

CHARTERED SECRETARY

THE JOURNAL FOR GOVERNANCE PROFESSIONALS

Grassroot Transparency and Accountability:



Expanding Governance
Exploring Opportunities



THE INSTITUTE OF
Company Secretaries of India

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

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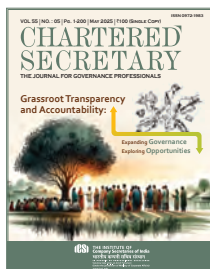


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EDITORIAL

Reinforcing its footprints in the international markets, The ICSI, in April 2025, organized a three days' Middle East Conference in Dubai, UAE, on the theme 'Good Governance: Empowering Capital Markets' graced by the esteemed presence of the Chief Guest, Shri Ram Nath Kovind, Hon'ble Former President of India. Hosted by ICSI Middle East (DIFC) NPIO, this conference aimed to strengthen the bilateral relationship between India and the UAE. It is set to pave the way for furthering the progress made under the Comprehensive Economic Partnership Agreement (CEPA), which has facilitated increased trade and investment between both nations. On behalf of the CS fraternity, we extend our gratitude to the expert speakers, members, and other professionals for their participation and involvement in making this conference a grand success.

As we know, the Constitution (73rd Amendment) Act, 1992, constitutionalized the Panchayati Raj Institution (PRI) system of rural local self-government in India that aims to foster democracy at the grassroots and is entrusted with the task of rural development in the country. To honour the legacy, The ICSI in commemoration of the National Panchayati Raj Day, celebrated annually in India on April 24, organised pan India, Panchayat Governance week from April 19-26, 2025, through its Headquarters, CCGRTs, Regional Offices and Chapters. A National Programme on Panchayat Governance on the theme 'Fostering Sustainability & Strengthening Governance at the Grassroots', was organised by ICSI jointly with NIRC on April 19, 2025, at New Delhi, highlighting the pivotal role that Company Secretaries can play in strengthening governance mechanisms within Panchayati Raj Institutions.

In addition, The ICSI in 2017, developed and released 'Model Governance Code for the Meetings of Gram Panchayats', which was later translated into multiple Indian Languages. The code aims to create awareness on the Panchayat Governance System in India, and Company Secretaries, being experts in compliance, drafting, and meeting procedures, can significantly contribute towards sustainable rural development and democratic decentralization at the grassroots level.

With the intent to further broaden the scope of the abovementioned initiatives, this month's issue of Chartered Secretary Journal carries articles and research paper on the theme, '**Grassroot Transparency and Accountability: Expanding Governance Exploring Opportunities**,' emphasizing various facets of Panchayat Governance and the role of Company Secretaries in Local Governance of India.

The articles titled, '**Societies and Trusts: Role of CS in Promoting Good Governance**', '**CSR and Rural Governance: A Collaborative Approach**', '**The Changing Face of Rural Governance: A History of Panchayats in India**', '**Social Audit: Transforming Grassroots Governance Through Citizen Participation**', '**From Boardrooms to Gram Sabhas: Expanding the Horizon of Governance Professionals**', and '**Corporate Social Responsibility and Rural Governance: Building Partnerships for Sustainable Development**', succinctly capture the foundation of rural governance, reflecting on aspects of Panchayat Governance in India and the opportunities for Company Secretaries in areas such as Social Audit.

Further the articles on '**Navigating the Growth-Inflation Trade-Off: An analysis of RBI's April 2025 Monetary shifts and its Sectoral Transmission Channels**', '**The New Governance Vanguard: CS professional in Action**', '**Conflict Management: Thy Name is Governance**', encapsulate diverse views of authors on corporate governance and the future of sustainable growth.

The Global Connect section of the Journal covers an article titled '**Global Listings at GIFT IFSC**', emphasizing the IFSCA listing framework for direct listing of equity shares on the IFSC exchanges.

The research paper on '**Constitutional Values As A Guide For Corporate Governance**', presented in the Research Corner section, is an attempt to study some of the select constitutional values that can act as a guide for corporate governance.

Happy Reading!

CS Asish Mohan
(Editor - Chartered Secretary)



CS Dhananjay Shukla, President, The ICSI welcoming Shri Ram Nath Kovind, Hon'ble Former President of India at the ICSI Middle East Conference 2025 held at Dubai, UAE on April 24, 2025.



ICSI delegation led by CS Dhananjay Shukla, President, The ICSI met with Shri Jitan Ram Manjhi, Hon'ble Minister of Micro, Small and Medium Enterprises to apprise him of the various initiatives, ICSI has taken towards streamlining tax compliance & strengthening corporate governance.



ICSI delegation led by CS Dhananjay Shukla, President, The ICSI met with Shri G Kishan Reddy, Hon'ble Union Minister for Coal and Mines, and apprised him about various initiatives ICSI has taken towards nation building.



ICSI delegation led by CS Dhananjay Shukla, President, The ICSI met with Hon'ble Union Minister for Communication and Development of the North Eastern Region, Shri Jyotiraditya M. Scindia, to apprise him about ICSI's initiatives aimed at Nation Building.



ICSI delegation led by CS Dhananjay Shukla, President, The ICSI met with Shri Vivek Bharadwaj, Secretary, Ministry of Panchayati Raj to apprise him about the role of Company Secretaries in promoting good governance in Panchayats.



Two days Residential Conference on the theme “Innovate, Illuminate and Excel” organized by the Ahmedabad Chapter with the support of ICSI Vadodara Chapter of WIRC of The ICSI on April 26-27, 2025. Mr. Yash Brahmhatt, Founder & CEO, Shilp Group was the Chief Guest & CS Dhananjay Shukla, President, The ICSI was the Special Guest at the Conference. CS B. Narasimhan, Immediate Former President, The ICSI, CS Manish Gupta, Former President, The ICSI, CS Rajesh Tarpura, Central Council Member, The ICSI and CS Kavita Khatri, Chairperson, Ahmedabad Chapter of WIRC of The ICSI were present at the event.



The ICSI joined as Institutional Partner in the Seminar on 'Blending AI for Effective ESG & Compliance – Attaining Excellence in Sustainability & CSR Reporting' organized by PHD Chamber of Commerce & Industry on May 2, 2025 at PHD House, New Delhi. CS Manish Gupta, Former President, The ICSI addressed during Inaugural Session of the Conference.



WIRC of The ICSI organized a Joint Seminar with the Thane Chapter of WIRC of The ICSI on the theme "Navigating SEBI: Rules to Repercussions" on April 13, 2025. Shri V. S. Sundaresan, Executive Director, SEBI, CS Arunabh Bhattacharya, Larsen & Toubro (L&T), CS B. Narasimhan, Immediate Former President, The ICSI, CS Praveen Soni, Central Council Member, The ICSI and other dignitaries marked their presence at the Seminar.



NIRC of The ICSI organized 33rd Batch of 15 Days Classroom Mode Non-Residential Corporate Leadership Development programme (CLDP) from April 2-19, 2025.



Bhubaneswar Chapter of EIRC of The ICSI organized an Evening Talk & Study Circle Meeting on April 23, 2025 at Chapter Office Premises.



SIRC of The ICSI conducted a seminar on Finer Aspects of Wills Nominations & Gifts on April 5, 2025 at its premises.

Glimpses from ICSI CCGRTs



ICSI-CCGRT, Mumbai, organized a workshop on 'NBFCs Governance, Risk & Compliance Requirements and Role of CS' on April 26, 2025.



ICSI-CCGRT, Hyderabad organized a two-day Research Conclave on ESG & BRSR on April 18-19, 2025. CS Ranjeet Pandey, Former President, The ICSI and other dignitaries addressed the participants.



ICSI-CCGRT, Hyderabad organized its 19th batch of CLDP from April 1-16, 2025. CS Sudershan Pallapu, Associate Vice- President (Legal & Secretarial), Hetero Labs Limited, Hyderabad and Dr. N.V. Badarinath, Former Member of NCLT, Hyderabad were the Chief Guests. CS R Venkata Ramana, Central Council Member and Convenor, CCGRT Hyderabad graced the occasion.



ICSI CCGRT Kolkata commenced the 8th batch of RCLDP on April 29, 2025. Dr. Biranchi Prasad Panda, Head, CII School of Economics was the Special Guest.



समानी व आकृतिः समाना हृदयानि वः।
समानमस्तु वो मनो यथा वः सुसहासति॥

“May your intentions be the same, may your hearts be united. May your minds be in harmony, so that you may work together with mutual understanding and cooperation”



Dear Professional Colleagues,

One thing that this profession per se and this office of the President of the Institute of Company Secretaries of India has bestowed me with is the understanding of the fact - that it is not change but learning which is the only constant. But most importantly it has bestowed upon me the opportunity to learn something new, but to create something new as well. And on days where something new is not created - the pages of history serve as visions for tomorrow.

For what today stands treasured as memorabilia was once someone's vision too - for a better future - for a better profession - for a better nation.

It is these ideologies that not only fill me with a sense of pride for taking forward such a wondrous legacy but with great humility as well - of being a small cog in the wheel of things continuously conspiring around. It is each of these visions, dreams, aspirations powered by the zeal of executors across not just the nation but the entire world that the dream of good governance seems not just plausible but closely achievable.

The month gone by witnessed the ICSI sowing deeper seeds of good governance with a multifaceted approach and in the presence of some of the most

revered dignitaries. Each such event, each initiative, has brought us a few steps closer to our vision “to be a global leader in promoting good corporate governance”.

NATIONAL PROGRAMME ON PANCHAYAT GOVERNANCE: SPRAWLING GOVERNANCE TO THE GRASSROOTS

“You must be the change you wish to see in the world.”
- Mahatma Gandhi

India has always been a nation-proud of its rich culture and diversity. And it is our villages which have played a vital role in preserving this heritage and history. Mahatma Gandhi said and I quote, “The Soul of India lives in its Villages and the future of India lies in its villages”. For a nation whose soul and future find their feet and footing in the same place - it is greatly imperative that the roots of governance therein are strengthened with as much brick and mortar as would be for the biggest companies and corporations.

The thought had not only laid the foundations of drafting a dedicated list of standardized practices in the form of Model Code for Governance of meetings of Gram Panchayats but translate it into a host of regional languages for the Gram Panchayats to put them to practice.

This year - going a step further - and aligning ourselves with the nation-wide celebrations of the Panchayati Raj Day, the ICSI not only revisited the Code, to add to it State Specific applicable laws

but also participated in the celebrations with the Panchayat Governance Week during April 19-26, 2025.

The celebrations were flagged off with the National Programme on Panchayat Governance on April 19, 2025 at New Delhi in the presence of Shri Krishna Prasad Tenneti (IPS, ret'd. DGP), Hon'ble Member of Parliament and Lok Sabha Panel Speaker who very kindly acceded our request to be the Chief Guest and Dr. Sanjeeb Patjoshi, IPS, DGP, Government of Kerala who honored us with his presence as the Guest of Honour. It was a portrayal of great faith in the profession and the Institute when Shri Tenneti said that *"Company Secretaries are second to none and can be very powerful contributors of inclusive and sustainable growth. As an Institution, the ICSI can become the voice of the Government, improving administration, promoting compliance and transparency and encouraging community participation"*.

Each of the speakers at the Technical Sessions following brought with unmatched experience and learnings worth a lifetime. It was amidst such a unique congregation of experts that brains were raked to explore the less treaded roads of opportunities.

Not only am I immensely grateful to each of the guests and speakers who shared this remarkable initiative but I am equally thankful to all the learned dignitaries who joined us in the Pan India celebrations of Panchayat Governance Week 2025. It is your presence and your zeal of sharing your thoughts and opinions that has rendered success to our actions.

Together, we do hope to create some difference in the governance culture of the Indian Grassroots fostering sustainability and long-term positive impact.

