.02/02.08.001/2026-27 dated 03.06.2026]

The Government of Assam (GoA) has notified formation of new district, viz., Bajali in the state of Assam vide Gazette Notification No. ECF-No.367433/32 dated October 11, 2023. Jurisdictional demarcation of the Bajali district was notified vide GoA Notification dated October 21, 2024. Accordingly, it has been decided to designate the Lead Bank of the new district as below:

Sr. No	Newly Created District	Lead Bank Responsibility assigned to	District Working Code allotted to new district
1	Bajali	Canara Bank	01O (to be read as 'Numeral Zero, Numeral One and Alphabet O')

2. There is no change in the Lead Banks of the other districts in the state of Assam.

NISHA NAMBIAR
Chief General Manager-in-Charge

7

NEWS FROM THE INSTITUTE



- Members Restored during the month of May 2026
- Certificate of Practice surrendered during the month of May 2026
- New Admissions
- Uploading of Photograph (Passport Size only) and Signature
- Obituaries
- Change / Updation of Address



Institute News

LIST OF MEMBERS RESTORED IN THE MONTH OF MAY, 2026

Sl. No.	Membership No.	Member's Name	Region
1	ACS - 10138	CS C R SASIDHARAN PILLAI	WIRC
2	ACS - 10184	CS R KANNAN	SIRC
3	ACS - 12289	CS DIWAN CHAND ARYA	NIRC
4	ACS - 14457	CS PRAVEEN KUMAR	NIRC
5	ACS - 14890	CS TARA CHAND KHETAN	EIRC
6	ACS - 14910	CS RAMESH YANAMANDRA	SIRC
7	ACS - 15925	CS SANDESH DAYAGHAN SAWANT	WIRC
8	ACS - 16492	CS YOGESH DALAL	NIRC
9	ACS - 18075	CS AMIT KUMAR	NIRC
10	ACS - 19097	CS REKHA DOSHI	SIRC
11	ACS - 20250	CS DARA SHASHI RAJ	NIRC
12	ACS - 25612	CS ASHWINI ARVETI	SIRC
13	ACS - 26182	CS RAHUL MUKHERJEE	WIRC
14	ACS - 26448	CS ASRA SAJID	NIRC
15	ACS - 28958	CS RAVINDRA RAMPRAKASH BAGHEL	WIRC
16	ACS - 29570	CS SAGAR AGARWAL	NIRC
17	ACS - 30059	CS GARIMA MALKANI	NIRC
18	ACS - 31978	CS NEHA LAKHERA	WIRC
19	ACS - 32210	CS HIMANSU SRIVASTAVA	NIRC
20	ACS - 32371	CS SATRA CHETAN DHIRAJLAL	SIRC
21	ACS - 32451	CS PANKAJ KUMAR SINGH	NIRC
22	ACS - 3296	CS AJAY KRISHNA	NIRC
23	ACS - 33417	CS SANHITA GAJANAN GODKAR	WIRC
24	ACS - 35686	CS PRIYANKA MEHRA	NIRC
25	ACS - 39832	CS ATANU PRAMANICK	EIRC
26	ACS - 40135	CS PRASHANT KUMAR MISHRA	SIRC
27	ACS - 40747	CS PRACHI PODDAR	SIRC
28	ACS - 41045	CS IPSHITA CHATTERJEE	NIRC
29	ACS - 42522	CS RICHA NIRMAL	NIRC
30	ACS - 42888	CS NITIN SIDDHESHWAR METKARI	WIRC
31	ACS - 45567	CS SUMITI NARESH MULTANI	WIRC

32	ACS - 46399	CS SURENDRA KUMAR	NIRC
33	ACS - 46965	CS ABHISHEK TAMRKAR	WIRC
34	ACS - 46988	CS MITTALI UDAYPARULKAR	NIRC
35	ACS - 47251	CS SAGNIK SANYAL	NIRC
36	ACS - 47697	CS ANEESH PARWANI	WIRC
37	ACS - 50624	CS NEHA MEHTA	EIRC
38	ACS - 51864	CS KANCHAN LUTHRA	NIRC
39	ACS - 52155	CS DASHMEET RANA	NIRC
40	ACS - 52419	CS MITALI PARIKH	NIRC
41	ACS - 56420	CS SHIVAM KHANDELWAL	NIRC
42	ACS - 56902	CS NILISHA KHUTETA	NIRC
43	ACS - 57474	CS AISHWARYA S	SIRC
44	ACS - 58116	CS SHYAMA NAIR	WIRC
45	ACS - 58615	CS SACHIN GARG	NIRC
46	ACS - 58691	CS INDRAVIJAYSINH SUKHDEVSIKH JADEJA	WIRC
47	ACS - 58694	CS KHUSHBOO NITESHKUMAR PATEL	WIRC
48	ACS - 58708	CS ANJALI KHARKWAL	NIRC
49	ACS - 60050	CS HONEY GUPTA	NIRC
50	ACS - 60272	CS ASHOK KUMAR SINGH	WIRC
51	ACS - 60480	CS MARIAM KHALIL BAHNAN	WIRC
52	ACS - 61329	CS NAINA SINGH JADOUN	NIRC
53	ACS - 63245	CS SHIPRA	WIRC
54	ACS - 63318	CS RITU GOYAL	NIRC
55	ACS - 63410	CS VAISHALIBEN KRUNALBHAI PANARA	WIRC
56	ACS - 63834	CS RITU SHUKLA	NIRC
57	ACS - 63941	CS SONU VERMA	NIRC
58	ACS - 65426	CS ROHIT DUBEY	WIRC
59	ACS - 68527	CS HIMANSHI BAJAJ	SIRC
60	ACS - 69245	CS AVINASH SINGH CHAUHAN	NIRC
61	ACS - 6938	CS K KRISHNA RAO	SIRC
62	ACS - 71041	CS DEVENDRA KUMAR	NIRC
63	ACS - 71839	CS RAJPUROHIT SHYAMSUNDER MAHENDRA	WIRC
64	ACS - 74977	CS POOJA SUMIT SHAH	WIRC
65	ACS - 7643	CS GAUTAM SETH	NIRC
66	ACS - 7894	CS K SREEDHAR	SIRC
67	ACS - 9451	CS ATUL KUMAR JAIN	NIRC
68	FCS - 10141	CS CHHAMA GOEL	NIRC
69	FCS - 11246	CS ANSHUJ DHINGRA	NIRC
70	FCS - 1765	CS T GOVINDHARAJAN	SIRC
71	FCS - 3834	CS RAMACHANDRA HEGDE	WIRC
72	FCS - 5983	CS G BUTCHI BABU	SIRC
73	FCS - 6037	CS RANJI SRIVASTAVA	NIRC
74	FCS - 6166	CS ANURADHA SINGHAI	WIRC
75	FCS - 7734	CS MAHIMA JAIN	NIRC
76	FCS - 7762	CS S V RAMA KRISHNA	SIRC
77	FCS - 7778	CS SANTOSH KUMAR SONI	WIRC

CERTIFICATE OF PRACTICE SURRENDERED DURING THE MONTH OF MAY 2026

Sl. No.	Member's Name	Membership No.	CoP No.	Cancel Date	Region
1	CS ANAL ROY	A78707	28454	04/05/2026	EIRC
2	CS MEDHA ULHAS DESHPANDE	F3256	2128	04/05/2026	WIRC
3	CS RAMESH SHENOY	F2479	27140	04/05/2026	WIRC
4	CS SHEENA	A37159	14736	04/05/2026	NIRC
5	CS SUDERSHAN KUMAR BANTHIA	A3284	2345	04/05/2026	NIRC
6	CS ARCHANA VIKAS LATH	A27718	18192	05/05/2026	WIRC
7	CS BHARATH KUMAR	A66457	24910	05/05/2026	SIRC
8	CS SACHIN SATHYAVRATHAN	A42942	26853	05/05/2026	SIRC
9	CS LATESH DILIP SAWANE	A61283	25293	07/05/2026	WIRC
10	CS NARAYANA SWAMI NAVALAKSHMI	A39973	15054	07/05/2026	SIRC
11	CS SHIKHA SARAF	F9247	13686	07/05/2026	EIRC
12	CS SHRADDHA NAHAR	A70457	26317	08/05/2026	WIRC
13	CS HARSHIT SIKKA	A74204	27529	11/05/2026	NIRC
14	CS SAKSHI DASHRATH MAHANDULE	A77599	28248	11/05/2026	WIRC
15	CS TARUN KUMAR MITTAL	A75762	28556	11/05/2026	NIRC
16	CS PRAVIN SANJAY AMBHORE	A76764	28072	12/05/2026	WIRC
17	CS CHETNA AGRAWAL	A63195	23738	13/05/2026	WIRC
18	CS RAMYA PRIYA SESHASAI NADIMPALLI	F13121	26996	15/05/2026	SIRC
19	CS AARTI RAMAJI MOHADIKAR	A69280	27853	18/05/2026	WIRC
20	CS MANIKA DIKSHIT	F12055	19557	18/05/2026	WIRC
21	CS KEERTHI A	A66855	26746	19/05/2026	SIRC
22	CS SESHADRI VASAN GOLLUR	F11842	26490	19/05/2026	SIRC
23	CS VANDANA AGARWAL	A74439	27539	19/05/2026	EIRC
24	CS EBIN VARGHESE	A65381	27654	21/05/2026	SIRC
25	CS AANCHAL JAIN	A37790	15451	22/05/2026	NIRC
26	CS PREET CHAUHAN	A75881	28512	22/05/2026	NIRC
27	CS VARUN KANVAE NAGESH	A53087	24146	24/05/2026	SIRC
28	CS SAMTA MADANLAL KALOYA	A73082	27841	26/05/2026	WIRC
29	CS SUVARNA SHREEKRUSHNA JOSHI	F12370	16812	27/05/2026	WIRC
30	CS AARTI PREMSUNDER MISHRA	A52976	23767	29/05/2026	WIRC
31	CS TWINKLE SHUKLA	A54629	23761	29/05/2026	NIRC

NEW ADMISSIONS

For latest admission of Associate and Fellow Members, Life Members of Company Secretaries Benevolent Fund (CSBF), Licentiates and issuance of Certificate of Practice, kindly refer to the link <https://www.icsi.edu/member>



UPLOADING OF PHOTOGRAPH (PASSPORT SIZE ONLY) AND SIGNATURE

Members are requested to ensure that their latest scanned PASSPORT size front-facing colour photograph (in formal wear) and signature in .jpg format (each on light-colored background of not more than 200 KB file size) are uploaded on the online portal of the Institute.

Online Steps for Uploading of photo and signature.

- Use ONLINE SERVICES tab on www.icsi.edu
- Select Member Portal from dropdown
- Login using your membership number e.g. A1234/F1234
- Enter your password
- Under My Profile --- Click on View and Update
- Upload/update the photo and signature as required
- Press Save button

OBITUARIES

Chartered Secretary deeply regrets to record the sad demise of the following members:

CS NITIN KUMAR BANSAL (01.05.1982 - 25.04.2024) an Associate Member of the Institute from GAUTAM BUDDHA NAGAR, UP

CS A THANTHONI (02.04.1935 - 19.08.2025) an Associate Member of the Institute from THANE, MAHARASHTRA

CS LALAN KUMAR SINGH (01.03.1978 – 29.10.2025) a Fellow Member of the Institute from SAHARSA, BIHAR

CS S K DESHPANDE (11.10.1930 – 25.12.2025) an Associate Member of the Institute from PANJI (AGRA).

CS BRIJESH ROHILLA (11.02.1980 - 01.02.2026) an Associate Member of the Institute from NEW DELHI

CS SANKET JAIN (20.06.1987 - 06.02.2026) an Associate Member of the Institute from JHANSI, UP

CS CHITRA OJHA (21.08.1989 - 28.02.2026) an Associate Member of the Institute from BIKANER, RAJASTHAN

CS GURNISH TRILOCHAN CHHABDA (18.02.1986 - 14.03.2026) an Associate Member of the Institute from AHMEDABAD, GUJARAT

CS V M PATEL (02.11.1944 - 04.04.2026) an Associate Member of the Institute from VADODARA, GUJARAT

CS RAGHOTHAMAN ARAVIND SHRINIVAS (23.10.1989 - 19.05.2026) a Fellow Member of the Institute from CHENNAI, TAMIL NADU

CS JAGDISH PRASAD AGARWAL (04.09.1952 - 15.06.2026) a Fellow Member of the Institute from TINSUKIA, ASSAM

May the Almighty give sufficient fortitude to the bereaved family members to withstand the irreparable loss.

May the departed souls rest in peace.

CHANGE / UPDATION OF ADDRESS

The members are requested to check and update (if required) your professional and residential addresses ONLINE only through Member Login. Please indicate your correspondence address too.

The steps to see your details in the records of the Institute:

1. Go to www.icsi.edu
2. Click on **MEMBER** in the menu
3. Click on **Member Search** on the member home page
4. Enter your membership number and check
5. The address displayed is your Professional address (Residential if Professional is missing)

The steps for online change of address are as under:

1. Go to www.icsi.edu
2. On the Online Services ----select **Member Portal** from dropdown menu
3. Login using your membership number e.g. A1234/F1234
4. Under **My Profile** --- Click on View and update option and check all the details and make the changes required and save
5. To change the mobile number and E-mail 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 along with 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>



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THE INSTITUTE OF
Company Secretaries of India
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 5th October, 2019 in the presence of the Hon'ble President of India.

In addition to their identity cards and Associate certificates, members can also now access and download their Fellow certificates and Certificates of Practice from the Digilocker anytime, anywhere.



How to Access:

- Go to <https://digilocker.gov.in> and click on Sign Up.
- You may download the Digilocker mobile app from mobile store (Android/iOS).

How to Login:

- Signing up for DigiLocker with your mobile number.
- Your mobile number is authenticated by an OTP (one-time password).
- Select a username & password. This will create your DigiLocker account.
- After your DigiLocker account is successfully created, you can voluntarily provide your Aadhaar number (issued by UIDAI) to avail additional services.

How to Access your Documents digitally:

Members can download their digital ID Card / ACS / FCS / COP certificate(s) by following the steps given below:

1. Log in to <https://www.digilocker.gov.in> website.
2. Go to Central Government and select Institute of Company Secretaries of India.
3. Select the option of ID Card / Membership Certificate / Practice Certificate.
4. For ID Card, enter your membership number e.g. ACS 12345 / FCS 12345.
5. For Membership Certificate, enter your membership and select ACS / FCS from dropdown menu.
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.

8

MISCELLANEOUS CORNER



- GST Corner
- Ethics in Profession
- CG Corner
- Maritime Corner
- ESG Corner
- MSME Corner
- AI Corner

EXTENSION OF TIMELINE FOR IMPLEMENTATION OF MANDATORY “SHIP TO GSTIN” & VOLUNTARY CLOSURE OF E-WAY BILL FUNCTIONALITIES – REG (DATED JUNE 9, 2026) AND ADVISORY ON E-INVOICE API AND E-WAY BILL BY IRN API CHANGES FOR MANDATORY CAPTURE OF SHIP-TO GSTIN AND VOLUNTARY CLOSURE OF E-WAY BILL (DATED JUNE 17, 2026)

The GSTN has extended the deadline to implement two new E-Way Bill system updates. Both the mandatory “Ship To GSTIN” requirement and the voluntary E-Way Bill closure feature will now go live on August 1, 2026 (postponed from June 15, 2026). This grace period allows taxpayers time to update ERP systems and complete sandbox testing.

Key Highlights of the Guidelines

- **Mandatory “Ship To GSTIN”:** For Bill-To/Ship-To transactions, capturing the exact GSTIN of the receiving party is now required.
- **Voluntary Closure:** A new feature allowing taxpayers to voluntarily close E-Way Bills has been introduced.
- **Reason for Extension:** The postponement was granted in response to trade requests to allow adequate time for ERP/API modifications, system testing, and master data updates

Sandbox Testing & API Updates Are Live

To support this transition, corresponding technical changes have been introduced across multiple data channels:

- Affected APIs include the e-Invoice API, e-Way Bill by IRN API, and the new EWB Closure API.
- These updates are currently live in the Sandbox testing environment.

Taxpayers, GSPs, ASPs, and ERP providers must utilize the current window to update master data, modify system architecture, and complete thorough sandbox testing before the August 1, 2026.

Source: https://tutorial.gst.gov.in/downloads/news/advisory_einvoice_api_ewb_by_irn_approved.pdf

ICSI BLOOD Bank Portal



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/>

Signing and filing of e-Forms by Company Secretary in Employment

As per Section 22 of the Company Secretaries Act, 1980, “*professional and other misconduct*” shall be deemed to include any act or omission provided in any of the Schedules, but nothing in this section shall be construed to limit or abridge in any way the power conferred or duty cast on the Director (Discipline) under sub-section (1) of Section 21 to inquire into the conduct of any member of the Institute under any other circumstances.

Company Secretaries in employment are expected to be cautious and make compliances while signing/ filing e-Forms for their employer company with MCA.

A member of the Institute in practice shall be deemed to be guilty of Other Misconduct under Clause (2) of Part IV of the First Schedule to the Company Secretaries Act, 1980, if in the opinion of the Council of the Institute, his act or omission, has brought disrepute to the profession or the Institute, whether related to professional work or not.

CASE STUDY:

1. A Complaint has been filed against a Company Secretary in employment (hereinafter referred to as ‘the Respondent’) for Misconduct under Section 21 of the Company Secretaries Act, 1980 (hereinafter referred to as ‘the Act’) read with Rule 3 of the Company Secretaries (Procedure of Investigations of Professional and other Misconduct and Conduct of Cases) Rules, 2007 (hereinafter referred to as ‘the Rules’).
2. The Complainant has stated that a Private Limited Company (the company) has increased its authorized share capital for issue of preference shares and has filed the Form for increasing Authorised Share Capital of the company to which altered Memorandum of Association (MoA) was attached. The said Form was also signed by the Respondent as the authorized person of the company. In the said altered MoA, the company has changed its first subscriber’s sheet also. The initial document signed at the time of incorporation is not supposed to be changed at any time during the lifetime of the company.
3. The Respondent was the Company Secretary in employment of the company. The Respondent has denied the allegations and has *inter alia* contended that the company was incorporated as a 100% foreign-owned company, much before the Respondent joined it as Company Secretary. The company had its authorized, issued, subscribed and paid-up capital of Rs.36 crores consisting of 3.6 crore equity shares of Rs.10 each. The Board of Directors of the company in its meeting passed a resolution to increase its authorized share capital from Rs. 36 crores to Rs. 66 crores by adding new 3 crore preference shares of Rs. 10 each totalling to Rs. 30 crores, which was also duly approved by the members of the company in its Extraordinary General Meeting (EGM). To this effect, the Memorandum of Association (MoA) of the company was altered, at clause V, to reflect its updated authorized share capital. The company has filed the Form with the Registrar of Companies and duly complied with all applicable requirements, such as correct and full amount of stamp duty, details of revised capital structure including authorized, issued, subscribed and paid-up capital as on that day before issuances of corresponding number of Preference Shares etc. The amended MoA of the company (altered at clause V to reflect its updated authorized share capital) was believed to have been submitted along with Form without any further alterations by the Respondent as Company Secretary to the company.
4. The Respondent has further stated that there was no reason to expect any alteration in the rest of the MoA except clause V. The Respondent had *bona fide* belief that the rest of the MoA (except Clause V) submitted with the ROC was unaltered, unfabricated and true. The alleged alteration in first subscriber’s sheet of the MoA was not within the knowledge of the Respondent as the said MoA was received from the preceding Company Secretary of the company and the Respondent has placed trust in his documentation. Thus, any alterations regarding equity share capital in first subscriber’s sheet can be reasonably presumed to have existed upon handover of the documents to the Respondent from the preceding Company Secretary.
5. The Respondent has further stated/ contended that *mens rea* is a pre-requisite to impose penalty. Penal provisions are only a tool to safeguard against deliberate contravention of rules. The knowledge of contravention on the part of accused is fundamental for presence of *mens rea*.
6. The Complainant in the rejoinder has stated that the averments made in the complaint are reiterated and that the reply of the Respondent lacks merit and is liable to be rejected outrightly.
7. The Director (Discipline) has *prima facie* opined that this matter may be referred to the Council for its opinion under Clause (2) of Part IV of the Act, as to whether the action of the Respondent has brought disrepute to the profession and/or the Institute or not.
8. The Board of Discipline referred the matter to the Council for its opinion under Clause (2) of Part IV of

First Schedule to the Company Secretaries Act, 1980, as to whether the act of the Respondent has brought disrepute to the profession and/ or the Institute, or not.

9. The Council opined that the act of the Respondent as alleged has brought disrepute to the Profession and the Institute in terms of Clause (2) of Part IV of the First Schedule to the Company Secretaries Act, 1980.
10. The Board of Discipline noted the opinion of the Council and decided to proceed further in the matter in accordance with the Act and Rule 14 of the Rules. The Complainant and the Respondent broadly reiterated their submissions before the Board of Discipline.
11. The Board of Discipline observed that the Respondent has digitally signed the Form for increasing the Authorised Share Capital of the company, being a Company Secretary in employment. MoA of the Company was attached with the impugned Form which contains alteration. The Board of Discipline further observed that the MoA signed at the time of
- incorporation is not supposed to be changed at any time during the lifetime of the company. However, in the instant case form was filed with MCA with an altered MoA. The number of shares taken by subscribers was changed.
12. The Board of Discipline, after considering the material on record, the nature of issues involved in the matter and in the totality of the facts and circumstances of the case, holds the Respondent 'Guilty' of Other Misconduct under Clause (2) of Part IV of the First Schedule to the Company Secretaries Act, 1980. In terms of Rule 15(1) of the Rules, an opportunity of being heard was granted to the Respondent before passing an order under sub-section (3) of Section 21A of the Company Secretaries Act, 1980.
13. After giving an opportunity of being heard to the Respondent, the Disciplinary Committee passed an Order of 'Reprimand' and Fine of Rs. 25000/- (Rupees Twenty-Five Thousand) under Section 21B (3) of the Company Secretaries Act, 1980.

STUDENT COMPANY SECRETARY (e-Journal)

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King V Report on Corporate Governance (South Africa): Key Changes

The **King Report on Corporate Governance** is one of the world's most influential principles-based corporate governance frameworks. It emerged from South Africa's democratic transition and the need to establish internationally credible yet locally relevant governance standards. Over the years, it has evolved from a traditional governance code into a globally respected framework that integrates ethical leadership, stakeholder inclusivity, sustainability, risk management, and long-term value creation.