ICSI MIDDLE EAST CONFERENCE : STRENGTHENING FAMILIAL TIES BEYOND TERRITORIES

The United Arab Emirates, if I am to put it fondly, has become a home away from home for the Institute of Company Secretaries of India. Not just has this been the place where we began our global journey from, but more than that, it is the UAE, which has with open arms, hosted us - accorded us platforms to raise meaningful and culturally redefining discussions on governance and sustainability.

The ICSI Middle East Conference 2025 set in the heart of UAE held during April 24-26, 2025 laid emphasis on the finer aspects of the theme Good Governance: Empowering Capital Markets. It was indeed a matter of great honour that Shri Ram Nath Kovind Ji, Hon'ble Former President of India accompanied us and joined us as we inaugurated yet another edition of the Conference.

His presence, his words of appreciation for the profession has definitely added greater fervour to our intent and initiatives. We feel equally gratuitous towards Mr. Satish Kumar Sivan, Consul General, Consulate General of India, Dubai; H.E. Dr. Maria Hanif Al Qassim, Assistant Undersecretary of Economic Policies & Studies, Ministry of Economy, UAE; H.E. Mirza Hussain Al Sayegh, Director, Office of H.H. Sheikh Hamdan Bin Rashid Al Maktoum and H.E. Dr. Mohammed Saeed Al Kindi, Senior Vice President, Invescore for joining us at the Opening Plenary and creating global synergies.

The Study Tour preceding and every discussion following, laid the groundwork for much more empowered Capital Markets globally - all while holding the hand of sustainability.

GLOBAL FOOTPRINT : CONQUERING MULTIPLE CONTINENTS TOGETHER

"The Reward for our work is not what we get, but what we become"

- Paulo Coelho

It was around the same time as the ICSI Middle East Conference, that two other global, governance-centric Institutions made way for a host of deliberations surrounding the issues of good governance, ethics, values, morality and the ever-persistent issue of sustainability.

Where on one hand the Institute of certified Secretaries (ICS) Kenya hosted the 29th Annual International Conference in Mombasa, Kenya on the theme, Ethical Leadership and Good Governance-Restoring Trust, Renewing Morals, Securing the Future; on the other, the Institute of Directors organized the UAE Global Convention 2025 in Dubai, UAE.

I am beyond delighted to share that CS Pawan G Chandak, Vice-President, The ICSI, graced the occasion as the Chief Guest at the 29th Annual International Conference of Institute of certified Secretaries (ICS) Kenya. He was joined by CS Rupanjana De, Council Member The ICSI. The IoD front which is aimed at celebrating

excellence and showcasing India's success story & Business Brilliance on a global stage, was perfectly covered by CS Ashish Karodia, Council Member, The ICSI.

My heartfelt appreciations and commendations to the organizing entities for their sensitized approach and immense compliments to our representatives on both platforms. It is your presence and the words shared, that shall have marked ICSI's presence globally.

MEETINGS AND VISITATIONS : LEAVING FOOTPRINTS BEHIND, CREATING MEMORIES

The month gone by has been fruitful in ways more than one. It was during the month of April, that ICSI delegations not only presented their requests and representations before the Lok Sabha's Select Committee to examine the Income-Tax Bill, 2025 but also met with *Shri Jitan Ram Manjhi, Hon'ble Minister of Micro, Small and Medium Enterprises, Shri G Kishan Reddy, Hon'ble Union Minister for Coal and Mines, Shri Jyotiraditya M. Scindia, Hon'ble Union Minister for Communication and Development of the North Eastern Region and Shri Vivek Bharadwaj, Secretary, Ministry of Panchayati Raj* to share with them the ICSI initiatives, activities and with that the growing role of governance professionals in the Indian business and national ecosystem.

It was a matter worth rejoicing that Shri G Kishan Reddy, Hon'ble Union Minister for Coal and Mines, joined us in laying the foundation stone and the auspicious ceremony of Bhoomi Poojan of the new building of ICSI Hyderabad Chapter at Khairatabad, Hyderabad. His engaging participation, his words of appreciation served as pats on our backs, giving greater impetus to our actions. Our greatest gratitude to you Sir !!!

They say, "A Team is only as good as its leader"; but I believe the statement would be equally true if reversed, "A Leader is only as good as his Team". My interactions with the members and Teams at Chapters lend greater stimulus to this assertion. I feel gratified to have joined the Ahmedabad and Gorakhpur Chapters at the Residential Conference and Interaction Meetings respectively. And I am sure that the ICSI Chapters, Regional Offices and CCGRTs are and will be striving towards excellence in all their pursuits of capacity building, knowledge upgradation, skill updation and above all good governance...

THE DAYS AHEAD: STRIVE MORE, ACT MORE, ACHIEVE MORE

*"Once you have tasted the taste of sky,
you will forever look up."*

- Leonardo Da Vinci

Each achievement, each accomplishment, each triumph, is a step made to get closer to our vision and mission. Gratification accompanies me as I communicate the fact that all the Boards of ICSI have been formed for the year 2025; and with that a few new Task Forces have been put in place as well to explore greater opportunities in the areas of Internal Audit, Labour Laws and Intellectual Property Rights. Many of the Boards and Committees are through with their first round of meetings and the tone for the year is set.

With many more initiative launches in the backdrop, we are also in full swing with the preparations for the 26th edition of the National Conference of Practicing Company Secretaries June 14-15, 2025 (Saturday & Sunday) at Guwahati. The theme this year Dynamic Regulatory Landscape: CS@ Excelling Strategies intends to lead the delegates and participants on an exploratory journey of opportunities and possibilities.

As I think of the ICSI mission "to develop high calibre professionals facilitating good corporate governance", I cannot help but give a shout out to all our students – the young professionals in making; for their relentless efforts as they prepare themselves to brace the June 2025 session of Examinations.

For you, I would like to conclude my message with this really fine quote of James Clear, that I recently came across,

"The ultimate form of preparation is not planning for a specific scenario, but a mindset that can handle uncertainty."

My best wishes to each one of you !!!

Yours Sincerely



CS Dhananjay Shukla
President, ICSI

This Month That Year



2012

ICSI Capital Markets Week- A Professional Platform for Debates - Capital Markets - Growth Drivers - held at Mumbai - Chief Guest Dr. M. Veerappa Moily (Hon'ble Minister of Corporate Affairs) addressing. Other sitting on the dais from Left: B. Narasimhan, Ashish Chauhan (Deputy CEO, Bombay Stock Exchange Ltd.), Prashant Saran (Whole Time Member, SEBI), Nesar Ahmad, Madhu Kannan (MD & CEO, BSE Ltd.) and S.N. Ananthasubramanian.



2013

Valedictory Session - Sitting on the dais from Left: CS Nesar Ahmad (Past President, The ICSI), Peter Turnbull (President, CSIA), CS S.N. Ananthasubramanian (President, Council of The ICSI) and CS M.S. Sahoo (Secretary to the Council of The ICSI).



2014

ICSI - NSIM Conference on Ethics and Corporate Governance - Prashant Saran (Whole Time Member, SEBI) addressing. Other sitting on the dais from Left: Sandip Ghose (Director, NISM), Ashish Chauhan (MD & CEO, BSE Ltd.), R. Sridharan and R.V. Verma (CMD, National Housing Bank).

National Conference on New Initiatives of SEBI and MCA in Corporate Governance organized by PHD Chamber - Sitting on the dais from Left: - Dr. V. R. Narasimhan (Chief - Regulations, NSE), Prithvi Haldea (Chairman, Prime Database), Prashant Saran (Whole Time Member, SEBI), Sharad Jaipuria (President, PHD Chamber), M.J. Joseph (Additional Secretary, MCA), M.S. Sahoo and Nehal Vora (Chief Regulatory Officer, BSE Ltd.).



2014

Activity Highlights of April, 2025

MEETINGS WITH DIGNITARIES

- *Shri Jitan Ram Manjhi, Hon'ble Minister of Micro, Small and Medium Enterprises*
- *Shri G Kishan Reddy, Hon'ble Union Minister for Coal and Mines*
- *Shri Jyotiraditya M. Scindia, Hon'ble Union Minister for Communication and Development of the North Eastern Region*
- *Shri Vivek Bharadwaj, Secretary, Ministry of Panchayati Raj*

ICSI MIDDLE EAST CONFERENCE 2025

The ICSI successfully organized its Middle East Conference 2025, in Dubai, UAE, from 24 – 26 April 2025. Hosted by ICSI Middle East (DIFC) NPIO, the Conference was graced by the presence of Hon'ble Former President of India, Shri Ram Nath Kovind, as the Chief Guest. Reflecting on the recent visit of H.H. Sheikh Hamdan Bin Mohammed Al Maktoum, Crown Prince of Dubai, to India, the Conference furthered the progress made under the Comprehensive Economic Partnership Agreement (CEPA), that boosted trade and investment between the two countries.

Distinguished personages from India and UAE, Mr. Satish Kumar Sivan, Consul General, Consulate General of India, Dubai, H.E. Dr. Maria Hanif Al Qassim, Assistant Undersecretary of Economic Policies & Studies, Ministry of Economy, UAE, H.E. Mirza Hussain Al Sayegh, Director, Office of H.H. Sheikh Hamdan Bin Rashid Al Maktoum, and H.E. Dr. Mohammed Saeed Al Kindi, Senior Vice President, Invescore and Former Minister for Environment & Water, UAE, graced the event as the Guests of Honour. The Conference also witnessed the presence of Mr. Ahmed Ibrahim, Managing Partner, Ibrahim Partners, as the Keynote Speaker

Organized on the theme, Good Governance: Empowering Capital Markets, the three-day Conference began with a Study Tour of the Dubai Financial Market (DFM) on 24 April 2025 and orchestrated discussions around the following to equip participants navigate the intricacies of modern finance:

- IPO: Catalyzing Growth in Emerging Capital Markets
- AI in Governance Shaping Corporate Leadership
- Anti-Money Laundering
- India-UAE Bilateral Ties
- The Convergence of Public and Private Equity
- Climate Finance

The conference brought together esteemed dignitaries and highlighted the importance of corporate governance in driving economic growth and fostering global partnerships.

29th ANNUAL INTERNATIONAL CONFERENCE OF ICS KENYA

The ICSI participated in the 29th Annual International Conference of the Institute of Certified Secretaries (ICS) Kenya, in Mombasa, Kenya. Organised on the theme, Ethical Leadership and Good Governance-Restoring Trust, Renewing Morals, Securing the Future, the Conference held during April 23-25, 2025, brought to the fore, discussions on upholding values like integrity, accountability, and fairness in organizations that can foster an ecosystem of transparency and responsiveness. CS Pawan G Chandak, Vice President, the ICSI, graced the occasion as the Chief Guest along with CS Rupanjana De, Council Member The ICSI.

IOD UAE GLOBAL CONVENTION 2025

The Institute of Company Secretaries of India participated in the Institute of Directors UAE Global Convention 2025 during April 22-25, 2025 in Dubai, UAE. CS Ashish Karodia, Council Member, the ICSI, represented the ICSI at the event.

FOUNDATION STONE LAID FOR NEW PREMISES OF ICSI HYDERABAD CHAPTER

The ICSI on April 20, 2025 laid the Foundation Stone for the new building of ICSI Hyderabad Chapter at Khairatabad, Hyderabad. The ceremony along with the Bhoomi Poojan was conducted at the hands of Shri G Kishan Reddy, Hon'ble Union Minister for Coal and Mines. He was joined by CS Dhananjay Shukla, President and CS Pawan G. Chandak, Vice President, The ICSI, CS B. Narasimhan, Former President, The ICSI and other members of Central and Regional Council of ICSI.

26th NATIONAL PCS CONFERENCE - REGISTRATIONS OPEN

The Institute is delighted to organise its 26th National Conference of Practising Company Secretaries during **June 14-15, 2025 (Saturday & Sunday)** at **Hotel Vivanta Guwahati** at **Guwahati, Assam** on the theme "**Dynamic Regulatory Landscape: CS@Excelling Strategies**". The Conference shall seek to deliberate upon significant role of Company Secretaries and new opportunities for the CS Profession for the holistic development of the economy. We encourage you to register for the Conference using Link: <https://tinyurl.com/26NCPS> and be an integral part of this significant annual event.

PANCHYAT GOVERNANCE WEEK -2025

On April 19, 2025, the ICSI organized National Programme on Panchayat Governance at Hotel The Park, New Delhi. The event was hosted by Northern India Regional Council of the ICSI. The event centred around the theme "Fostering Sustainability & Strengthening Governance at the Grassroot".

The distinguished Chief Guest for the occasion was Shri Krishna Prasad Tenneti, IPS (Retd.), former Director General of Police, Hon'ble Member of Parliament, and Lok Sabha Panel Speaker. The Guest of Honour was Dr. Sanjeeb Patjoshi, IPS, Director General of Police, Government of Kerala. The event also welcomed prominent guest speakers:

- Dr. Indranil De, Professor of Social Sciences and Economics at the Institute of Rural Management Anand (IRMA)
- Ms. Bhakti Sharma, Former Sarpanch of Barkhedhi Abdullah Village, Bhopal, Madhya Pradesh
- CS Murlee Manohar Jain, Company Secretary and Compliance Officer, PVR INOX Limited
- Mr. Praveen Karn, Group Head of Sustainability and CSR, Spark Minda Group
- Dr. Shweta Bapat, President and Director of the Business Ethics Foundation, and Chief Adviser at CSR Nexus.

JOINT PROGRAMMES

The ICSI joined as Institutional Partner in the Seminar on 'Blending AI for Effective ESG & Compliance – Attaining Excellence in Sustainability & CSR Reporting' organized by PHD Chamber of Commerce & Industry on May 2, 2025 at PHD House, New Delhi. CS Manish Gupta, Former President, The ICSI addressed during Inaugural Session of the Conference.

REPRESENTATION SUBMITTED

Date	Particulars	Authority
April 17, 2025	Problem faced by the Corporates and Professionals after the introduction of The Karnataka Stamp (Amendment) Act, 2023	Inspector General of Registration and Commissioner of Stamps, Department of Stamps and Registrations, Government of Karnataka

VIEWS AND SUGGESTIONS SUBMITTED

Date	Particulars	Authority
April 16, 2025	Comprehensive views and suggestions in the form of Background Note on the Income-Tax Bill, 2025	Lok Sabha's Select Committee to examine the Income-Tax Bill, 2025

LIST OF SERVICES TO BE RENDERED BY A SECRETARIAL AUDITOR ISSUED BY ICSI

ICSI has Issued the list of services that can or cannot be rendered by a Secretarial Auditor in terms of SEBI (LODR) Regulations, 2015 read with SEBI Circular SEBI/HO/CFD/CFD-PoD-2/CIR/P/2024/185 dated December 31, 2024 and FAQs issued thereon on April 23, 2025. www.icsi.edu/media/webmodules/List_of_services_that_can_or_cannot_be_rendered_by_a_Secretarial_Auditor_24042025.pdf

EEE 5.0: MASTER KNOWLEDGE SERIES

DATE	TOPIC	SPEAKERS
April 09, 2025	Risk Assessment and Supervision of Professionals	Ms. Kanika Wadhwan, Joint Director, FATF Cell, DoR, MoF Mr. Agam Shuka, Consultant, FATF Cell, DoR, Ministry of Finance Moderator: CS Praveen Soni, Central Council Member, the ICSI
April 16, 2025	SEBI (LODR) (Third Amendment) Regulations, 2024	Shri Raj Kumar Das, DGM, CFD, SEBI Shri Apar Patiyat, Manager, CFD, SEBI Shri Rajendran S, Manager, CFD, SEBI Shri Dhaval Shah, Senior Manager (Listing Compliances), NSE CS Narayan Shankar, Company Secretary Moderators: CS Dwarkanath Chennur, Central Council Member, ICSI CS Surbhi Jain, the ICSI
April 30, 2025	DSC Issues under MCA-21 V3	Sh. Sidhil Sasi, Deputy Director General, MCA ITI Team Members: Ms. Richa Gupta, Ms. Chandreyee Dutta Moderator: CS Rajesh Tarpara, Central Council Member, ICSI

EXTENSION OF UDIN AND ECSIN AMNESTY SCHEMES 2025

The UDIN and ECSIN Amnesty Schemes 2025 were launched on April 1, 2025 to be effective till April 15, 2025. The Institute with a view to further facilitate members has extended the last date for both the Amnesty Schemes till April 20, 2025.

ONLINE SESSIONS CONDUCTED

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

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

PEER REVIEW CERTIFICATES ISSUED

During the month April 2025, Peer Review of around 120 Practice Units was completed and accordingly Peer Review Certificate issued. The updated list of Peer Reviewed Units and can be accessed at www.icsi.edu/media/webmodules/List_Peer_Reviewed_Practice_Units.pdf

E-LEARNING FACILITY

The E-learning services configured to facilitate E-CLDP 30 days and E-CLDP 15 days. Pre-Examination Test successfully conducted for eligibility to June 2025 Examinations. E-Form registration for Professional Reboot and UAE Business. 14 new Knowledge on Demand E-form Registration form and LMS batches access created during the month.

NEW CERTIFICATE COURSES

A new Certificate Course on **Professional Reboot: Returning to Company Secretarial Role** was launched in the current month for our members who were on a career break and are now willing to make a comeback in the profession.

Also, **Certificate Course on UAE Business Manager** was launched in the inaugural session of recently concluded ICSI Middle East Conference 2025.

TRAINING PROGRAMMES FOR EMPANELMENT OF PEER REVIEWERS

A Training Programme for empanelment of Peer Reviewers was organized at Nagpur on April 05, 2025. The participants will be empaneled as Peer Reviewer upon completion of necessary formalities in this regard. More such training programmes will be conducted across the length and breadth of the Country in the days to come for the benefit of our members.

FORMATION/RENEWAL OF ICSI STUDY CIRCLES

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

NIRC	Dwarka Study Circle of ICSI	Renewal
NIRC	Rewari Study Circle of ICSI	Renewal
WIRC	H T Parekh (Corporate) Study Circle of ICSI	Renewal
WIRC	Mahindra (Corporate) Study Circle of ICSI	Renewal
WIRC	Jamnagar Study Circle of ICSI	Renewal
WIRC	Makarand M Joshi & Co. (Corporate) Study Circle of ICSI	Renewal
EIRC	Madhya Kolkata Study Circle of ICSI	Renewal

PLACEMENT OPPORTUNITIES FOR COMPANY SECRETARIES

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

(April 2025)

No. of Corporates/ MCA and other Government Bodies/ PSUs/ PCS Firms that Posted Jobs on the ICSI Placement Portal	183
No. of Openings available on the ICSI Placement Portal	272

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

STATUS OF REGISTRATIONS AND POSTINGS AT THE PLACEMENT PORTAL

(As on April 29, 2025)

Registered Users			Total no. of Vacancies
Members	Students	Corporates	Jobs / Trainings
20,543	30,280	9,405	34,349

NEW SELECTIONS

One Member selected as Executive Trainee (CS) at GAIL India Ltd through ICSI at E-2 Level (Pay Scale: ₹60,000 - ₹1,80,000) (Approx. Annual CTC of ₹20,57,112)

ICSI SECTION 8 COMPANIES**ICSI INSTITUTE OF INSOLVENCY PROFESSIONALS**• **WORKSHOPS**

Date	Subject	Speaker(s)	YouTube link
11/04/2025 12/04/2025	Recent IBC Case Laws and Personal Guarantors	CS and IP Sucheta Gupta Advocate, IP Devvart Rana	youtube.com/watch?v=N-pUkHaHmNik youtube.com/watch?v=8P-pjMnR_oy0
19/04/2025 21/04/2025	Critical Analysis of IBC and Commercial wisdom of CoC	CS, CMA, IP Siva Rama Prasad Puvvala CS and IP Partha Kamal Sen	youtube.com/watch?v=2FAC-dcHYUpM youtube.com/watch?v=RK-KIxKElyA8
28/04/2025 29/04/2025	Navigating Complexities in CIRP & Bankruptcy Process	CS and IP Harmeet Kaur CA and IP Hiten Parikh	youtube.com/watch?v=MQ_axojcEFs youtube.com/watch?v=Ly12P-5c42l4

• **WEBINARS**

Date	Subject	Speaker(s)	YouTube link
08/04/2025	Scope of PPIRP with Revised MSME Norms	CS, CMA and IP Siva Rama Prasad Puvvala	
16/04/2025	Anatomy of IBC Case Laws - 21	Advocate and IP Ajay Kumar Jain	youtube.com/watch?v=7O7HssL3SC0
24/04/2025	Mediation under IBC	CS and IP Suhasini Ashok B.	youtu.be/V-gm8g9x4MM?si=VAZ-kF21xmKPbI8eZ

• **Joint Programs**

ICSI IIP jointly with IBBI, IIP ICAI and IPA ICAI conducted workshop for Insolvency Professionals on 30-04-2025.

ICSI REGISTERED VALUERS ORGANISATION

Date	Programme	Topic	Faculty
08/04/2025	Online Continuing Professional Education	IVS 2025 - GS-IVS 100 Valuation Framework	Dr. Ajay Garg

ICSI INTERNATIONAL ADR CENTRE

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

INSTITUTE OF GOVERNANCE PROFESSIONALS OF INDIA• **Directors' Training Programme for SME Listed Companies held on April 29, 2025**

The Institute of Governance Professionals of India (an ICSI initiative for nurturing Governance and Sustainability) and the National Stock Exchange organised the Directors' Training Programme for SME Listed Companies on April 29, 2025. The Inaugural Ceremony was presided over by CS B. Narasimhan, Former President, ICSI and Director, IGPI; Mr. Ankit Sharma, Chief Regulatory Officer, NSE and Shri Ashwani Bhatia, Whole-time member, SEBI. The same was followed by 2 sessions:

Module-I	Duties and Liabilities of Directors and ICSI Secretarial Standards	CS B. Renganathan Corporate Law Advisor
Module-II	Related Party Transactions and Prohibition of Insider Trading	CS Devendra V. Deshpande Former President, ICSI

ICSI CCGRTS**ICSI-CCGRT KOLKATA**• *Research Conclave on Corporate Governance organized on April 26, 2025*

ICSI CCGRT Kolkata organized Research Conclave on Corporate Restructuring on April 26, 2025. CS Sandip Kejriwal, Council Member, ICSI and Convenor, CCGRT Kolkata welcomed the Guests along with other delegates in the inaugural session.

Inaugural Session	Chief Guest : Shri R K Tiwari, RD (ER), MCA (virtual mode) Special Guest: Shri A K Sethi, RoC (WB), MCA
Technical Session-I	Practical Approach to Fast Track Merger (Sec 233 of the Companies Act)
Technical Session-II	Fast Track Merger with special emphasis on provision for Pre and Post Fast Track Merger
Technical Session-III	Process, Tax Implications and Accounting Norms under section 230-232 with impact and concerns thereof

• *8th batch of RCLDP organised from April 29, 2025*

The 8th batch of Residential Corporate Leadership Development Programme of CCGRT Kolkata commenced on April 29, 2025. 52 students from all across the country have joined the training programme. CS Sandip Kejriwal, Council Member, ICSI and Convenor, CCGRT Kolkata welcomed all the participants in the inaugural session. Dr Biranchi Prasad Panda, Head, CII School of Economics,

presided over as Special guest. Dr S K Jena, Head, CCGRT Kolkata offered vote of thanks on this occasion.

ICSI-CCGRT MUMBAI

- Workshop on 'NBFCs Governance, Risk & Compliance Requirements and Role of CS' on April 26, 2025.