The King IV Report released in 2016 (effective from 2017) focused on an outcomes-based approach centered around 17 core principles that promote ethical leadership, good performance, effective control, and legitimacy. However, in view of evolving corporate governance landscape both globally and locally, becoming increasingly complex, unpredictable and volatile, the King IV Report was reviewed nine years after its publication and the Institute of Directors in South Africa and the King Committee of South Africa released the King V, the fifth iteration of South Africa's corporate governance reports, on 31st October 2025, effective for financial years beginning on or after 1st January 2026.

The King V report has strengthened expectations for board accountability, independence, sustainability, and information governance. It simplifies and refines the principles, introduces a standard Disclosure Framework, and reinforces compliance as a fundamental component of ethical and effective leadership.

The key changes introduced in King V compared to King IV include the following –

- **Disclosure**

To support effective and transparent disclosure, the King V Code is now accompanied by a dedicated King V Disclosure Framework (the Framework). The Framework sets out the required form and content for reporting on the application of King V. Notably, the recommended practices related to disclosure under each principle have been moved from the Code to be included in the Framework which marks a significant departure from King IV. The primary purpose of the Framework is to assist organisations in providing a meaningful and qualitative account of their implementation of King V.

In addition to supporting organisations in their application of King V, the Framework serves as a valuable resource for stakeholders – including shareholders, investors and regulators – who seek to understand how an organisation applies the principles and recommended practices of the Code.

Another change introduced through the Disclosure Framework is that organisations should explicitly state any practices not adopted. Such statements must be accompanied by a clear explanation of the reasons for non-

adoption and the compensating measures implemented to ensure that the principle's objective is nonetheless achieved. Furthermore, the governing body is expected to make a concluding statement on the realisation of the governance outcomes.

- **Principles and practices**

As part of the effort to enhance clarity and accessibility, several principles from King IV have been consolidated in King V. This consolidation was applied where multiple principles addressed related governance domains. In a further structural refinement, Principle 17 from King IV, which focused specifically on institutional investors such as pension funds, life insurers and asset managers, has been excluded from King V. While Principle 17 aimed to link King IV with the Code for Responsible Investment in South Africa (CRISA), its limited applicability appeared to create confusion in practice. The King Committee has therefore opted not to include it in the King V Code and instead continues to advocate that institutional investors should apply both King V and the updated CRISA 2 principles and practices to achieve the intended outcomes of responsible investment and value creation.

As a result of all these adjustments, *the number of principles has been reduced from 17 in King IV to 13 in King V.*

- **Sustainability and Double Materiality**

King V adopts the concept of **double materiality**, which requires organizations to report not only on matters that are financially material to the entity but also on issues that have significant impacts on stakeholders, society, the environment, and the organization's long-term value creation.

- **Independence criteria for members of the governing body**

The King V Code introduces significant refinements to the assessment of director independence. Consistent with the principles established under King IV, the governing body is required to evaluate all circumstances that may affect a non-executive member's independence through a holistic, substance-over-form approach when determining whether such a member qualifies as independent.

It is noteworthy that "independence", as defined in the Glossary, is a broad concept which refers to "the exercise of objective, unfettered judgement". The definition further expands: "When used to categorise a non-executive member of the governing body or its committees as independent, it means the absence of an interest, position, association or relationship which, when

judged from the perspective of a reasonable and informed third party, is likely to unduly influence or cause bias in decision making.”

King V further strengthens the independence framework by explicitly incorporating relationships involving parties related to the member under evaluation into the assessment criteria. The Code also provides greater clarity regarding cooling-off periods, offering more specific guidance on their application. Additionally, a tenure of nine years as a member of the governing body is no longer treated as a standalone consideration; instead, it is assessed alongside other relevant factors that may influence independence.

- **Committees**

A significant development in King V concerning committees of the governing body relates to the composition of the Risk Committee and the Social and Ethics Committee. The revised practice recommendation requires each of these committees to comprise a majority of non-executive members, including at least one independent member. This marks a notable shift from King IV which required only a simple majority of non-executive members and did not expressly require the presence of an independent member.

The updated recommendation introduces a more rigorous standard than that set out in the Companies Act with respect to social and ethics committees. While the Act prescribes certain requirements for these committees, it does not mandate the inclusion of independent members. Furthermore, the Act does not address the composition of risk committees, although other legal and regulatory provisions may be applicable depending on the nature of the organisation.

- **Data, information and technology**

Rapid advancements in data, information and technology – driven by legal developments and the emergence of transformative innovations – have significantly reshaped operational environment of the organisations. Recognising their growing importance to organisational strategy and oversight, the King V Code introduces its most extensive revisions within this governance domain.

To support effective governance, the Code treats data, information and technology as distinct yet interconnected fields. The recommended practices have been reorganised to focus on the specific governance objectives associated with each of these fields, as well as the identification, management and control of related risks.

The Code also addresses emerging, innovative and disruptive technologies. Its scope encompasses the various modes of deployment of these technologies within and by organisations, including their acquisition, development, utilisation and distribution. Among these technologies, AI is specifically addressed, and the importance of clearly establishing accountability for decisions, actions, outputs and outcomes arising from AI systems are emphasised. In addition, the key values that should be applied by organisations in the deployment of AI are stated, namely ethics, human centricity,

accountability, transparency, explainability, security, privacy, fairness and trustworthiness.

For clarification, it is added that in the context of AI –

- *transparency* refers to openness regarding the design, data sources and functionality of AI systems;
- *explainability* emphasises that one has to provide clear, understandable reasons for specific AI decisions or outputs.
- *Human centricity* refers to an AI approach that enhances human capabilities and is guided by fairness, justice and privacy with the aim of preventing harm and bias.

Transparency, explainability and human centricity are fundamental to the ethical deployment of AI, its trustworthiness and allowing for accountability, the identification of biases and errors as well as the enablement of users to understand, verify and even challenge AI-driven outcomes in regulated and general use.

- **Remuneration**

In view of the reform in this area introduced by the amendments to the Companies Act, and in accordance with the King V drafting convention not to repeat legislative requirements, the practices related to voting have been simplified. Separate, non-binding advisory votes by shareholders on the remuneration policy and disclosure are recommended in a practice to the extent that voting is not provided for in the Companies Act (as is the case until the amendments become effective and, afterwards, for organisations that are not public or state owned companies).

This practice would also only apply to companies with enhanced governance and accountability requirements. For the purpose of the recommended practice, the threshold has been set at the level of companies that in terms of their public interest score must establish social and ethics committees. In this way the Code addresses the situation both before and after the amendments becoming effective.

Rather than prescribing particular standards, King V recommends in its practices that governing bodies consider and approve the use of the relevant standards and frameworks pertinent to the domain area of each principle. This approach reinforces the governing body's role in ensuring that adopted standards support the organisation's governance objectives and contribute to meaningful, transparent reporting.

Governing bodies are encouraged to consider the broader economic, social and environmental context in which their organisations operate, including the significant risks and opportunities associated with it.

Source: https://cdn.ymaws.com/www.iodsa.co.za/resource/collection/927F0970-C1E9-4F30-803C-D74BF386A2B6/King_V_Background_Objectives_and_Key_Changes.pdf

Maritime news

INDIA BECOMES WORLD'S TOP SHIP RECYCLING NATION IN 2025

India has emerged as the world's leading ship recycling nation in 2025, ranking first globally. India's share of global ship recycling increased to 35.4% in 2025 from 30.1% in 2024, according to the latest report by the United Nations Conference on Trade and Development (UNCTAD). Ship recycling in India rose significantly to 2.99 million gross tons (GT) in 2025, up nearly 60% from 1.86 million GT in 2024. With this achievement, the target set under Maritime India Vision (MIV) 2030 to become the world's leading ship recycling nation has been achieved well ahead of schedule.

This achievement reflects the impact of maritime policy reforms and ease-of-doing-business initiatives undertaken by the Government of India under the visionary leadership of Prime Minister Narendra Modi.

Key Government Initiatives:

To strengthen India's ship recycling ecosystem and capture a larger share of the global market, the Ministry of Ports, Shipping and Waterways (MoPSW) has undertaken several initiatives:

- **Hong Kong Convention Compliance:** The Government of India enacted the Recycling of Ships Act, 2019, to develop a ship recycling ecosystem aligned with the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (HKC), which India ratified in 2019. The government has provided financial assistance of ₹53.5 crore to support the modernisation of ship recycling yards, helping 115 facilities become HKC-compliant.
- **Ship-breaking Credit Note Scheme:** MoPSW launched the Ship-breaking Credit Note Scheme, under which ship owners receive a credit note equivalent to 40% of the scrap value of a recycled ship. The credit note can be utilised towards payment of up to 5% of the value of a new vessel built at an Indian shipyard, thereby promoting both ship recycling and domestic shipbuilding.
- **Stakeholder Engagement:** MoPSW regularly engages with Gujarat Maritime Board, Ship Recycling Industries Association, Global Shipping Companies, Cash Buyers, Classification Societies and International Organisations to identify challenges and implement targeted solutions.
- **Inclusion under European Union Ship Recycling Regulations (EUSRR):** Government of India is actively pursuing the inclusion of Indian ship recycling yards in the European Union's approved list of recycling facilities. Continuous engagement with relevant authorities is underway to facilitate approvals.

- **Expansion of Alang Ship Recycling Yard:** India aims to nearly double its ship recycling capacity to about 9 million light displacement tons (LDT) through planned expansion of the Alang Ship Recycling Yard. Government of Gujarat has prepared a comprehensive master plan to support future demand, improve infrastructure and enhance India's competitiveness in the global market.

According to the Baltic and International Maritime Council (BIMCO), more than 16,000 vessels are expected to be recycled globally over the next decade. With a current market share of 35.4%, India is well-positioned to recycle approximately 500 to 600 vessels annually while continuing to expand its ship recycling capacity. India's rise to the top position in global ship recycling is the result of a coordinated strategy focused on sustainability, regulatory reforms, infrastructure development and industry collaboration. In view of the strong future demand, increasing compliance with international standards and continued government support, India is well-positioned to strengthen its leadership in ship recycling while advancing the objectives of the circular economy and sustainable maritime development.

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2276739®=48&lang=1>

VOC PORT EMERGES AS A MODEL FOR GREEN MARITIME GROWTH WITH 45% REDUCTION IN CARBON EMISSIONS

Union Minister Sarbananda Sonowal highlighted V.O. Chidambaranar Port Authority (VOCPA) as a model for *sustainable maritime development*, citing strong progress in:

- Decarbonisation,
- Renewable energy, and
- Green infrastructure.

The Port's first Sustainability Report shows: renewable energy off setting nearly 94% of energy consumption, net carbon emissions down ~45%, and carbon intensity per tonne nearly halved in four years—**positioning VOC Port as a leader in India's Green Maritime Transition.**

Key initiatives launched:

- **Kendriya Vidyalaya (2026–27 session):** A major highlight of the event was the commencement of academic activities at Kendriya Vidyalaya, VOC Port, for the 2026-27 academic session. Established with the approval of Kendriya Vidyalaya Sangathan, the institution will initially function from the Port School campus and provide quality CBSE education to children of port employees, Central government personnel and the local community. The initiative is expected to strengthen educational infrastructure in Tuticorin while expanding access to affordable, high-quality education.

- **IIM Calcutta Case Study:** *"The Hydrogen Pivot: Orchestrating the Green Transition at V.O. Chidambaram Port Authority,"* which documents the port's transformation from a conventional cargo hub into a green energy and sustainable maritime centre. The study highlights the port's pioneering efforts in renewable energy, electrification and green hydrogen development, including India's first green hydrogen pilot project commissioned at a major port.
- **Recognition as a Scope-2 Emission Free Port:** It reflects a successful transition towards clean energy and low-carbon operations. The certification validates the port's decarbonisation efforts and strengthens its standing as one of India's leading green ports.
- **MoU with Gati Shakti Vishwavidyalaya:** The MoU was signed to promote collaboration in research, innovation, logistics education, skill development and sustainable port operations. The partnership is expected to facilitate the establishment of a Centre of Excellence in Maritime Logistics and Port Management while creating new opportunities for industry-academia engagement.
- **Launch of PortGPT Mobile App:** This makes VOC Port the first major port in India to extend an enterprise-grade generative artificial intelligence platform through a dedicated mobile application. The platform is expected to enhance operational efficiency, knowledge management and data-driven decision-making while supporting the port's long-term digital transformation goals.

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2277098®=48&lang=1>

MUMBAI PORT AUTHORITY'S LEGACY AND FUTURE VISION HIGHLIGHTED ON ITS 154TH FOUNDATION DAY

Mumbai Port Authority, under the Ministry of Ports, Shipping and Waterways, celebrated its 154th Foundation Day in the presence of Union Minister Shri Sarbananda Sonowal and MoS for Ports Shri Shantanu Thakur. The programme, themed **"Together We Can,"** recognized the contributions of officers, employees, workers, port users, shipping lines, trade partners, service providers, and stakeholders. The guests acknowledged the port's service spanning over 150 years and the role of stakeholders in its growth, while stressing the importance of modern ports in achieving *Viksit Bharat 2047*. Mumbai Port Authority also presented 63 projects worth ₹5,028.17 crore: 7 inaugurated (₹132.29 crore), 34 with foundation stones laid (₹1,354.59 crore), and 22 announced (₹3,541.29 crore).

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2277840®=48&lang=1>

INDIA SEEK INDIAN OCEAN AS 'OCEAN OF OPPORTUNITY': PRIME MINISTER SHRI NARENDRA MODI IN SEYCHELLES

During his three-day visit to Seychelles, Prime Minister Shri Narendra Modi emphasized India's vision of transforming

the Indian Ocean into an "Ocean of Opportunity," where maritime security and economic growth will go hand in hand.

The leaders reviewed the entire spectrum of bilateral relations and discussed regional and global issues of shared concern, including challenges in the Indian Ocean Region such as illegal fishing, drug trafficking, and piracy.

Addressing the Seychelles National Assembly later, PM Modi highlighted the disproportionate impact of climate change on the Global South, particularly small island nations. He stressed that global climate action must be guided by principles of fairness, responsibility, and equity, noting that countries least responsible for climate change should not bear the heaviest consequences. He described this principle as the foundation of climate justice.

<https://indianexpress.com/article/india/pm-modi-in-seychelles-india-seeks-indian-ocean-as-ocean-of-opportunity-10761514/>

MARITIME TERMINOLOGY:

1. **Deadweight Cargo** - Cargo that is heavy in proportion to the space it uses. Freight for deadweight cargo is generally calculated on a per metric ton basis.
2. **Force Majeure** - Agreed upon circumstances, beyond the control of a contractual party, that may, according to the terms and conditions, relieve that party of liability for failing to execute the contract.
3. **Gencon** - A general purpose voyage charter party published by the Baltic and International Maritime Council. The boilerplate clauses in the Gencon charter party can, and often are, amended to fit the particular voyage.
4. **Ice Clause** - Prior agreed upon term in a bill of lading or charter party that stipulates the options if ice inhibits navigation. The terms vary from clause to clause; for example, the master may have the right to divert the ship to the nearest safe port, or the charterer may have the option of waiting for ice conditions to clear upon payment of demurrage.
5. **Laycan** - An abbreviation for "Laydays and Cancelling" is a period during which the shipowner must tender notice of readiness to the charterer indicating the ship's arrival and readiness at the port of loading. If the ship arrives before the beginning of Laycan, the charterer is not obliged to commence loading until the first date and may have the option of canceling the charter if the ship arrives after the final date, known as a canceling date.
6. **Workable Hatch** - Voyage charter party term setting out the amount of time allowed to load and/or discharge, by dividing the quantity of cargo in the largest hatch by the quantity of cargo in accessible hatches.

INTERNATIONAL ORGANIZATION FOR STANDARDIZATION (ISO) RELEASES DRAFT NET ZERO STANDARD

The International Organization for Standardization (ISO) has released a draft of its new **ISO 14060 Net Zero Aligned Organizations Standard**, aimed at helping organizations create credible and comprehensive net-zero transition plans.

Key points:

- It provides principles and requirements for setting emissions reduction targets, implementing strategies, and tracking progress toward net zero.
- Developed over two years, it offers globally consistent guidance aligned with the Paris Agreement.
- The standard addresses full value chain emissions (Scope 1, 2, and 3), prioritizing deep reductions first, with limited use of carbon removal for residual emissions.
- Organizations must set interim and long-term targets and publish a transition plan within two years, including timelines, strategies, and reporting methods.
- It also covers carbon credits, governance, monitoring, validation, and verification.
- Additional guidance is included for small and medium-sized enterprises (SMEs).
- The standard applies to organizations such as companies, NGOs, and academic institutions, but not governments or regions.

Overall, the draft aims to ensure organizations adopt **transparent, verifiable, and science-aligned pathways** to reach net zero.

<https://www.esgtoday.com/iso-releases-draft-net-zero-standard/>

AUSTRALIA OPENS FIRST CARBON REFINERY TO TURN CAPTURED CO₂ INTO CONCRETE, PAPER AND GLASS

Australia has launched its first carbon refinery, capable of capturing up to 2,500 metric tons of carbon dioxide annually from Orica's ammonia operations in New South Wales. The facility employs mineral carbonation technology to convert the captured CO₂ into useful materials for industries such as concrete, paper, and glass. This initiative comes as the country intensifies its efforts to meet its climate goals, aiming

to reduce emissions by 62% to 70% by 2035 compared to 2005 levels.

<https://esgnews.com/australia-opens-first-carbon-refinery-to-turn-captured-co2-into-concrete-paper-and-glass/>

EU COUNCIL BACKS EXPANSION OF CBAM CARBON IMPORT TAX TO FINISHED GOODS

The EU Council has agreed on a stronger version of the Carbon Border Adjustment Mechanism (CBAM), moving it toward broader coverage as negotiations with the European Parliament begin. Originally focused on raw materials like steel, cement, and aluminium, CBAM is now set to expand to certain downstream (finished) products to prevent loopholes and unfair competition.

The reform aims to stop "carbon leakage," where production shifts outside the EU to avoid stricter climate rules, and to protect EU industries from cheaper, carbon-intensive imports. The Council also proposes regularly reviewing and adding more products over time.

For businesses, CBAM is evolving from a narrow border tax into a wider industrial policy tool. Companies will need better emissions data, deeper supply-chain transparency, and stronger cross-functional coordination (procurement, finance, legal, and risk). Investors are likely to scrutinize how firms manage these risks, with potential impacts on costs, compliance, and long-term investment decisions.

<https://esgnews.com/eu-council-backs-expansion-of-cbam-carbon-import-tax-to-finished-goods/>

ENVIRONMENTAL NGOS CHALLENGE EU CARBON REMOVAL RULES OVER BIO-CCS, BIOCHAR INTEGRITY

Environmental NGOs have urged the European Commission to reassess the carbon removal rules under the EU's Carbon Removals and Carbon Farming Regulation, raising concerns about the effectiveness of certain approaches. In particular, they caution that Bio-CCS and biochar methodologies may not guarantee permanent CO₂ removal from the atmosphere. The outcome of this review could have significant implications for the credibility of the EU carbon market, shaping investor confidence and influencing whether carbon removals are incorporated into the EU Emissions Trading System (EU ETS) in the future.

<https://esgnews.com/environmental-ngos-challenge-eu-carbon-removal-rules-over-bio-ccs-biochar-integrity/>

BHARAT INNOVATES 2026 CONCLUDES IN NICE: INDIA EMERGES AS GLOBAL DEEPTech HUB

The **Bharat Innovates 2026 Summit**, held from **14–16 June 2026** at **Palais des Expositions, Nice, France**, concluded as a landmark event showcasing India's growing strength in deeptech and innovation. Jointly inaugurated by **Prime Minister Narendra Modi** and **French President Emmanuel Macron**, the summit was a flagship initiative under the *India-France Year of Innovation 2026*.

Over **2,000 delegates from 29 countries**, including **500+ French investors and corporate leaders**, participated in the summit. The event featured **120 curated Indian deeptech startups** and **45 technology projects** from premier institutions such as IITs and IISc. Nearly 60% of the showcased startups were incubated at IITs/IISc, reflecting India's strong academic innovation pipeline.

The summit generated **USD 254.5 million in funding commitments** and facilitated **50+ collaboration agreements**, including partnerships between Indian and French universities, incubators, and global corporations. Notably, **IIT Madras signed seven MoUs**, unlocking nearly USD 100 million in value for its startups.

The focus areas included **AI, semiconductors, biotechnology, healthcare, defence, climate tech, and space innovation**. These sectors were highlighted as critical to India's ambition of becoming a global leader in frontier technologies.

In his address, Prime Minister Modi emphasized India's innovation journey with the words: *"Bharat innovates with scale and speed... for a sustainable future... for the whole world."* Commerce Minister Piyush Goyal described the summit as a **"landmark initiative"** that showcased India's higher education ecosystem and entrepreneurial strength.

By connecting Indian startups with investors managing assets worth over USD 3 trillion, Bharat Innovates 2026 not only strengthened India's global innovation networks but also reinforced its position as a **trusted, transformative deeptech hub**. The summit underscored India's readiness to lead in technology-driven growth, aligning with the vision of *Viksit Bharat @2047*.

<https://www.pib.gov.in/PressReleaseDetail.aspx?PRID=2274112®=6&lang=1>

MSME DAY 2026: DIGITAL PLATFORMS LAUNCHED TO EMPOWER INDIA'S MSMEs

The Ministry of MSME celebrated **MSME Day 2026** on 25 June in New Delhi, with Union Minister **Shri Jitan Ram Manjhi** and Minister of State **Sushri Shobha Karandlaje**

gracing the occasion. The event highlighted the crucial role of MSMEs in driving India's economic growth, fostering innovation, and ensuring inclusive development across diverse sectors. A major highlight was the launch of a **new generation of digital platforms**, designed to strengthen the MSME ecosystem by improving access to credit, ensuring transparency in delayed payments, and expanding market linkages. These platforms are expected to simplify compliance processes, reduce operational bottlenecks, and enhance competitiveness for small enterprises. The celebration reaffirmed MSMEs as the backbone of India's economy, contributing significantly to employment generation, grassroots entrepreneurship, and exports. The government emphasized its longterm vision of building a resilient, technology-enabled, and globally integrated MSME sector aligned with the national goal of *Viksit Bharat @2047*. By combining policy support with digital innovation, the Ministry showcased its commitment to empowering entrepreneurs, fostering sustainable growth, and positioning MSMEs as key drivers of India's transformation journey. This initiative marks a strategic milestone in strengthening India's MSME landscape and ensuring that small businesses remain at the forefront of the nation's development agenda.