ICSI-CCGRT, Mumbai, organized workshop on 'NBFCs Governance, Risk & Compliance Requirements and Role of CS' on 26th April 2025. The guest speakers for the workshop are CS B. Renganathan, Corporate Law Advisor, Shri Govardhana Rangan, Associate Editor, The Economic Times and Shri Madhav Phadke, Senior Partner MDP Legal & Retd. Executive Director, IDBI Bank. The workshop focused on giving an overview of NBFCs, explaining the role of CS in maintaining Regulatory Compliances in NBFCs, overseeing of the Corporate Governance Practices by NBFCs & ways of helping NBFCs mitigate risks and maintain operational efficiency. Around 115 members registered for the seminar.

- 7th & 8th sessions of Debating Society organised on April 05 & 19, 2025

The ICSI-CCGRT, Mumbai Debating Society conducted its sessions for the month as follows:

April 05, 2025	Session-7	Decriminalisation: A Boost for Ease of Doing Business or Threat to Corporate Discipline?
April 19, 2025	Session-8	Independence of independent directors

ICSI-CCGRT HYDERABAD

- 19th RCLDP organised during April 01-16, 2025

19th batch of residential Corporate Leadership Development Program (CLDP) organized from April 1, 2025, to April 16, 2025. No. of participants: 45.

Inaugural Ceremony	Chief Guest: CS Sudershan Pallapu, Associate Vice President (Legal & Secretarial), Hetero Labs Limited, Hyderabad CS R Venkata Ramana, Central Council Member & Convenor CCGRT Hyderabad
Valedictory Session	Chief Guest : Dr. N.V. Badarinath, Former Member of NCLT, Hyderabad. CS R Venkata Ramana, Central Council member & Convenor, CCGRT, Hyderabad

- 2-day Research Conclave on ESG & BRSR organized on April 18-19, 2025

Two-day Research Conclave on ESG & BRSR organized on April 18-19, 2025, at ICSI CCGRT. The program witnessed an overwhelming participation of 72 delegates from across the country. CS R. Venkata Ramana, Council Member, ICSI & Convenor, MC CCGRT, Hyderabad, addressed the gathering in the inaugural session.

Technical Session-I	Introduction and Drafting of BRSR	CS J Sundharesan, Practicing Company Secretary, Bengaluru
Technical Session-II	research analysis and review of BRSR of top 20 companies	CA Prakhar Gupta, Chartered Accountant, Mumbai
Technical Session-III	Guidance Note on BRSR	CS Ranjeet Pandey, Former President, ICSI
Technical Session-IV	ESG from a global perspective and CSR as part of ESG	CS Shujath Bin Ali, CS Global Head, Legal Re-Sustainability Ltd, Hyderabad

ICSI REGIONAL OFFICES

ICSI-EIRO

- 12/04/2025: A full day seminar on Sarthak addressed by CS Rupanjana De, Central Council Member, ICSI & CS Anuj Saraswat, Chairman EIRC. No. of Participants : 50

Amendments in Related Party Transaction	CS Dr. (hc) Mamta Binani, Former President, The ICSI
Compliance related to Financial Statements	CS Hansraj Jaria Practicing Company Secretary
Intellectual Property – Procedures & Issues	Mr. Shantanu Guchhait, Advocate & IPR Attorney

STUDENT PROGRAMS

- April 07-09, 2025: 1st Three Days Orientation Programme. No. of Participants: 30
- April 21, 2025: 29th EDP. No. of Participants: 44
- April 22, 2025: 8th Online CLDP - Webinar Mode. No. of Participants: 59
- April 25-26, 2025: "प्रारम्भ: 2025 - The New Beginning" (Inter College Competition & Education Fair) organised. No. of Participants: Day-1: 500 Day-2: 150

Chief Guest: Shri Rajesh Raisinghani, MD & CEO, Nicco Parks & Resorts Limited, **Guest of Honour:** Prof. (Dr.) Tanupa Chakraborty, Head-Dept. of Commerce, CU **Special Guest:** Ms. Taniya Sanyal, First Women Firefighter of Indian Aviation.

- April 28, 2025: 2nd Three Days Orientation Programme. No. of Participants: 15

ICSI-SIRO

- April 05, 2025: Seminar conducted on Finer Aspects of Wills Nominations & Gifts. Faculty: CS G Hariharan, Founder at Meritus Juris, Advocates & Legal Consultants, Bombay High Court, Mumbai.
- April 11, 2025: ICSI Placement Programme conducted for qualified Company Secretaries. 8 Recruiters and 20 candidates participated in the programme.

- **STUDENT PROGRAMS**
 - 05/04/2025: CS Trainee Drive conducted. 16 Recruiters and 16 Students participated in the CS Trainee Drive.
 - 11/04/2025: 20th Batch of 15 Days Executive Development Programme (EDP) concluded
 - 16/04/2025: 5th Batch of Webinar Mode CLDP (15 Days Online) commenced
 - 15/04/2025: 10 Batch of CLDP (15 Days Classroom Mode) concluded

- **ICSI DEBATING SOCIETY**

ICSI-SIRC conducted 2 sessions in the month of April 2025 as under:

16.04.2025	3 rd Session of ICSI Debating Society
18.04.2025	4 th Session of ICSI Debating Society

ICSI WIRO

- April 26, 2025: Joint Program of WIRC of ICSI and WIRC of ICAI in association with BSE, INDIA organised on Governance & Growth: A Professional Synergy at Bombay Stock Exchange, International Conventional Hall.
- **STUDENT PROGRAMS**
 - April 22, 2025: 29th Batch of 15 days Classroom Mode CLDP commenced.
 - April 28, 2025: 58th Batch of 15 Days Classroom Mode EDP commenced.
- **STUDY CIRCLE MEETINGS**

April 6, 2025	Kandivali Study Circle	Critical Analysis of Rules, Rights, Regulations & Responsibilities of Independent Directors under company's Act in India & Abroad
April 07, 2025	H.T. Parekh Marg (Corporate) Study Circle	Amendments to the SEBI (Prohibition of Insider Trading) Regulations, 2015 – Definition of Unpublished Price Sensitive Information

ICSI-NIRO

- April 05, 2025: GYAN VRIDHI (ज्ञान वृद्धि) meeting on the theme "Fundraising & Securities Issuance: The Strategic Role of PCS". Guest Speaker : Shri Harish Kumar, Partner at Luthra & Luthra Law Offices.
- **STUDENT PROGRAMS**
 - April 15, 2025: 54th Batch of 15 Days Classroom EDP commenced
 - April 02-19, 2025: 33rd Batch of 15 Days Classroom Mode CLDP organized

- April 14, 2025: 15th Online Corporate Leadership Development Programme (CLDP) Webinar Mode commenced
- April 24, 2025: 34th Batch of 15 Days Classroom Mode CLDP commenced
- April 24, 2025: Comprehensive CS Trainee Drive hosted at the ICSI-NIRC premises

- **ICSI DEBATING SOCIETY**

ICSI-NIRC conducted 2 sessions in the month of April 2025 as under:

Date	Session	Topics
03-04-2025	Session-8	<ul style="list-style-type: none"> • Spontaneous Argumentation • Objective: Develop students' quick thinking and articulation skills. • Content: <ul style="list-style-type: none"> • Techniques and methodology for spontaneous argumentation. • Real-time debate scenarios. • Strategies for quick thinking and clear articulation. • Activities: Lecture and discussion.
24-04-2025	Session-9	<ul style="list-style-type: none"> • Spontaneous argumentation exercises. • Group activity: Simulate real-time debate scenarios. • Homework: Practice spontaneous argumentation with a partner on reference topics

ICSI EMPLOYEES

- Webinar on "Managing Irritable Bowel Syndrome (IBS) Through Nutrition" by Dr. Reddy's Foundation

A webinar was organized on April 04, 2025 on the topic "Managing Irritable Bowel Syndrome (IBS) Through Nutrition" by Dr Reddy's Foundation for the benefit of ICSI employees and pensioners. All employees/veterans participated in the webinar which was presented by Ms. Neetu Upadhyay.

ICSI STUDENTS

FACILITATION AND RELAXATION

- **CS Mitr Scheme:**

ICSI has introduced CS Mitr incentive Scheme wherein any person who is above 18 years of age

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

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

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

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

- **Welcome Back Scheme via Re-Registration Policy**

The Institute has introduced a special scheme for students who:

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

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

Key Benefits:

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

As a result, 664 students registered in Professional Programme since May 2014. The detailed information is available at: icsi.edu/docs/Webmodules/REREGISTRATION.pdf

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

The system has been successfully configured to enrol students for June 2025 session of examination.

Subsequently Enrolment Setup also activated for Executive Old (2017) & New Syllabus (2022) & Professional Old Syllabus (2017) students. The last date to submit enrolment form for June 2025 examination session was April 09, 2025.

- **June 2025 Examinations: Centralized Free Online Classes**

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

- **June 2025 Examinations: Online Doubt clearing classes**

ICSI is conducting online doubt clearing classes for the students in the month of May 2025. These classes are being conducted for the students appearing in June 2025 examination, Classes are being conducted for Executive and Professional Programme for all subjects. The classes are being taken by renowned and distinguished faculties with enriched teaching experience. The students can submit their queries through Google link which is sent to them after registration. They can also interact live with the faculties through the chat box during the classes.

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

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

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

- **June 2025 Examinations: Re-opening of Online Enrollment Window for submission of Examination form**

The last date for submission of Examination form for CS Executive/ Professional Program Examinations for June 2025 Session was March 25, 2025 without late fees and April 9, 2025 with late fees. In view to facilitate the students who could not submit the examination form and were desirous to appearing in the Examination for June 2025 Session, online window for submission of the said form for June 2025 session for CS Executive/ Professional students, it

was decided to re-open the online enrolment window from 10:00 Hours on 18th April, 2025 till 23:59 Hours on 19th April, 2025. As a result, 63,532 students have enrolled for June 2025 Session of Examination.

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

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

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

Many students started their CS Course with enthusiasm and ambition, but due to some personal reasons, the students discontinued their studies after passing the Executive. However, completing CS Course can be one of the best decisions they will ever make for their future. Considering this we are regularly communicating with the students via bulk mail/bulk SMS who have passed Executive but not registered for Professional to complete their CS Course. As a result, 12332 students registered in Professional Programme since August 2023.

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

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

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

- ***ICSI Samadhan Diwas***

ICSI successfully conducted the 54th Samadhan Diwas, on Wednesday, April 09, 2025. Samadhan Diwas is a unique initiative of the ICSI wherein "on-the-spot" resolution is provided on issues/grievances of trainees and trainers. The purpose of the Samadhan Diwas is to facilitate the stakeholders to resolve their queries on the spot. In the Samadhan Diwas students get opportunity to present their cases and directly interact with the ICSI officials.

- ***Entitlement of Trainees for Trainers revised***

Entitlement of Trainees for Trainers (Company Secretary in Practice/Corporate Trainers/Other Entities/LLPs) registered with the Institute for imparting Long Term Practical Training to CS Students has been revised w.e.f. April 01, 2025. For details visit www.icsi.edu/media/webmodules/Announcement_31032025.pdf

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

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

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

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

www.icsi.edu/media/webmodules/CompulsorySwitchOver454241472154414584.pdf

- ***Transcripts & Education Verification***

It has been observed that on completion of Course the professionals are also applying for Foreign Courses / degrees /or immigration based on CS Qualification. During the month, 07 Transcripts were issued.

Likewise, on request of the employer/PSU/government authorities and other Education verifier agencies, 09 Education Verification requests of CS students were processed.