<https://www.pib.gov.in/PressReleaseDetail.aspx?PRID=2277980®=48&lang=1>

KHADI ROZGAR UTSAV EMPOWERS ARTISANS IN HARYANA

The **Khadi and Village Industries Commission (KVIC)**, under the leadership of Chairman **Shri Manoj Goyal**, along with **Haryana Chief Minister Shri Nayab Singh Saini**, organized the *Khadi Rozgar Utsav* in Siwani where **3,645 machines and toolkits** were distributed to artisans. A significant boost was provided through the disbursement of **₹504.68 crore margin money subsidy** under the PMEGP scheme, supporting the establishment of **22,259 new units**. This initiative has generated employment for **58,796 artisans** through 96 Khadi institutions operating under KVIC's State Office in Ambala.

In his address, Shri Manoj Goyal emphasized KVIC's continuous efforts toward realizing Prime Minister Shri Narendra Modi's vision of *Viksit Bharat 2047*, *Atmanirbhar Bharat*, and *Vocal for Local*. Chief Minister Nayab Singh Saini echoed this sentiment, stating that the resolve of *Vocal for Local* has been effectively realized through the Khadi Rozgar Utsav. The event highlighted Khadi's role not only in promoting self-reliance and sustainable

livelihoods but also in strengthening India's grassroots economy by empowering artisans and fostering inclusive development.

<https://www.pib.gov.in/PressReleaseDetail.aspx?PRID=2274418®=3&lang=1>

FOUNDATION STONE LAID FOR TECHNOLOGY CENTRE IN GAYA

The Union Minister for MSME Shri Jitan Ram Manjhi and Bihar Chief Minister Shri Samrat Choudhary jointly laid the foundation stone for a new **Technology Centre in Gaya Ji**, marking a significant step towards strengthening the MSME ecosystem in Bihar. The upcoming centre will focus on **General Engineering, Heavy Engineering, and Textile Testing**, providing advanced facilities to support industry needs. It is designed to train nearly **7,000 trainees annually** through a mix of short-term and long-term industry-oriented programmes, thereby enhancing skill development and employability.

Speaking at the event, the Bihar Chief Minister emphasized that the Ministry of MSME is creating substantial employment opportunities and reinforcing the foundation of **self-reliance** in the state. The initiative reflects the government's broader vision of empowering MSMEs, fostering industrial growth, and aligning with the national goals of *Atmanirbhar Bharat* and *Viksit Bharat @2047*. The Technology Centre is expected to serve as a hub for innovation, skill enhancement, and sustainable development, contributing to both local and national economic progress.

<https://www.pib.gov.in/PressReleaseDetail.aspx?PRID=2273098®=3&lang=1>

MARKETING OF DIVYANGJAN VISHWAKARMA PRODUCTS THROUGH OSOP

The Ministry of MSME announced the marketing of **Divyangjan Vishwakarma products** through the **One Station One Product (OSOP)** initiative under the **PM Vishwakarma (PMV) scheme**. This effort is aimed at providing traditional artisans and craftspeople, particularly Divyangjan, with resources and opportunities to enhance their skills, access wider markets, and improve their livelihoods. The PM Vishwakarma scheme, built on the three pillars of **Samman, Samarthya, and Samriddhi**, is a flagship programme of the Government designed to support and uplift India's rich tradition of craftsmanship. By integrating Divyangjan artisans into the OSOP framework, the initiative not only promotes inclusivity but also

strengthens the vision of *Vocal for Local* and *Atmanirbhar Bharat*, ensuring that traditional skills are preserved while enabling artisans to achieve sustainable economic growth.

<https://www.pib.gov.in/PressReleaseDetail.aspx?PRID=2271522®=3&lang=1>

NATIONAL SC-ST HUB SCHEME PROMOTES INCLUSIVE ENTREPRENEURSHIP

The Ministry of MSME is actively promoting **inclusive entrepreneurship** through the **National SC-ST Hub Scheme**, which has been empowering Scheduled Caste (SC) and Scheduled Tribe (ST) entrepreneurs since its launch in October 2016. The scheme provides targeted support to enhance market access, build capacity, and strengthen business competitiveness for SC-ST entrepreneurs. Over the years, numerous **success stories** have emerged, showcasing how the initiative has had a **transformational impact** by enabling entrepreneurs to establish sustainable enterprises and contribute to India's economic growth. By fostering inclusivity and self-reliance, the scheme aligns with the government's vision of *Atmanirbhar Bharat* and ensures that marginalized communities are integrated into the mainstream entrepreneurial ecosystem.

<https://www.pib.gov.in/PressReleaseDetail.aspx?PRID=2270639®=3&lang=1>

INDIA-SOUTH AFRICA MEETING FOR MSME COOPERATION HELD IN NEW DELHI

On **1st June 2026**, the Ministry of Micro, Small and Medium Enterprises (MSME) hosted a bilateral meeting at **Kartavya Bhawan - III, New Delhi**, led by Union Minister **Shri Jitan Ram Manjhi**. The delegation from the **Republic of South Africa** was headed by **Ms. Stella Tembisa Ndabeni**, Minister of Small Business Development. The discussions focused on strengthening cooperation between the two nations in the MSME sector, with emphasis on knowledge sharing, skill development, and expanding market opportunities for small businesses. The meeting highlighted the importance of international collaboration in fostering inclusive growth, innovation, and self-reliance, aligning with India's vision of *Atmanirbhar Bharat* and *Viksit Bharat @2047*. This engagement marked a step forward in building stronger economic ties and promoting MSMEs as engines of sustainable development across both countries.

<https://www.pib.gov.in/PressReleaseDetail.aspx?PRID=2267737®=3&lang=1>

MEITY CONVENES INDUSTRY CONSULTATION ON 'SUPPORTING AI TRANSFORMATION OF IT SERVICES INDUSTRY'

The Ministry of Electronics and Information Technology (MeitY), Government of India, recently held an industry consultation in Kochi, Kerala, on “**Supporting AI Transformation of the IT Services Industry.**” Chaired by **Shri S. Krishnan, IAS, Secretary, MeitY**, and organized by **Software Technology Parks of India (STPI), Kochi**, the consultation brought together senior officials from MeitY, the Government of Kerala, and leading industry stakeholders.

The discussions focused on the challenges and opportunities associated with integrating Artificial Intelligence into India's IT services sector, as well as the policy support, government interventions, and collaborative measures needed to accelerate the sector's evolution into a globally competitive AI services industry.

India's IT industry contributes about USD 246 billion in annual exports and employs around 6 million professionals, making it one of the most important sectors of the Indian economy. Generative AI is rapidly gaining traction across IT and BPM processes, with companies leveraging it for greater productivity and cost optimisation. Client expectations are also shifting from process management to end-to-end transformation solutions. This is driving demand for new skills and domain-centric job roles across verticals such as BFSI, healthcare, manufacturing and retail.

The consultation aligns with the IndiaAI Mission, approved by the Cabinet in March 2024, and complements the initiatives under IndiaAI Application Development and IndiaAI Futureskills Initiatives.

The consultation is part of MeitY's ongoing engagement with the industry to develop forward-looking policy support for the IT sector.

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2273180®=48&lang=1>

INDIGENOUS VARYA, LAUNCHED BY INDIA AI MISSION

Varya, a distilled video-generation model has been designed to make advanced AI video creation more affordable, accessible, and relevant for India's next generation of users.

The launch was announced at an event in New Delhi, attended by **Shri S. Krishnan, Secretary, Ministry of Electronics and Information Technology (MeitY), Government of India**, along with Avataar's leadership team.

Unlike generalized AI models, **Varya has been built to reflect the diversity of India**, understanding and generating culturally nuanced visual content across regions, festivals, communities, cuisines, clothing, public spaces, and everyday experiences. Whether it is a teacher creating engaging lessons in a rural classroom, an MSME

producing product advertisements, or a citizen accessing government information through video, Varya aims to transform simple ideas into compelling visual stories.

Powered by a novel **distillation technique**, Varya reduces the video-generation process from 50 inference steps to just 4 while maintaining comparable output quality. The model can generate video at a cost of **₹0.48 per second**, making it up to **10 times more cost-efficient** than several leading global video-generation models.

Built around the concept of “**Idea→Video→Story**,” the platform allows users to enter a prompt, upload an image, generate a video, and continue expanding the narrative through additional clips. A single idea can evolve into an educational lesson, a marketing campaign, an informational guide, a film, or a personal memory.

For a country like India, where AI solutions must serve not just millions but over a billion people, efficiency is more than a technical advantage—it is a key enabler of accessibility and inclusion.

92% OF TECH EXECUTIVES SEE AI MANAGEMENT AS VITAL WORK SKILL BY 2031: KPMG

As the corporate landscape shifts toward automated decision-making, 92 percent of tech executives report that managing artificial intelligence agents will become an important skill within the next five years. According to a report by KPMG, this rapid rise of agentic AI is forcing organizations to overhaul their workforce structures and rethink traditional operational strategies.

The report surveyed 2,500 tech executives from 27 countries, highlighting that 88 percent of organizations are already investing in building AI into their systems. This shift is projected to alter team compositions significantly over the next two years, with digital assistants expected to comprise 36 percent of core technology teams by 2027, up from 28 percent in 2025.

<https://economictimes.indiatimes.com/tech/artificial-intelligence/92-of-tech-executives-see-ai-management-as-vital-work-skill-by-2031-kpmg/articleshow/132061694.cms>

UN REPORT WARNS AI'S WATER, LAND AND CLIMATE COSTS ARE RISING FASTER THAN GOVERNANCE

United Nations researchers have warned that the rapid global expansion of Artificial Intelligence is creating environmental impacts that extend far beyond carbon emissions alone.

A recent report from the United Nations University (UNU) highlights that AI's environmental footprint spans multiple areas, including energy consumption, water use, land requirements, mineral extraction, and electronic waste generation. According to the study, existing assessments focus too heavily on greenhouse gas emissions—particularly those generated during the training of large AI models—while overlooking other equally significant resource pressures.

The researchers argue that concentrating solely on carbon emissions can lead to an incomplete understanding of AI's

sustainability challenges. Actions that reduce emissions in one area may increase environmental strain elsewhere. For instance, certain renewable energy solutions can lower carbon output but require greater amounts of water or land.

As AI evolves, it should no longer be viewed merely as a digital productivity tool. Instead, it is emerging as a major physical infrastructure sector that increasingly intersects with energy systems, water resources, land management, and waste regulation.

Data centres, which form the backbone of AI operations, exemplify this challenge. Their environmental impact goes beyond electricity consumption. The power required to run these facilities carries an associated water footprint for cooling and energy production, as well as a land footprint linked to power generation and supply-chain activities.

The report estimates that by 2030, data centres could consume approximately 945 terawatt-hours of electricity annually—almost three times the combined yearly electricity consumption of Pakistan, Bangladesh, and Nigeria, countries with a collective population exceeding 650 million.