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

Institute has facilitated Executive Programme students to register directly for the Executive Programme classes at the time of Executive registration. Executive Programme

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

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

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

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

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

- **Real Time Guidance for Students**

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

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

TRAINING OPPORTUNITIES

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

No. of Corporates/ MCA and other Government Bodies/ PSUs/ PCS Firms that Posted Training and Semi qualified Job Opportunities on the ICSI Placement Portal	266
No. of Training/Semi qualified Opportunities available on the ICSI Placement Portal	671

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

COMPANY SECRETARY EXECUTIVE ENTRANCE TEST (CSEET)

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

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

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

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

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

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

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

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

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

The Institute has decided to grant exemption to Graduates or Post Graduates (without any criteria of minimum % of marks) in any discipline of any recognized University or any other Institution in India or abroad recognized as equivalent thereto by the Council from appearing in CSEET enabling them to take direct admission in CS Executive Programme. To get exemption from CSEET on the basis of above qualification, such students shall be required to pay applicable exemption fees along with the requisite registration fees for the Executive Programme. For more details, please click www.icsi.edu/media/webmodules/granting_exemption_230621.pdf

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

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

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

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

KNOWLEDGE UPGRADATION

- **Student Company Secretary and CSEET Communique**

The Student Company Secretary e-journal for Executive/ Professional Programme students of ICSI and CSEET Communique covering latest updates on CSEET subjects

have been released for the month of **April, 2025**. The journals are available on the Academic corner of the Institute's website at the link: www.icsi.edu/e-journals/

- **Research Tab under Academic Portal for students**

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

- **Recorded Video Lectures**

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

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

- **Info Capsule**

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

CAREER AWARENESS

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

S. No.	Region	Name of Institution	Date	Venue
1.	WIRC	Vendanta College of Management	07-04-2025	Ulhasnagar
2.	NIRC	Government Boys Senior Secondary School	07-04-2025	New Delhi
3.	NIRC	Govt. Girl Senior Secondary School	08-04-2025	New Delhi
4.	NIRC	GGSSS Chhattarpur- School id-1923048	11-04-2025	New Delhi
5.	EIRC	Umesh Chandra College	11-04-2025	Kolkata
6.	NIRC	Harcourt Butler Sr. Sec School	16-04-2025	New Delhi
7.	NIRC	Arwachin International School	17-04-2025	New Delhi
8.	NIRC	Dr. Rajender Prasad Kendriye Vidyalaya	22-04-2025	New Delhi
9.	NIRC	Govt. Boys Senior Sec. School	23-04-2025	New Delhi
10.	NIRC	Sarvodaya Kanya Vidyalaya	25-04-2025	New Delhi
11.	NIRC	Shyam Lal College	28-04-2025	New Delhi
12.	NIRC	Masonic Public School	29-04-2025	New Delhi

- **Career Guidance Sessions conducted**

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

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

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

- **Initiative on displaying Career Guidance Flyer at the website or other platforms of local/state**

As part of its ongoing efforts to promote Career Awareness and guidance, ICSI recently collaborated with the National Institute of Open Schooling (NIOS) to display the ICSI Career Guidance flyer on their official website. This initiative is aimed at enhancing visibility and outreach for our profession among students at the school level.

- **Participation in Career Fairs By ICSI- HQ**

Event Name	Date of Event	Venue
Motilal Nehru College	April 02-05, 2025	South Campus, New Delhi
CollegeDunia Mega Career Carnival 2025	April 19-20, 2025	Pragati Maidan, New Delhi

DIGITAL ICSI

- Implementation of Compulsory Switchover process for Executive Programme from 2017 to 2022 syllabus. Approx. 5 lakh students were switched over as per guidelines.
- Transformation & Implementation of admit card and result publishing applications of the Institute on the cloud and portal of the new vendor.
- Implementation of new firewalls for the data center at Noida Office.
- Automation of system to implement 30 days online CLDP for working professionals.
- Implementation of revised Form-D for COP Holders.
- Upgradation of ILL bandwidth for VC Systems from 2 MBPS to 5 MBPS in 11 sites of the Institute for better performance.
- VC equipment of latest technology implemented at 9 out of 11 sites. Implementation is in progress at 2 sites.
- Network Router upgraded for Multi-Protocol Label Switching (MPLS) connectivity at EIRO of ICSI.

National Programme on Panchayat Governance held on April 19, 2025 at New Delhi

Theme : Fostering Sustainability & Strengthening Governance at the Grassroot

Chief Guest : Shri Krishna Prasad Tenneti, IPS (Retd.), Former Director General of Police, Hon'ble Member of Parliament and Lok Sabha Panel Speaker

Guest of Honour : Dr. Sanjeeb Patjoshi, IPS, Director General of Police, Government of Kerala







Proceedings of the National Programme on Panchayat Governance held on April 19, 2025 at New Delhi

Theme : Fostering Sustainability & Strengthening Governance at the Grassroot

The Institute organised a National Programme on Panchayat Governance, at Hotel The Park, Sansad Marg, Connaught Place, New Delhi on April 19, 2025, on the theme **“Fostering Sustainability & Strengthening Governance at the Grassroot”**. As part of the nationwide celebration of Panchayat Governance Week, the ICSI organized programmes across India through its Regional and Chapter Offices from 19th April to 26th April, 2025.

INAUGURAL SESSION

The Programme was inaugurated by Shri Krishna Prasad Tenneti (IPS, retd DGP), Hon'ble Member of Parliament and Lok Sabha Panel Speaker as the Chief Guest and Dr. Sanjeeb Patjoshi, IPS, DGP, Government of Kerala, as the Guest of Honour.

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

CS Himanshu Harbola, Chairman, NIRC, welcomed all to the programme and introduced the Chief Guest, Guest of Honour and other dignitaries present on the dais. He expressed his happiness and gratitude towards President, ICSI and the Council for providing opportunity to the NIRC for organizing the National Programme on Panchayat Governance at New Delhi.

CS Manish Gupta, Programme Director, Chairman Corporate Laws and Governance Committee, Central Council Member and Former President, ICSI, conveyed gratitude to the Chief Guest and Guest of Honour for their inspiring presence and expressed his delight on the National Programme on Panchayat Governance being organized across India through ICSI's Regional and Chapter Offices. He introduced the theme “Fostering Sustainability & Strengthening Governance at the Grassroot” and emphasized the importance of the programme. He highlighted the critical role of effective governance structures in rural development and the importance of professional support in Panchayat administration. He deliberated on the initiatives the ICSI has taken towards strengthening governance structures at the grassroots level and also spoke about the opportunities Company Secretaries have in the field as equipped and valuable facilitators. He provided an insightful overview of the publication “Model Governance Code for Meetings of Gram Panchayats,” detailing its significance and practical applications.

Following this, he outlined the structure and objectives of the forthcoming technical sessions. In his conclusion, he emphasized that the Institute has committed itself to strengthening governance frameworks within panchayats and promoting inclusive growth, aligning with the national vision of **“Viksit Bharat 2047”** (Developed India 2047).

CS Dhananjay Shukla, President, ICSI, commenced his address by welcoming the dignitaries on and off the dais and the distinguished speakers. He shared insights into the conceptualization of this significant programme and highlighted that as the President of ICSI, he had established “Inclusiveness, Cohesiveness, and Transformation” as the guiding theme for 2025. The thought behind this was to explore the role of the Company Secretary professionals in the unexplored areas and play a supporting role in strengthening Panchayat Governance. He also highlighted a significant milestone achieved recently on April 16, 2025, when the ICSI presented comprehensive recommendations before the Honourable Lok Sabha Committee regarding the Income Tax Bill, 2025. He further emphasized that the ICSI is expanding its focus to several emerging domains including insurance, registration, licensing, and Foreign Exchange Management Act (FEMA) compliance. The Institute plans to introduce numerous capacity building programme in the near future to equip Company Secretaries with the requisite skills in these areas.

In his concluding remarks, he urged all Company Secretaries to actively contribute towards strengthening Panchayat governance, thereby fulfilling a crucial national responsibility.

The Presidential address was followed by the release of Revised Edition of the ICSI publication titled **“Model Governance Code for Meetings of Gram Panchayats”**.

Dr. Sanjeeb Patjoshi, Guest of Honour, while delivering his address expressed his happiness for being invited to the programme as he has been actively involved with Panchayati Raj for many years, serving as Joint Secretary to Government of India, Ministry of Panchayati Raj, and possesses comprehensive knowledge about rural realities. He emphasized that effective solutions for villages emerge from ground-level engagement rather than distant perspective-taking. Dr. Patjoshi presented statistics on various Gram Panchayat initiatives and

highlighted key Government schemes including Geo-tagging and the SVAMITVA scheme, explaining how these programmes contribute to rural welfare. He particularly emphasized the e-Gram SWARAJ initiative, which aims to transform Panchayati Raj Institutions by enhancing transparency, accountability, and effectiveness. He requested ICSI to collaborate on capacity building programmes at the grassroots level. Dr. Patjoshi also mentioned an upcoming advancement in Panchayati Raj governance: the implementation of Audionline services to facilitate audits of Panchayati Raj Institutions.

Shri Krishna Prasad Tenneti, Chief Guest, while delivering his address emphasized on the shloka

समानी व आकृतिः समाना हृदयानि वः।
समानमस्तु वो मनो यथा वः सुसहसति॥

that means “*May your intentions be the same, may your hearts be united. May your minds be in harmony, so that you may work together with mutual understanding and cooperation*” mentioned in the publication **Model Governance Code for Meetings of Gram Panchayats**. He further highlighted the economic condition of the country in the pre independence era and post-independence era. He emphasised on quoting the Gandhian economics which revolves around the “**village as republic**” and said that if you don’t develop the villages then what is Bharat. He emphasized the disparity in citizen service delivery mechanisms between urban and rural areas, noting that villages lack the same level of access. He stressed the importance of inclusive decision-making processes that meaningfully involve villagers in governance.

He proposed that Company Secretaries could play a vital role in building effective local governance structures in villages, including school user committees, water user committees, land user committees, and self-help groups. He highlighted that “*Company Secretaries are second to none and can be very powerful contributors of inclusive and sustainable growth. As an Institution, the ICSI can become the voice of the Government, improving administration, promoting compliance and transparency and encouraging community participation*”.

He also discussed various government initiatives strengthening village development, particularly the “Namo Drone Didi” scheme. He concluded by encouraging Company Secretaries to identify specific sectors where they could contribute and take meaningful actions toward achieving the vision of Viksit Bharat (Developed India) by 2047.

CS Asish Mohan, Secretary, ICSI proposed the Vote of Thanks and expressed his sincere gratitude and greetings to the Chief Guest; Guest of Honour; President, ICSI; Programme Director and Former President, ICSI; Chairman, NIRC; Council Members; other dignitaries, guest speakers, delegates and Team ICSI.

He reflected on how Mahatma Gandhi’s vision of Gram Swaraj had established the foundation for Panchayati Raj in India, emphasizing that robust rural governance strengthens the nation at its grassroots level. He highlighted ICSI’s extensive work in the ESG arena over recent years, including initiatives focused on rural development. He noted that as various start-ups emerge in villages, Company Secretaries are fulfilling a crucial advisory role for these start-ups and small enterprises.

FIRST SESSION ON: PROMOTING TRANSPARENCY & ACCOUNTABILITY AT GRASSROOTS

Session Co-ordinators: CS Manoj Purbey, Central Council Member, ICSI and CS Jatin Singal, Former Chairman, ICSI-NIRC.

Speakers: Dr. Indranil De, Professor, Institute of Rural Management Anand (IRMA) and Ms. Bhakti Sharma, Former Sarpanch Barkhedi Abdullah village Bhopal District, Madhya Pradesh.

CS Manoj Kumar Purbey in his introductory remarks briefed about the session theme. He provided a brief overview of the Gram Panchayat System, welcomed the distinguished speakers and invited them to share their views and experiences with the delegates.

Dr. Indranil De delivered an insightful address on sustainability and its societal impact. He emphasized that “*Equal society is a more sustainable society and Unequal society is unsustainable society*”. His address covered several key areas like threats to sustainability and potential solutions, the significance of governance, noting that grassroots governance is essentially self-governance, regulatory frameworks supporting sustainability, the crucial role of Secretaries in Gram Panchayats, funding mechanisms through the 15th Finance Commission and their allocation to Gram Panchayats, the Three Pillars of Decentralized Governance i.e., Administrative Decentralization, Fiscal Decentralization and Political Decentralization.

Dr. De concluded by highlighting the Gram Panchayat Development Plan as a key area where Company Secretaries can make significant contributions.

Ms. Bhakti Sharma shared valuable insights from her experience as a Sarpanch, focusing on transparency and accountability in rural governance. Quoting APJ Abdul Kalam’s wisdom that “One should at least look back,” she underscored the importance of transparency in governance. She addressed common challenges facing Gram Panchayats like Corruption, lack of effective devolution of function, arbitrary, lack of administration, inadequate finances etc.; the village governance system and two main functions of Panchayati Raj that are economic and social development and participatory decision making processes; responsibilities of Sarpanches

and Panchayats; the role of Gram Sabha and optimal timing for developing the Vikas Karya Yojna. She also highlighted about the changes held in last 5 to 10 years that are E-panchayat portal from where one can get to know about the allocation of funds and use of those funds and list of works done by particular panchayat, Direct benefit transfer (DBT) implementation, enhanced participation of women and children in the Gram Sabha and Gram Panchayat.

Ms. Sharma emphasized how Company Secretaries can provide valuable guidance to Gram Panchayats on the effective utilization of allocated funds. She concluded by encouraging pride in agricultural heritage and shared her notable achievements during her tenure as Sarpanch.

The session featured an engaging dialogue between the speakers and delegates, addressing various questions related to grassroots governance. The interactive discussion enriched the overall understanding of the subject matter. CS Jatin Singal provided a comprehensive summary of the deliberations and delivered the Vote of Thanks, bringing the productive session to a close.

TECHNICAL SESSION – PANEL DISCUSSION ON CSR & RURAL GOVERNANCE: A COLLABORATIVE APPROACH

Session Coordinators: CS Suresh Pandey Central Council Member, ICSI and CS Santosh Pandey, Vice Chairman, ICSI-NIRC

Panellists: CS Murlee Manohar Jain, Company Secretary and Compliance Officer, PVR INOX Limited; Mr. Praveen Karn, Group Head Sustainability and CSR Spark Minda Group; Dr. Shweta Bapat President and Director Business Ethics Foundation, Chief Adviser CSR Nexus.

CS Suresh Pandey in his introductory remarks briefed about the session theme and gave brief introduction of Gram Panchayat before welcoming distinguished speakers to share their insights and experiences with the delegates.

Mr. Praveen Karn commenced his address with the brief introduction on Corporate Social Responsibility (CSR) and its critical role in achieving Atma Nirbhar Bharat 2027 and Viksit Bharat 2047. He elaborated on the Sustainable Development Goals (SDGs), comprising 17 goals focused on inclusive growth where CSR plays a vital role.

Mr. Karn emphasized how CSR funds can significantly contribute to panchayat development while acknowledging the challenges in this domain. He outlined how corporate professionals can effectively address these issues through:

- Strategic programme identification
- Conducting thorough impact assessment reports
- Creating sustainable implementation models

He concluded by illustrating how CSR initiatives can serve as catalysts for comprehensive village development.

Dr. Shweta Bapat focused her address on the current challenges facing rural India. She highlighted the exemplary work of Mr. Popatrao Baguji Pawar, the sarpanch of Hiware Bazar, a gram panchayat in Ahmednagar district of Maharashtra, as a model of effective rural governance.

She stressed the importance of women empowerment in villages and the crucial support provided by panchayats regarding marriage, gender equality, and economic independence. Dr. Bapat outlined how CSR can optimize the utilization of government-allocated funds for village development.

In her conclusion, Dr. Bapat advocated for preserving rural culture rather than urbanizing villages, emphasizing that authentic village culture must be safeguarded while enabling sustainable development.

CS Murlee Manohar Jain highlighted the pivotal role Company Secretaries can play in rural development initiatives. He advised that corporate projects should prioritize fulfilling basic village needs, particularly infrastructure development and employment generation.

He proposed focusing on developing “smart villages” rather than just “smart cities” as a strategic CSR initiative. CS Jain emphasized providing vocational training to villagers instead of merely constructing community centres, thereby creating sustainable employment opportunities.

In closing, he noted that Company Secretaries are uniquely positioned to advise Board of Directors on projects beneficial for rural development, aligning with Prime Minister Narendra Modi’s vision of Viksit Bharat 2047. He emphasized that this vision can only be realized by educating and empowering rural populations, with Company Secretaries playing a crucial role in ensuring corporate governance and sustainability.

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

Director's Training Programme for SME Listed Companies conducted by IGPI jointly with NSE on April 29, 2025



Bhoomi Poojan and Foundation Stone Laying Ceremony of ICSI Hyderabad Chapter (New Building) held on April 20, 2025

Chief Guest : **Shri G Kishan Reddy**, Hon'ble Union Minister for Coal and Mines, Government of India

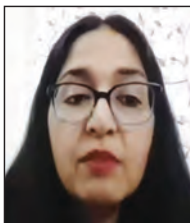
Special Guest : **CS B Narasimhan**, Immediate Former President, The ICSI



EEE 5.0: Master Knowledge Series

WEBINAR ON

Risk Assessment and Supervision of Professionals held on April 9, 2025



Faculty:

Ms. Kanika Wadhwan
Joint Director, FATF Cell, DoR,
Ministry of Finance



Faculty:

Mr. Agam Shukla
Consultant, FATF Cell,
DoR, Ministry of Finance



Moderator:

CS Praveen Soni
Central Council Member,
The ICSI

WEBINAR ON

SEBI (LODR) (Third Amendment) Regulations, 2024 held on April 16, 2025



Faculty:

Mr. Raj Kumar Das
DGM, CFD, SEBI



Faculty:

Mr. Apar Patiyat
Manager, CFD, SEBI



Faculty:

Mr. Rajendran S
Manager, CFD, SEBI



Faculty:

Mr. Dhaval Shah
Senior Manager
(Listing Compliances), NSE



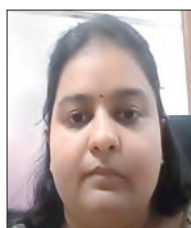
Faculty:

CS Narayan Shankar
Company Secretary



Moderator:

CS Dwarkanath Chennur
Central Council Member, The ICSI



Moderator:

CS Surbhi Jain
The ICSI

WEBINAR ON

EEE 5.0 Webinar on DSC Issues under MCA-21 V3 held on April 30, 2025



Speaker:

Mr. Sidhil Sasi
Deputy Director General, MCA



Speaker:

Ms. Richa Gupta
LTI Team Member



Moderator:

CS Rajesh Tarpara
Central Council Member, The ICSI



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भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament
(Under the jurisdiction of Ministry of Corporate Affairs)

Vision

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

Motto

सत्यं वद। धर्मं चर। इष्टकरो फेद तन्पते: अवेयेद इयु फेद इव।

Mission

"To develop high calibre
professionals facilitating
good corporate governance"



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or write to seft@icsi.edu

To download the SEFT Form click here :

https://www.icsi.edu/media/webmodules/SEFT_ApplicationForm.pdf

CS Dhananjay Shukla
President, The ICSI

CS Pawan G. Chandak
Vice-President, The ICSI

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#ICSIMiddleEastConf

HIGHLIGHTS

ICSI Middle East Conference 2025

on

Good Governance: Empowering Capital Markets

Hosted by: ICSI Middle East (DIFC) NP10



24-26 April 2025



Dubai, UAE



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The ICSI Middle East Conference 2025, held in Dubai, emphasized upon the critical role of transparency, ethical stewardship, and resilient governance in building investor confidence and sustainable financial ecosystems. Focusing on the theme "Good Governance: Empowering Capital Markets," the conference brought together esteemed dignitaries and highlighted the importance of corporate governance in driving economic growth and fostering global partnerships.

A Certificate Course on UAE Business Manager was also launched at the Conference at the hands of the Chief Guest, that recorded a participation of over 150 delegates in person and around 2000 delegates virtually. The conference noted a significant representation of women in the audience, reflecting gender equality and diversity and concluded with a call for professionals to integrate governance principles in ensuring inclusive and competitive capital markets.



Opening Plenary



Chief Guest: **Shri Ram Nath Kovind**
Hon'ble Former President of India

Envisioning the Middle East Conference as an opportunity to build partnerships, Shri Ram Nath Kovind said, "The ICSI has always been at the forefront of growth and development, in both India and abroad. Company Secretary Professionals nurtured by the ICSI not just ensure the highest standards of transparency and competence but promote ethical wealth creation".

Emphasizing the pace and trajectory of India-UAE bilateral relations, Mr. Satish Kumar Sivan commended the ICSI for hosting the Conference in Dubai. He stated, "The growth of trade, investments, and diaspora in the UAE, is a testimony to its spirit of facilitating professionals to express their talent".



Guest of Honour: **Mr. Satish Kumar Sivan**
Consul General, Consulate General of India, Dubai



Guest of Honour: **H.E. Dr. Maria Hanif Al Qassim**
Assistant Undersecretary of Economic Policies & Studies, Ministry of Economy, UAE

Calling the ICSI Middle East Conference 2025, a catalyst for change, H.E. Dr. Maria Hanif Al Qassim said, "The discussions at the Conference would collectively foster global economic growth and unlock opportunities for increased collaboration between India and UAE, specifically in economy and trade".



Guest of Honour: **H.E. Mirza Hussain Al Sayegh**
Director, Office of H.H. Sheikh Hamdan Bin Rashid Al Maktoum

Highlighting the various agreements inked between India and UAE, H.E. Mirza Hussain Al Sayegh said, "India and UAE hold a very prominent position today, in the global economy and the enduring partnership between the two countries is a result of years of irrefutable support to each other".

Stressing upon the importance of collective efforts, H.E. Dr. Mohammed Saeed Al Kindi, said "I am delighted to be a part of this thought-provoking ICSI Middle East Conference. The discussions would surely provide valuable insights and guidance to the policymakers, corporate leaders, and regulators".



Guest of Honour: **H.E. Dr. Mohammed Saeed Al Kindi**
Senior Vice President, Invescore and
Former Minister for Environment & Water, UAE

Keynote Address



Mr. Ahmed Ibrahim, Managing Partner, Ibrahim.N.Partners

The ICSI Middle East Conference 2025 on Good Governance was enriched by a compelling keynote address delivered by Mr. Ahmed Ibrahim, revered as the "UAE ECM Guru,". His address focussed the critical role of robust governance frameworks in empowering and fostering trust within capital markets, drawing upon his extensive experience in innovative market structures and project finance.

Plenary II

IPO: Catalyzing Growth in Emerging Capital Markets



Mr. Mukesh Agarwal, Chief Financial Officer, Spinneys Dubai LLC
 Mr. Andrew Tarbuck, Partner, Head of Capital Markets, Al Tamimi & Company
 Mr. Husam El-Khatib, Head of Legal, Arqam Global Markets
 Mr. Bernard Martin, Director, HSBC Bank Middle East Ltd

The session delved into the dynamic role of Initial Public Offerings (IPOs) in catalyzing growth within emerging capital markets. The session provided a comprehensive overview of prevailing IPO market trends, examined the nuances of regulatory frameworks and listing requirements across the region, and analyzed the crucial factors of investor appetite, IPO pricing and valuation methodologies. Furthermore, the discussion extended to the critical aspect of post-IPO performance and its implications for market sustainability and future listings.

Plenary III

AI in Governance Shaping Corporate Leadership

The session focused on the transformative influence of Artificial Intelligence (AI) in governance and its profound impact on shaping corporate leadership. The session explored the burgeoning role of AI-driven decision-making processes, examined the evolving landscape of global AI ethics standards, and addressed the critical considerations of cybersecurity and data protection in an AI-integrated environment. The plenary also highlighted the increasing significance of leadership analytics in driving strategic organizational direction.