UNU researchers further estimate that AI-related water consumption could match the basic annual domestic water needs of 1.3 billion people by the end of the decade. Meanwhile, AI infrastructure may occupy more than 14,500 square kilometres of land, roughly twice the size of the Jakarta metropolitan region.

These projections underscore a growing governance challenge. In regions already experiencing water stress, AI infrastructure could compete with households, agriculture, and industrial users for limited resources. Likewise, in countries facing power constraints, expanding data-centre capacity may place additional pressure on electricity grids already grappling with electrification demands and climate-related challenges.

The report also emphasizes that the benefits and environmental costs of AI are distributed unevenly. While AI applications have global reach, the infrastructure that supports them often creates localized impacts.

Another growing concern is electronic waste. By 2030, AI infrastructure could generate up to 2.5 million tonnes of e-waste annually, with much of the disposal burden potentially falling on lower-income nations that lack adequate waste-management systems.

According to the report, AI infrastructure growth may also deepen global inequalities. More than 90% of AI-specialized computing capacity is concentrated in the United States and China, while over 150 countries have little or no significant domestic AI infrastructure.

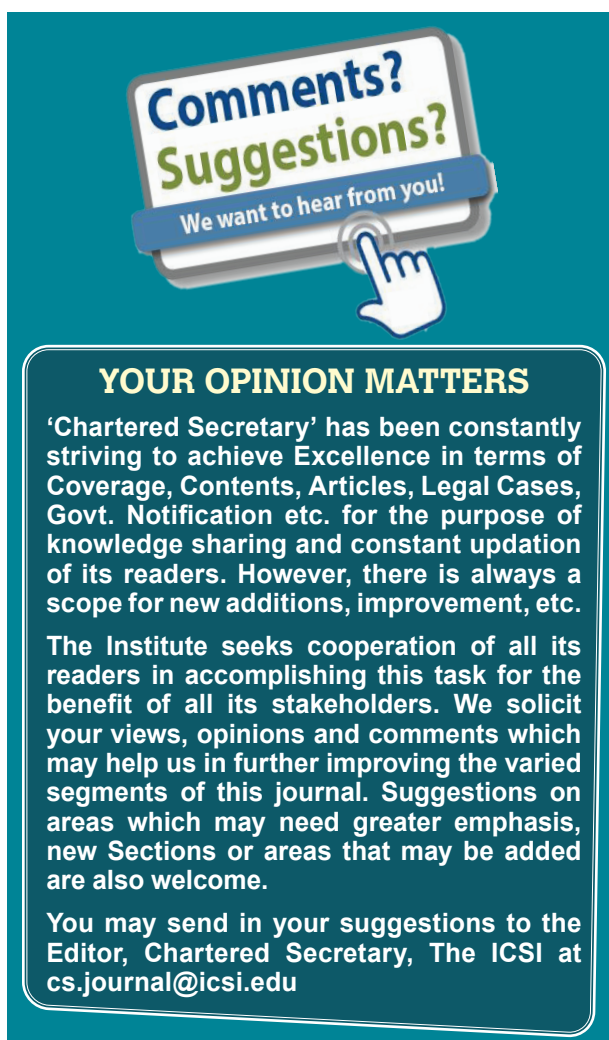
This concentration can also restrict economic opportunities for many nations while raising concerns about environmental justice. Some regions may bear the environmental costs associated with resource extraction, energy production, water use, or waste disposal without receiving comparable economic benefits from AI development.

As a result, AI-related risks now extend across climate resilience, supply-chain management, human rights, resource scarcity, and digital inclusion.

<http://esgnews.com/un-report-warns-ais-water-land-and-climate-costs-are-rising-faster-than-governance/>

AI FACTS AND TERMINOLOGY

1. **Linguistic annotation:** Tagging a dataset of sentences with the subject of each sentence, ready for some form of analysis or assessment. Common uses for linguistically annotated data include sentiment analysis and natural language processing.
2. **Natural language generation (NLG):** This refers to the process by which a machine turns structured data into text or speech that humans can understand. Essentially, NLG is concerned with what a machine writes or says as the end part of the communication process.
3. **Sentiment analysis:** The process of identifying and categorizing opinions in a piece of text, often with the goal of determining the writer's attitude towards something.
4. **Overfitting:** An important AI term, overfitting is a symptom of machine learning training in which an algorithm is only able to work on or identify specific examples present in the training data. A working model should be able to use the general trends behind the data to work on new examples.
5. **Big data:** Datasets that are too large or complex to be used by traditional data processing applications.



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



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Member of ICSI/ICAI/ICMAI	Rs. 9,000	Rs. 9,500	Rs. 10,000
Accompanying Spouse/ Child (5 years and above)/ Sr. Member (60 years and above)/ Members with disabilities (Divyangjan)	Rs. 7,000	Rs. 8,000	Rs. 9,000
Student of ICSI	Rs. 6,500	Rs. 7,500	Rs. 8,500
Non-Member/Guest	Rs. 11,000	Rs. 12,000	Rs. 13,000
Foreign Delegate	USD 175	USD 225	USD 275

*Exclusive of GST @18% on non-residential basis.

- The above fee includes Lunch (3), Dinner (2), Morning / Evening Conference Tea, Coffee, Conference Kit and Souvenir. The Delegate Fee is payable in advance and is non-refundable.
- Registration for the Convention shall be through Online Mode only. Please note that payments will not be accepted through demand draft, cheque, cash, etc.

Registration Link : <https://stimulate.icsi.edu/RO/Home/delegateportal/3682>



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Sponsorship/Advertisement Tariff

S.No.	Details	Amount (in ₹)
1	Principal Sponsor	25,00,000
	• Full Page Colour Advertisement in Souvenir • Delegate fee exemption • Display at Convention Backdrop • Stall (6' x 6') • Company AV will be shown during the event on 8'x8' digital Display twice a day • Publicity material in delegate kits • Special Acknowledgement	4 Delegates (Residential) 6 Delegates (Non Residential)
2	Co-Sponsor	20,00,000
	• Full Page Colour Advertisement in Souvenir • Delegate fee exemption • Display at Convention Backdrop • Company AV will be shown during the event on 8'x8' digital Display twice a day • Publicity material in delegate kits • Special Acknowledgement	2 Delegates (Residential) 6 Delegates (Non Residential)
3	Sponsorship for Bags	15,00,000
	• Full Page Colour Advertisement in Souvenir • Delegate fee exemption • Display at the Convention site/Convention Bag • Company AV will be shown during the event on digital Display Once a day • Publicity material in delegate kits • Special Acknowledgement	2 Delegates (Residential) 4 Delegates (Non Residential)
4	Diamond Sponsor	10,00,000
	• Full Page Colour Advertisement in Souvenir • Delegate fee exemption • Company AV will be shown during the event on 8'x8' digital Display Once a day • Display at Convention Site • Special Acknowledgement	5 Delegates (Non Residential)
5	Souvenir Sponsor	8,00,000
	• Full Page Colour Advertisement in Souvenir • Logo on the Souvenir cover page • Display of company logo as 'Supporting Sponsor' • Delegate fee exemption • Display at Convention Site • Special Acknowledgement	4 Delegates (Non Residential)
6	Session Sponsor	8,00,000
	• A senior representative from a Session Sponsor Company will receive an opportunity to be on an existing panel as one of the key panelists • Full Page Colour Advertisement in Souvenir • One video byte from Senior representative will be recorded and promoted on ICSI Youtube channel (1 - 2 Mins) • Delegate fee exemption • Display at Convention Site • Special Acknowledgement	4 Delegates (Non Residential)
7	Gold Sponsor	6,00,000
	• Full Page Colour Advertisement in Souvenir • Delegate fee exemption • Display at Convention Site • Special Acknowledgement	3 Delegates (Non Residential)

54th NATIONAL CONVENTION OF COMPANY SECRETARIES

S.No.	Details	Amount (in ₹)
8	Cultural Programme Sponsor	
	Day 1 (31 st October 2025)	6,00,000
	• Full Page Colour Advertisement in Souvenir • Delegate fee exemption • Display at Convention Site & Cultural Programme Site • Special Acknowledgement	3 Delegates (Non Residential)
	Day 2 (1 st November 2025)	6,00,000
	• Full Page Colour Advertisement in Souvenir • Delegate fee exemption • Display at Convention Site & Cultural Programme Site • Special Acknowledgement	3 Delegates (Non Residential)
9	Silver Sponsor	4,00,000
	• Full Page Colour Advertisement in Souvenir • Delegate fee exemption • Display at Convention Site • Special Acknowledgement	2 Delegates (Non Residential)
10	Digital Display	1,50,000
	• Company AV will be shown during the event on 8'x8' digital Display twice a day	
11	Advertisements in Souvenir	
	• Back Cover • Inside Cover • Full Page (coloured) • Full Page (B/W) • Half Page (coloured) • Half Page (B/W)	1,25,000 1,00,000 75,000 50,000 50,000 30,000
12	Advertisements in Souvenir (Concessional tariff for PCS)	
	• Special Full Page (coloured printing) • Full Page (B/W) • Half Page (coloured printing) • Half Page (B/W)	50,000 30,000 30,000 15,000
13	Stall	
	• 6'x6'	1,25,000 2 Delegates (Non Residential)
14	Distribution of Publicity Material, literature, Pen/Pad etc.	1,00,000
15	Sponsorship of Pen/ Pad for Convention Delegates	3,50,000
	• Full Page Colour Advertisement in Souvenir • Logo on Pen and notepad (Cover page) • Advertisement in Notepad (Back Cover) • Delegate fee exemption • Special Acknowledgement	2 Delegates (Non Residential)
16	Miscellaneous	
	• For any member who procures advertisements above Rs. 2,00,000- Delegate Fee (non-residential) exemption for 2 delegates • For any member who procures advertisements above Rs. 5,00,000 - Delegate Fee (non-residential) exemption for 4 delegate • 10% Incentive to the RO/Chapter for procuring any of above sponsorships / advertisements	

For Any such opportunity please contact Ms. Pooja Sharma at email: pooja.sharma@icsi.edu, Mobile - 9625655045

Note:

- Advertisement Artwork format - PDF (high resolution)
 - Advertisement size : Full Page- 18cms(W) x 24cms(H); Half Page- 18cms(W) x 12cms(H)
- Stall - 6' x 6' Octonorm Stall with Fascia
 - Additional fabrication required at the stall is to be arranged by the Exhibitor.
- Publicity material in Delegate Kits : should reach to the ICSI Chapter Office by 2nd September 2026.
- Digital Display / AV format- HD MP4 format

9

BEYOND GOVERNANCE

Case Study

The Case Study section is inserted to make Chartered Secretary Journal (CSJ) more interactive for the members and students. The Case Study is followed by question(s) which are to be solved by member(s)/student/s. The answer(s) are to be sent to cs.journal@icsi.edu latest by the 25th of each month.

The answer(s) will be reviewed by a Panel of reviewer(s). The winner will be given:

- (i) Certificate of Appreciation.
- (ii) His/Her name will be published in the next issue of the Journal.
- (iii) He/She will be awarded cash award of ₹ 2,500.

Crossword

'Crossword' contains terminologies/concepts from Companies Act, IBC, NCLT and such related areas of profession. Members/students are to send the answers to the Crossword to cs.journal@icsi.edu latest by 25th of each month.

- The answer(s) will be published in the next issue of CSJ.
- The winners will be selected randomly.
- The name of three winners will be published in the next issue of CSJ.

CASE STUDY

Background

“XYZ Private Limited” (hereinafter referred as “the company”) proposed a fast-track merger under Section 233 of the Companies Act, 2013. The Registrar of Companies alleged that the statutory threshold prescribed under Section 233 had not been satisfied and initiated criminal prosecution for making a false statement and for fraud against the Company Secretary (hereinafter referred as “the petitioner”) who had signed and filed the declaration.

Facts

1. In connection with the proposed amalgamation, meetings of the members and creditors of the transferor and transferee companies were convened for obtaining their approval to the scheme in accordance with Section 233 of the Companies Act, 2013.
2. A declaration in Form CAA-11 was filed with the Registrar of Companies, where the Company Secretary certified that the scheme had been approved by the requisite majority of members in accordance with Section 233(1)(b).
3. Upon scrutiny of the records, the Registrar of Companies formed a view that the statutory requirement of approval by members holding at least ninety per cent of the total number of shares had not been satisfied, and therefore the declaration made in Form CAA-11 was false.
4. On this basis, the Registrar of Companies filed a criminal complaint before the Special Court alleging commission of offences under Sections 447 and 448 of the Companies Act, 2013 for fraud and making a false statement in a statutory document.
5. The petitioner was impleaded as an accused in the complaint. However, neither the company nor its directors or other persons responsible for the day-to-day affairs of the company were made accused in the criminal proceedings.
6. The petitioner therefore approached the High Court seeking quashing of the criminal proceedings.

Arguments on behalf of the Petitioner

- The declaration contained in Form CAA-11 was made on the basis of a bona fide interpretation of Section 233(1)(b) of the Companies Act, 2013 considering 90% threshold for approval applies

to members present and voting. The petitioner genuinely understood that the statutory requirement had been complied with. Even assuming that such interpretation was ultimately found to be incorrect, the same could not give rise to criminal prosecution.

- The fraud under Section 447 necessarily requires dishonest intention, wrongful gain, wrongful loss or an intention to deceive. For invoking Section 447, the prosecution must establish dishonest intention, deceit, wrongful gain, or wrongful loss on the part of the petitioner.
- Mere assertion by the Registrar that the declaration was incorrect is insufficient to constitute an offence under Section 448 unless it is shown that the petitioner knew the statement to be false or deliberately omitted material facts.
- The petitioner signed the statutory form purely in his capacity as Company Secretary while discharging official functions. The declaration was based upon corporate records and resolutions passed by the company.
- The controversy essentially concerns the interpretation of Section 233 regarding the manner in which the 90% approval requirement is to be computed. Such interpretational disputes cannot be converted into criminal offences.
- The company, being the principal entity which submitted the statutory filing, has not been prosecuted. Initiating criminal proceedings only against the Company Secretary without prosecuting the company is legally unsustainable.
- The continuation of the criminal proceedings would amount to abuse of the process of Court since the complaint, even if accepted in its entirety, fails to disclose the commission of offences punishable under Sections 447 and 448 of the Companies Act, 2013.

Arguments on behalf of the Registrar of Companies

- Section 233(1)(b) clearly mandates that the scheme must be approved by members holding at least ninety per cent of the total number of shares. The voting records revealed that the prescribed statutory threshold had not been achieved. Consequently, the declaration certifying compliance with Section 233(1)(b) was false.
- Once a person makes a statement in any statutory return, report, certificate or other document required under the Companies Act, knowing such

statement to be false or omitting a material fact, the provisions of Section 448 are attracted. Form CAA-11 being a statutory declaration, any false certification therein constitutes an offence under the Act.

- Section 448 expressly provides that a false statement made knowingly shall be treated as fraud within the meaning of Section 447. Therefore, once the declaration is found to be false, prosecution under Section 447 is legally maintainable.
- The petitioner was not a mere signatory. Being the Company Secretary and Key Managerial Personnel under Section 203 of the Companies Act, 2013, he was under a statutory obligation to verify the correctness of the contents of the declaration before authenticating and filing the same with the Registrar of Companies.
- The petitioner knowingly made a false declaration or possessed the requisite mens rea is a matter to be established during trial. Such disputed questions of fact cannot be adjudicated in proceedings seeking quashing of the complaint at the threshold.

Core Legal Issues

1. Whether a statutory declaration filed under Section 233 based on a particular interpretation of the shareholder approval requirement can attract criminal liability under Sections 447 and 448 of the Companies Act, 2013?
2. What is the extent of due diligence expected from a Company Secretary while authenticating statutory filings under the Companies Act, 2013?

Now Decide

Now decide the above legal issues in light of the facts and submissions.

Disclaimer

The case study has been framed based on publicly available legal principles with necessary modifications and fictionalisation of names to enable professionals to apply their analytical skills. Any resemblance to actual cases is purely coincidental.

Winner of Case Study – June 2026

CS Bhargavi N R - ACS – 64594

BEST ANSWER - CASE STUDY - JUNE, 2026

Overview of The Dispute

Indian Bank granted an “At Par Facility” to a borrower-company, honouring its cheques on the assurance of a maintained cushion fund. The borrower repeatedly defaulted, and guarantors had secured the facility via equitable mortgages on several properties. The bank obtained a Recovery Certificate from the DRT, Chennai, against the borrower and guarantors jointly and severally. The Recovery Officer got a valuation done, fixed the reserve price, and held a public auction, where the appellant won against fifteen other bidders, paid the full bid amount (a delay in the balance payment being condoned by the DRT), and received a registered Sale Certificate. The DRAT and High Court upheld the auction’s validity, the bank’s recovery rights, and the appellant’s bona fide purchaser status, but the High Court additionally directed a fresh valuation by the DRT, without reasons, nearly a decade after sale confirmation. The appellant has appealed to the Supreme Court against this direction.

I. Issue 1: Whether an auction sale once concluded by DRT can be subjected to reconsideration of valuation and reserve price many years after confirmation of the sale?

A. Statutory Framework — RDBFI Act, 1993 & Second Schedule Rules

The auction in the present case was conducted under the **Recovery of Debts Due to Banks and Financial Institutions Act, 1993 (“RDBFI Act”)** read with the procedure prescribed under **Rules 38 and 52(2) of the Second Schedule to the Income Tax Act, 1961**, which govern recovery and sale by the Recovery Officer. The relevant provisions are:

- **Rule 38** — Proclamation of Sale: mandates a public notice specifying the property, amount recoverable, reserve price, and time and place of auction.
- **Rule 52(2)** — Confirmation of Sale: upon payment of the full bid amount, the Recovery Officer shall confirm the sale and issue a Sale Certificate. Title vests absolutely in the purchaser upon such confirmation.
- **Rule 57** — Application to Set Aside Sale: a person aggrieved may apply within 30 days on grounds of material irregularity or fraud. Mere inadequacy of price is not a ground unless it amounts to fraud.

B. The Principle of Finality — Confirmed Sales Ordinarily Attain Conclusiveness

Once a sale is confirmed by the DRT and a registered Sale Certificate is issued, the transaction ordinarily attains **finality**. The rationale for this principle is both doctrinal and policy-driven: certainty in court-supervised transactions encourages competitive bidding, promotes fair price discovery, and protects the reasonable expectations of bona fide third-party purchasers who have paid full consideration in reliance on a court-sanctioned process.

The language of Rule 52(2) confirms this position — the Recovery Officer ‘**shall**’ confirm the sale upon payment, and the purchaser’s title vests absolutely. The use of mandatory language leaves no residual discretion to unsettle the sale on account of subsequent dissatisfaction with the price.

Central Bank of India v. C.L. Vimala & Ors.	<i>Confirmed sales should ordinarily attain finality. Repeated reopening of court-confirmed sales chills participation in auctions and depresses the prices achievable — ultimately defeating the very purpose of recovery proceedings.</i>
Janatha Textiles v. Tax Recovery Officer	<i>Stranger-purchasers in court-supervised sales deserve protection so that judicial sales retain credibility and are able to attract competitive bids at fair prices.</i>

C. The Critical Distinction — Sale Validity vs. Valuation Adequacy

The Supreme Court drew a sharp and legally significant distinction between **setting aside a confirmed sale** on one hand, and ordering **limited scrutiny of the valuation process** on the other. The High Court’s direction did neither more nor less than remit the valuation question to the DRT — it did not disturb the sale, did not invalidate the appellant’s title, and did not question the legitimacy of the auction process.

The Court held that the **objective of recovery proceedings** is not merely to complete a sale, but to ensure the **maximum realisation of value** from the secured asset. This objective equally serves the creditor (maximum recovery), the borrower (preventing gross undervaluation of his assets), and the integrity of the recovery system as a whole.

Issue 1 — Held	Confirmation of an auction sale does not render the matter entirely immune from judicial examination where credible concerns arise regarding the adequacy of valuation or fixation of the reserve price. Such limited scrutiny — directed at the process, not the sale — is legally permissible. The finality principle and the fairness principle co-exist; neither overrides the other.
-----------------------	---

ISSUE 1: YES — A DRT-confirmed auction sale can be subjected to limited judicial scrutiny on the question of valuation, provided the sale itself is not disturbed. The principle of finality is not a shield that immunises a flawed valuation process from review. The High Court’s remand on valuation — without setting aside the sale — is legally maintainable.

Judicial Note: Om Sakthi Sekar v. V. Sukumar & ors. — Reconciling finality of auction sales with valuation review

The Judgment therefore establishes that finality of auction sales is substantial but not absolute. Judicial confirmation protects the purchaser, but it does not grant complete immunity to the valuation process from limited judicial review. This principle forms the foundation for analysing the competing interests discussed in the subsequent issue regarding the protection of bona fide auction purchasers.

Significantly, the Court maintained a balance between certainty of title for auction purchasers and fairness in recovery proceedings. It did not set aside the auction sale or disturb the purchaser’s title; instead, it permitted limited scrutiny of the valuation exercise.

The Supreme Court held that confirmation of an auction sale does not completely exclude judicial scrutiny. Although the rights of a bona fide auction purchaser require strong protection, the principle of finality cannot prevent examination of the valuation process where genuine concerns exist regarding reserve price fixation or possible undervaluation.

In the said case, mortgaged properties were auctioned by the Recovery Officer during bank recovery proceedings. The appellant emerged as the successful bidder, paid the consideration, and obtained a Sale Certificate after confirmation by the DRT. The dispute before the Court was not regarding the validity of the auction itself, but whether the valuation and reserve price fixed for the properties were adequate.

The Supreme Court’s decision in *Om Sakthi Sekar v. V. Sukumar & Ors.* (Civil Appeal No. 3362 of 2026, decided on 13 March 2026) provides a significant clarification on the limits of finality attached to court-confirmed auction sales.

II. Issue 2: Whether the rights of a bona fide auction purchaser override concerns regarding adequacy of valuation of secured assets?

A. The Protected Status of a Bona Fide Auction Purchaser

Indian law has consistently and strongly protected the rights of a bona fide purchaser who participates in a court-supervised auction and pays the full consideration. The policy rationale is compelling: if purchasers who act in good faith can have their title unsettled indefinitely by disgruntled defaulters, no one will participate in court auctions, defeating the entire machinery of recovery.