Dr. Bhaskar Dasgupta, Chair of the Board of Directors, Apex Group Ltd
 Dr. Shamini Ragavan, Associate Professor of Law, University of Birmingham Dubai
 Mr. Chehade El Kahi, General Counsel, Emirates Petroleum Company
 CS Suresh Pandey, Council Member, The ICSI

Plenary IV

Anti-Money Laundering



Mr. Adil Shafi, Partner, Anjarwalla Collins & Haidermota
Mr. Narasimha Das, Partner, Crowe UAE
Ms. Shruthi Joseph, Senior Compliance Consultant, TMF Services Dubai

The session addressed the critical and evolving landscape of Anti-Money Laundering (AML). The session emphasized the importance of a Risk-Based Approach in identifying and mitigating financial crime, alongside the necessity of robust Investor Due Diligence processes. Discussions also covered the unique challenges and considerations posed by Cryptocurrency and Virtual Assets in the AML framework and explored the latest advancements in Global AML regulations and Regulatory Technology solutions.

Plenary V

The Convergence of Public and Private Equity

The session explored the growing convergence of Public and Private Equity markets. Discussions centred on the trends in Global Valuation Alignment across these asset classes and the emergence of Hybrid Investment Strategies. It also examined the significant Impact of Institutional Stewardship in both public and private equity, with a specific focus on Capital Building and fostering Resilience during times of economic crisis within the MENA and Asian regions.



Mr. Kailashnath Adhikari, Managing Director, Governance
 Now-Sri Adhikari Brothers Network
Mr. Joywin Mathew, Partner, DLA Piper Middle East LLP
Mr. Tariq Khan, Head of International Arbitration, M&CO Legal
Mr. Anwar El Khatib, Chief Legal Counsel, Salik

Plenary VI

India -UAE Bilateral Ties



CS Vijay Ojha, Group Company Secretary, Sharaf Group, Dubai
Mr. Nandi Vardhan Mehta, Chief Financial Officer, KAAF Investments
Dr. Abhay Sinha, Director General, Services Export Promotion Council, India
Mr. B.G. Krishnan, Consul (Economic, Trade, Commerce & Education),
 Consulate General of India, Dubai

The session focused on strengthening India-UAE Bilateral Ties, providing an in-depth analysis of the current Trade and Economic Relations between the two nations, and also discussed the impact of the India-UAE Comprehensive Economic Partnership Agreement (CEPA). It also covered the Ease of Doing Business (EODB) environment, prevailing Investment Trends and the dynamics of Services Export-Import. It further explored significant opportunities of fostering Economic Resilience and Sustainable Growth through this strategic partnership.

Plenary VII

Climate Finance

The session addressed the critical domain of Climate Finance, encompassing both the burgeoning Green Bond Market and the emerging Blue Bond Market as key instruments for mobilizing capital towards sustainable projects. Discussions centred on these financing mechanisms, alongside the innovative approaches of Blended Finance and the importance of cross-sector Partnerships in scaling climate action. In addition, the plenary covered the evolving landscape of Climate Disclosure and Reporting standards. It also examined the increasing adoption of Climate Indexed Investing as a method for aligning financial portfolios with broader environmental goals.



CS Venkata Ramana R., Council Member, The ICSI
Mr. Husam El-Khatib, Head of Legal, Arqaam Global Markets
Mr. Sumit Sinha, Resident Representative, India Exim Bank, Dubai

Plenary VI India -UAE Bilateral Ties



CS Vijay Ojha, Group Company Secretary, Sharaf Group, Dubai
Mr. Nandi Vardhan Mehta, Chief Financial Officer, KAAF Investments
Dr. Abhay Sinha, Director General, Services Export Promotion Council, India
Mr. B.G. Krishnan, Consul (Economic, Trade, Commerce & Education),
 Consulate General of India, Dubai

The session focused on strengthening India-UAE Bilateral Ties, providing an in-depth analysis of the current Trade and Economic Relations between the two nations, and also discussed the impact of the India-UAE Comprehensive Economic Partnership Agreement (CEPA). It also covered the Ease of Doing Business (EODB) environment, prevailing Investment Trends and the dynamics of Services Export-Import. It further explored significant opportunities of fostering Economic Resilience and Sustainable Growth through this strategic partnership.

Plenary VII Climate Finance

The session addressed the critical domain of Climate Finance, encompassing both the burgeoning Green Bond Market and the emerging Blue Bond Market as key instruments for mobilizing capital towards sustainable projects. Discussions centred on these financing mechanisms, alongside the innovative approaches of Blended Finance and the importance of cross-sector Partnerships in scaling climate action. In addition, the plenary covered the evolving landscape of Climate Disclosure and Reporting standards. It also examined the increasing adoption of Climate Indexed Investing as a method for aligning financial portfolios with broader environmental goals.



CS Venkata Ramana R., Council Member, The ICSI
Mr. Husam El-Khatib, Head of Legal, Arqaam Global Markets
Mr. Sumit Sinha, Resident Representative, India Exim Bank, Dubai

ICSI Middle East Conference 2025

Group Photograph



Study Tour at Dubai Financial Market (DFM)



The Conference commenced with an exclusive Study Tour of the Dubai Financial Market (DFM) on April 24, 2025, offering attendees a firsthand experience of the region's vibrant financial landscape.

29th Annual International Conference of The Institute of Certified Secretaries in Mombasa, Kenya





THE INSTITUTE OF
Company Secretaries of India

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

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ARTICLES INVITED FOR GLOBAL CONNECT IN CHARTERED SECRETARY JOURNAL

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

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

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

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

- **Corporate Governance Trends:** Share your insights on emerging trends and developments in Corporate Governance arena globally.
- **Best Practices:** Discuss successful strategies and best practices adopted by the industry in different jurisdictions.
- **Regulatory Updates:** Provide an overview of recent regulatory changes and their implications for Company Secretaries in different jurisdiction.

It may please be noted that members are entitled to 4 CPE Credits under **clause 7.2 of Continuing Professional Education (CPE) Guidelines 2019**, if any of their article is published in the Chartered Secretary Journal or any UGC approved journal. Guidelines for Authors is placed at **Appendix-A**.

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

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

Sincerely,

Team ICSI

Guidelines for Authors

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2. The article must be original contribution of the author.
3. The article must be an exclusive contribution for the Journal.
4. The article must not have been published elsewhere, and must not have been or must not be sent elsewhere for publication, in the same or substantially the same form.
5. The article should ordinarily have 2500 to 4000 words. A longer article may be considered if the subject so warrants.
6. The article must carry the name(s) of the author (s), designation, professional affiliation, location, e-mail id & PP size photograph on the title page only and nowhere else.
7. The articles go through blind review and are assessed on the parameters such as (a) relevance and usefulness of the article (from the point of view of Company Secretaries), (b) organization of the article (structuring, sequencing, construction, flow, etc.), (c) depth of the discussion, (d) persuasive strength of the article (idea/argument/articulation), (e) does the article say something new and is it thought provoking, and (f) adequacy of reference, source acknowledgement and bibliography, etc.
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10. The article shall be accompanied by a summary in 150 words and mailed to overseas@icsi.edu
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Declaration-cum-Undertaking

1. I, Shri/Ms./Dr./Prof....., declare that I have read and understood the Guidelines for Authors.
2. I affirm that:
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 - c) the copyright in respect of this article, if published in ICSI Journal, shall vest with the Institute.
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Global Listings at GIFT IFSC

Listing securities on a stock exchange provides companies liquidity, fair valuation, and transparency in transactions. Companies consider various factors such as listing requirements, capital required, industry peers, visibility, market participants, timing, ongoing regulatory requirements and tax implications while choosing stock exchanges and jurisdictions for capital raising. This article elaborates on the robust legal and regulatory framework set up by the Government of India, in coordination with IFSCA and with the support of other financial regulators in India, for enabling the implementation and operationalisation of the Direct Listing Scheme.



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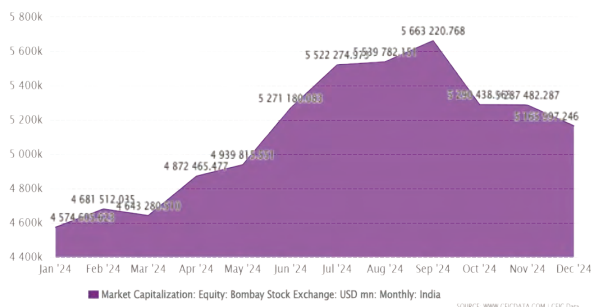
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INTRODUCTION

ACCESSING GLOBAL MARKETS

India's total stock market capitalization is more than \$ 5 trillion, making it the fourth largest in the world. This is a significant achievement, given that India was a relatively closed economy just a few decades ago. With highest number of domestic listed companies in the world, India offers both foreign individual investors and foreign institutional investors attractive investment opportunities.



Financial markets play a vital role in connecting investors with firms that need capital to finance their projects. Firms seek the lowest possible cost of capital because this allows them to undertake more projects that are financially viable and lead to greater investment. Equity capital from global investors is often cheaper than domestic sources because global investors are more diversified and have a wider range of investment options.

The world is more interconnected than ever before, and capital markets are no exception, as companies regularly look beyond their own borders/ jurisdictions for capital raising opportunities. Companies can access the global capital markets in a variety of ways, including cross-border listings, domestic listings with international placements, and private placements. Cross-border listings allow companies to raise capital on a foreign stock exchange, reaching a wider pool of investors and potentially gaining greater visibility.

Companies issue securities to raise capital, provide investors with liquid investments, and create wealth. Listing securities on a stock exchange is essential for achieving these goals, as it provides liquidity, fair valuation, and transparency in transactions. Companies are free to choose where to list their securities, but they typically list on a domestic exchange. However, a company may also choose to list on a foreign exchange, either as a substitute for or a supplement to domestic listing. Globally, many companies are interested in overseas listing because it has the potential to improve their ability to raise equity, expand their shareholder base, increase brand visibility, and enhance trading liquidity.

Companies have a growing number of options to choose from when considering stock exchanges and jurisdictions for capital raising. Here are some key factors to consider¹:

- Listing requirements:** Most exchanges have listing requirements, such as financial track record, assets, minimum number of shareholders, public float,

¹. Cross-Border Listings Guide by Baker McKenzie, 9th Edition

minimum share price, and capitalization. Some exchanges may be easier to qualify for than others, depending on the company's stage of development. For example, a company in the research and development phase may be more likely to meet the requirements of an exchange that offers assets test financial requirements rather than requiring a track record of profitability.

- b) **Capital required:** Some exchanges are better suited for large capital raisings due to their size and liquidity, while others may offer a more efficient way to raise smaller amounts of capital more quickly. Additionally, some exchanges have more flexible requirements for already-listed companies to raise additional capital, such as allowing flexibility in structuring and size of placements.
- c) **Industry peers:** Peer companies in the same industry may be more prevalent on certain exchanges, which can help attract investors and analysts with experience in the relevant sectors who can provide more accurate valuations. Similarly, investor appetite for the quality, stage of development, and risks associated with a particular product may vary from market to market.
- d) **Visibility:** A company with significant presence in a particular jurisdiction may find it beneficial to establish visibility and brand recognition by listing or raising capital in that jurisdiction. A company may also seek to increase its overall global prominence, which could factor into the cross-border capital raising decision.
- e) **Market participants:** Different exchanges may have market participants with different levels of understanding of the company's business. Investment banks and other market participants with a deep pool of research analysts and other investment professionals can help drive successful capital raising and a strong aftermarket.
- f) **Timing:** Executing a capital raising at the right time in the right market is an important factor for many companies to consider, especially during times of significant market volatility. For example, a company whose home jurisdiction is facing economic and market challenges may be better off listing and/or raising capital abroad to meet its financial needs at that particular time.
- g) **Ongoing regulatory requirements:** Ongoing exchange or securities regulator requirements, such as financial and other market disclosure reporting, may be more stringent on certain exchanges or in certain jurisdictions than others, which can result in significant compliance costs. It is important for

a company to determine early on whether it will be able to meet all ongoing regulatory obligations for a chosen exchange.

- h) **Tax implications:** The tax implications of listing on a particular exchange or raising capital in a particular jurisdiction are also considered.

Post economic liberalisation, Indian companies started to embrace Depository Receipts in early 1990s. It was facilitated by the Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993. This scheme was particularly popular among companies in the new information technology sector. However, the wave of Depository Receipt – listings by Indian Companies did not last long, and a steep decline was observed in the subsequent years.