In the present case, the appellant’s credentials as a **bona fide purchaser** are unimpeachable:

- He participated in a transparent public auction alongside sixteen other bidders.
- He paid the full bid amount (the delay in payment having been expressly condoned by the DRT itself, whose order was not separately challenged).
- He received a duly issued and registered Sale Certificate.
- He has held the property for approximately a decade, suffering prolonged financial and legal uncertainty.

B. The Limits of Protection — Fairness as an Integral Component

The Supreme Court, however, held that the protection afforded to a bona fide purchaser is **important but not absolute**. It does not extend to insulating the process by which the auction price was determined from judicial scrutiny. The Court's reasoning turns on the purpose of the protection itself:

Rajiv Kumar Jindal v. BCI Staff Welfare Association (2023 SCC Online SC 507)	<i>The purpose of an auction is to obtain the most remunerative price for the property by affording an opportunity to intending purchasers to participate in competitive bidding, thereby ensuring transparency and fairness. If the process of competitive bidding is curtailed or the valuation is inadequate, the court must exercise its discretion to safeguard the legitimate interests involved.</i>
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The Court noted that protecting purchasers is not an end in itself — it is instrumental to maintaining credible, fairly-valued auctions. That very purpose is undermined if valuations are never scrutinised. Accordingly, where credible material raises a question about whether the reserve price was fixed on an adequate and proper valuation, the court retains **supervisory jurisdiction** to examine the process.

C. Consequences — Sale Preserved; Alternate Remedy Available

A critical feature of the judgment is that the High Court's remand order **did not set aside the sale** or direct return of the property to the defaulters. The appellant's title remains intact throughout the remand process. The possible consequences of the remand are confined to:

- A finding that the properties were correctly valued — in which case the matter rests there.
- A finding of undervaluation — in which case appropriate directions may be issued, which may include payment of the differential by the appellant or other consequential reliefs.

Separately, the Court acknowledged the appellant's **alternate prayer** — that if the sale were ultimately to be disturbed, he be permitted to return the property and receive a full refund of the sale consideration with interest and expenses. The Court referred to **Govind Kumar Sharma v. Bank of Baroda (2024)** for the settled principle that an innocent purchaser who suffers due to an illegality by others is entitled to complete restitution with interest.

Govind Kumar Sharma v. Bank of Baroda	<i>The Court upheld the setting aside of the auction sale due to procedural non-compliance by the Bank of Baroda.</i>
	<i>It directed the bank to refund the auction amount with 12% compound interest to the bona fide purchasers while restoring their status as tenants</i>

Issue 2 — Held	The rights of a bona fide auction purchaser deserve strong protection and confirmed sales should not ordinarily be disturbed. However, this protection is not absolute and does not bar scrutiny of the valuation process. The purchaser's title is protected pending the remand; the remand addresses only the fairness of the process. In the event of any adverse outcome, full restitution with interest remains available to the appellant.
-----------------------	--

ISSUE 2: NO — The rights of a bona fide auction purchaser do not absolutely override credible concerns regarding valuation adequacy. Protection of the purchaser and scrutiny of the valuation process are co-existing, not competing, imperatives. The sale stands; the process may be examined.

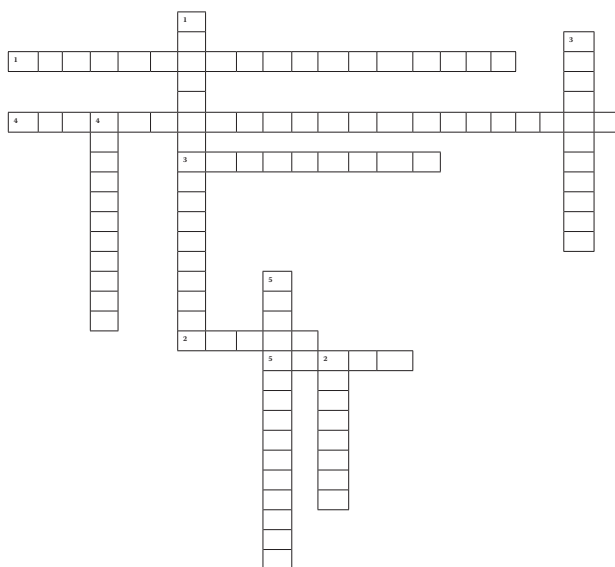
Conclusion

The decision in **Om Sakthi Sekar v. V. Sukumar & Ors.** reaffirms that the finality attached to a DRT-confirmed auction sale, though substantial, is not absolute. While the Supreme Court declined to disturb the appellant's title or the validity of the auction itself, it upheld the limited remand for fresh valuation, holding that the principle of finality cannot be invoked to shield the reserve-price-fixation process from judicial scrutiny where genuine concerns of undervaluation are raised.

The judgment strikes a calibrated balance between two competing imperatives: the protection of a bona fide purchaser who has acted in good faith and paid full consideration, and the broader public interest in ensuring maximum realisation of value in recovery proceedings. By preserving the appellant's title while confining the remand strictly to the question of valuation — and by affirming his entitlement to full restitution with interest should the sale ultimately be disturbed — the Court has ensured that neither interest is rendered illusory.

This ruling serves as an important reminder to auction purchasers, banks, and recovery officers alike that procedural compliance at the valuation stage is not a mere formality but a substantive safeguard. It underscores that confirmation of sale secures title, but does not foreclose accountability for the fairness of the price at which public assets are realised.

CROSSWORD PUZZLE – COMPANY LAW - JULY 2026



ACROSS

- Under the Insolvency and Bankruptcy Board of India (Prepackaged Insolvency Resolution Process) Regulations, 2021, the set of registered valuers appointed under regulation 38 shall comprise of one registered valuer for each asset class of the corporate debtor and within that set, one registered valuer shall be designated as the _____ by the resolution professional, in consultation with the committee, for computation of the fair value of the corporate debtor.
- Under the Insolvency and Bankruptcy Board of India (Bankruptcy Process for Personal Guarantors to Corporate Debtors) Regulations, 2019. A meeting of the committee shall be convened by giving a notice of _____ days or such other notice as decided by the committee, provided that such notice shall not be less than forty-eight hours.
- Under the Companies Act, 2013, in case of all listed companies and such public companies which have a net worth of more than one crore rupees and turnover of more than _____ rupees, the financial statements may be sent by electronic mode to such members whose shareholding is in dematerialised format and whose email Ids are registered with Depository for communication purposes.
- Under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, where the amount payable as dividend exceeds _____ rupees, the 'payable-at-par' warrants or cheques shall be sent by speed post.
- Under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, An issuer shall be eligible to make an initial public offer only if it has changed its name within the last one year, at least _____ percent of the revenue, calculated on a restated and consolidated basis, for the preceding one full year has been earned by it from the activity indicated by its new name.

DOWNWARDS

- Under the Insolvency and Bankruptcy Board of India (Bankruptcy Process for Personal Guarantors to Corporate Debtors) Regulations, 2019, The bankruptcy trustee shall open a bank account in the name of the bankrupt followed by the words 'in _____, in a scheduled bank, for the receipt of all moneys due to the bankrupt.
- Under the Insolvency and Bankruptcy Board of India (Prepackaged Insolvency Resolution Process) Regulations, 2021, The resolution professional shall finalise the information memorandum with details under sub-regulation (2) and submit to members of the committee within _____ days of the prepackaged insolvency commencement after receiving an undertaking from a member of the committee to the effect that such member or resolution applicant shall maintain confidentiality of the information and shall not use such information to cause an undue gain or undue loss to itself or any other person.
- Under the Companies Act, 2013, in the case of deposits which are secured by the charge on the assets referred to in Schedule III of the Act excluding intangible assets, the amount of such deposits and the interest payable thereon shall not exceed the _____ of such assets as assessed by a registered valuer.
- Under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, an independent director who resigns or is removed from the board of directors of the listed entity shall be replaced by a new independent director by listed entity at the earliest but not later than _____ from the date of such vacancy.
- Under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018, Every depository shall appoint a _____ officer to oversee and manage technology-related system design, infrastructure, and operations.

Winners - Crossword June 2026

1ST Meena Rangvani, ACS - 55927

2ND V. Radhakrishnan, ACS - 17870

3RD Vanshika Lunia, ACS - 73889

Crossword Puzzle – June 2026 Answers

ACROSS

- TWENTY-ONE
- ONE HUNDRED EIGHTY
- FORTY-FIVE
- NINETY
- FORM VL2

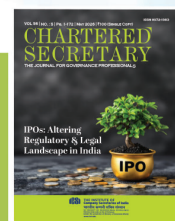
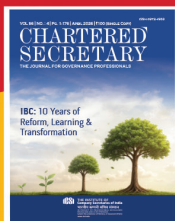
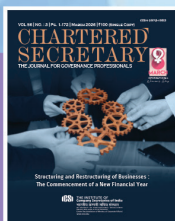
DOWNWARDS

- ONE
- BEN-2
- FOURTEEN
- THREE
- AUTHORISED REPRESENTATIVE(S)

CHARTERED SECRETARY

Advertisement

Tariff



(With Effect from September 2018)

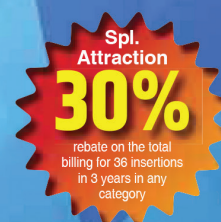
BACK COVER (COLOURED)			COVER II/III (COLOURED)		
Non – Appointment			Non – Appointment		
Per Insertion	₹1,00,000		Per Insertion	₹ 70,000	
4 Insertions	₹ 3,60,000		4 Insertions	₹2,52,000	
6 Insertions	₹ 5,28,000		6 Insertions	₹ 3,69,000	
12 Insertions	₹ 10,20,000		12 Insertions	₹ 7,14,000	
FULL PAGE (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 1st 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 20th 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. 0120-4082129



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Company Secretaries of India
IN PURSUIT OF PROFESSIONAL EXCELLENCE
Statutory body under an Act of Parliament
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Vision
 "To be a global leader in promoting
 good corporate governance"

Motto
 सत्यं वद। धर्मं चर। इष्टस्यै तेनैः तृप्यते, इष्टमिष्टं तृप्यते।

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

MSME & STARTUP HELPLINE



"MSME sector, deserve the credit for
 bringing India to this place of pride
 by inducing new energy in the country."

"Startups are the engines of exponential growth,
 manifesting the power of innovation."

-Shri Narendra Modi
 Hon'ble Prime Minister, Govt. of India

MSMEs and Startups have come to play a significant role in defining and determining the growth trajectory of the Indian Economy.

With the intent of creating dedicated platforms for resolving the issues and challenges being faced by these entities, ICSI has developed two helplines :



MSME HELPLINE
msme@icsi.edu



STARTUP HELPLINE
startup@icsi.edu

Highlights



Resolution of queries pertaining
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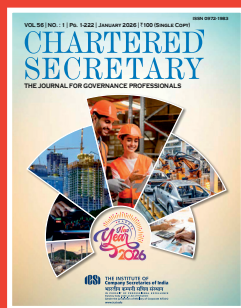
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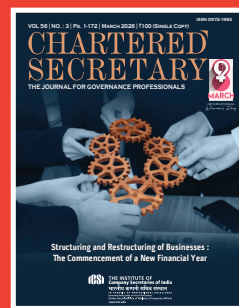
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