The International Financial Services Centre (IFSC) can play a significant role in further development of the financial markets and attracting capital flows in India. The Government of India established International Financial Services Centres Authority under the International Financial Services Centres Authority Act, 2019 passed by the Union Parliament.

The Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2024 and the Companies (Listing of Equity Shares in Permissible Jurisdictions) Rules, 2024 ("LEAP Rules") provide the framework for direct listing of equity shares by public Indian companies on the International Exchanges at GIFT IFSC.

The International Financial Services Centres Authority (IFSCA) has been established by the Government of India with a mandate to develop and regulate financial products, financial services, and financial institutions in the international financial services centres (IFSCs) in India. One of the primary goals of IFSCA is to position the IFSC as the gateway for India's international financial flows, both inbound and outbound.

In the last decade, India has witnessed remarkable transformation and has made rapid strides on multiple fronts. With robust policies and innovative

reforms coupled with a burgeoning entrepreneurial spirit, India has emerged as the world's fastest growing large economy and is all set to emerge as a powerhouse on the global economic stage. Under the *Viksit Bharat@2047*, the Government of India has set a goal to achieve the status of a developed and a prosperous country by 2047, the centenary year of its independence. However, in order to achieve such an ambitious target, it is important to attract global capital to meet the burgeoning needs for economic growth and development of India.

A standout feature in the India growth story has been the phenomenal rise of India's thriving and vibrant start-up ecosystem. These start-ups, fueled by a dynamic pool of talent and innovative ideas, are driving economic growth and employment generation. Sustained and concerted efforts by the Government have led to an exponential increase in the number of Department for Promotion of Industry and Internal Trade (DPIIT) recognised start-ups, which stands at 140,1761 as on June 24, 2024.

In the above context, it is therefore felt that it is an opportune time to consider further liberalizing the equity capital raising framework by allowing companies listed in India to access foreign capital by enabling them to directly list their equity shares on the IFSC exchanges.

DIRECT LISTING

The Hon'ble Union Minister of Finance and Corporate Affairs of India on July 28, 2023, announced the decision of Government of India to allow direct listing of equity shares of public Indian Companies on the international exchanges in the IFSC.

The Government of India, in coordination with IFSCA and with the support of other financial regulators in India, has created a robust legal and regulatory framework for enabling the implementation and operationalisation of the Direct Listing Scheme. The Government of India had on January 24, 2024, notified the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2024² and the Companies (Listing of Equity Shares in Permissible Jurisdictions) Rules, 2024³ ("LEAP Rules") providing the framework for direct listing of equity shares by public Indian companies on the International Exchanges at GIFT IFSC.

The Direct Listing Scheme provides an overarching framework for the issuance and listing of equity shares of public Indian companies on international exchanges. Prior to this, Indian companies were not allowed to issue or list equity shares abroad. This policy initiative, to enable listing of Indian companies in GIFT IFSC, is expected to reshape the Indian capital market landscape and offer Indian companies, especially start-ups and companies in the sunrise and technology sectors, an alternative avenue to access global capital beyond the domestic exchanges.

The eligibility criteria for a public Indian company to list its equity shares on an international exchange in the IFSC has been provided in the Direct Listing Scheme provided under FEM (NDI) Rules, 2019 and the LEAP Rules. A public Indian company may issue equity shares or offer equity shares of existing shareholders, subject to prohibited activities, and sectoral caps prescribed in paragraph 2 and 3 of Schedule I of the FEM (NDI) Rules, 2019.

Further, equity shares listed in the IFSC shall be in dematerialized form and rank *pari passu* with equity shares listed on a recognised stock exchange in India. The non-resident investors have been permitted to purchase or sell equity shares of Indian companies listed on the stock exchanges in GIFT IFSC. More details in this regard can be accessed from the FAQs⁴ issued by Central Government on Direct listing.

RBI has also issued the necessary amendments in the Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) Regulations, 2015⁵ and Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019⁶, thus providing the necessary enablers inter alia for maintaining foreign currency account by Indian issuer in the IFSC and remittance of proceeds of the issue from IFSC to India.

IFSCA has constituted a Standing Committee on Primary Markets (chaired by Shri Mohandas Pai) to advise IFSCA on the various policy and regulatory matters on a periodic basis to facilitate the development of a vibrant and robust ecosystem for primary markets in the IFSC.

IFSCA LISTING FRAMEWORK

Post the establishment of IFSCA, The development of capital markets in the IFSC has been a priority area of the IFSCA and towards this end, the Authority in its endeavor to develop a comprehensive and consistent regulatory framework based on global best practices with a special focus on ease of doing business, enacted an all-encompassing framework, it has issued a robust regulatory framework in respect of listing of financial products in the IFSC. The IFSCA (Listing) Regulations, 2024⁷ ("Listing Regulations") were notified and published in the Gazette of India on August 29, 2024. These regulations have been formulated with the dual objectives of ensuring ease of doing business and protecting the interests of investors in the capital market ecosystem.

- **Benchmarking with international best practices**

The Listing Regulations have been prepared, taking into consideration Principles relating to the issuer (Principles 16 - 18) of the IOSCO Objectives and Principles of Securities Regulation ("IOSCO Principles"), as mentioned below:

- Principle 16** - *There should be full, accurate and timely disclosure of financial results, risk and other information which is material to investors' decisions.*
- Principle 17** - *Holders of securities in a company should be treated in a fair and equitable manner; and*
- Principle 18** - *Accounting standards used by issuers to prepare financial statements should be of a high and internationally acceptable quality.*

The best practices followed in other jurisdictions including USA, UK, Hong Kong and Singapore have been studied while preparing the Regulations.

² <https://ifsc.gov.in/Document/Legal/foreign-exchange-management-nondebt-instruments-amendment-rules-2024-24012024061058.pdf>

³ <https://ifsc.gov.in/Document/Legal/the-companies-listing-of-equity-shares-in-permissible-jurisdictions-rules-202424012024061147.pdf>

⁴ <https://ifsc.gov.in/Viewer?Path=Document%2Flegal%2Ffaqs-issued-by-central-government-of-india-on-direct-listing-scheme24012024061356.pdf>

⁵ <https://ifsc.gov.in/Viewer?Path=Document%2Flegal%2Ffema-10r-3-30042024063324.pdf>

⁶ <https://ifsc.gov.in/Viewer?Path=Document%2Flegal%2Ffema-395-2-30042024063357.pdf>

⁷ <https://ifsc.gov.in/Viewer?Path=Document%2Flegal%2Fifsc-listing-regulations-202430082024045210.pdf>

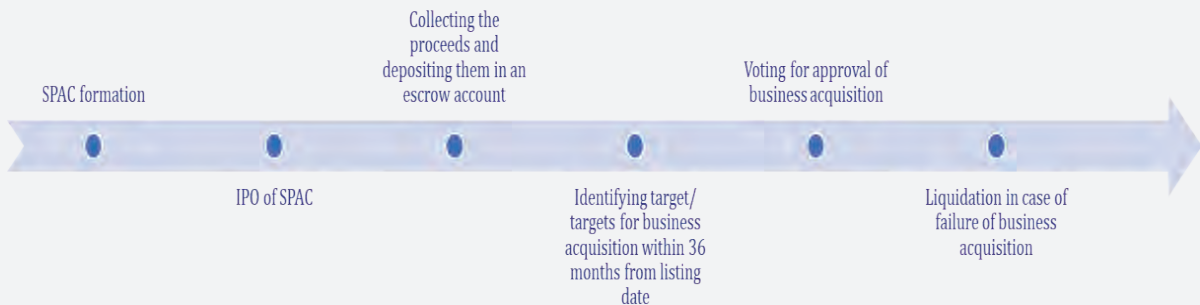
The Listing regulations provides a unified regulatory framework for listing of various financial products as illustrated below:

- (a) an initial public offer of specified securities by an unlisted entity;
- (b) a follow-on public offer of specified securities by a Listed entity;
- (c) an initial public offer of specified securities by a Special Purpose Acquisition Company;
- (d) a rights issue or a preferential issue or a qualified institutions placement of specified securities by a Listed Entity;
- (e) issuance and listing of depository receipts by an entity;
- (f) issue and listing of debt securities by an entity;
- (g) secondary listing of securities by an entity;
- (h) listing of Commercial Paper or Certificates of Deposit or other financial products as permitted by the Authority.

Listing Regulations enable companies incorporated in India, IFSC and FATF compliant foreign jurisdictions to list their securities.

The following are the salient features of Listing Regulations:

IPO in GIFT IFSC	
Eligibility Criteria	
Revenue Test	USD 20 million in last financial year or averaged over last three financial years (or)
Profit Test	Pre-tax profit of USD 1 million in last financial year or averaged over last three financial years (or)
Market Capitalisation Test	Post issue market capitalisation of USD 25 million.
Filing of Offer Document	
<ul style="list-style-type: none"> • Issuers required to file offer document with IFSCA for observations. • Issuers with issue size of USD 50 million or less exempted. 	
Disclosures in Offer Document	
<ul style="list-style-type: none"> • Offer document shall contain all material disclosures which are true, correct and adequate to enable the investors to take an informed investment decision. • Financial information of the issuers shall not be older than 135 days. • Accounting Standards: IFRS or US GAAP or Ind AS or accounting standards as applicable in its jurisdiction of incorporation. (However, in case an issuer is preparing financial statements as per the accounting standards of its home jurisdiction, it shall be required to reconcile the same with IFRS). • Disclosures shall include: (a) Offer Document Summary (b) Risk factors (c) Introduction of Offer (d) General Information (e) Capital Structure (f) Particulars of the issue (g) underwriting (h) Tax implication for the investors (i) About the Issuer (j) Financial Statements (k) Material related party transactions (l) Legal and other information (m) Details of major group companies (n) Regulatory and other disclosures. 	
Offer Timing	
<ul style="list-style-type: none"> • Within a period of not more than 12 months from the date of issuance of observations by IFSCA. 	
Offer Period	
<ul style="list-style-type: none"> • IPO shall be kept open for at least one working day and not more than ten working day. 	
Pricing	
<ul style="list-style-type: none"> • The issuer shall determine pricing in consultation with the lead manager(s) and may be through a fixed price mechanism or through book building mechanism and the same shall be suitably disclosed in the offer document. <i>(Provided that in case of listing of equity shares by a public Indian company, the issuer shall also comply with the requirements prescribed under schedule XI of the Foreign Exchange Management (Non-debt Instruments) Rules, 2019.)</i> 	
Minimum Public Offer	
Indian Company:	In accordance with the Securities Contracts (Regulation) Rules, 1957.
Foreign Company:	Minimum public offer as well as minimum public shareholding of 10 per cent of the post issue capital.

Underwriter	
<ul style="list-style-type: none"> May be underwritten (Adequate disclosures regarding underwriting arrangements shall be disclosed in the offer document). 	
Anchor Investor	
<ul style="list-style-type: none"> Issuer may offer a portion of the issue size for subscription by anchor investors, subject to disclosures made in the offer document such as details of anchor investors, proposed maximum limit of allotment to anchor investors, lockup (if any), pricing etc. 	
Monitoring Agency	
<ul style="list-style-type: none"> Issuer may choose to appoint a credit rating agency as a monitoring agency for monitoring the use of proceeds of the issue. 	
Lockup	
<ul style="list-style-type: none"> Pre-issue shareholding of promoters and controlling shareholders of the issuer shall be locked up for a period of 180 days from the date of allotment in the initial public offer. 	
Rights Issues, Preferential Issues and Qualified Institutions Placement	
<ul style="list-style-type: none"> A listed entity on a recognised stock exchange can issue rights issues, preferential issues or qualified institutions placement of specified securities, if such entity fulfils the requirements that may be specified by the recognised stock exchange(s) and IFSCA from time to time. 	
Secondary Listing	
<ul style="list-style-type: none"> Framework enables secondary listing of the specified securities of the company on the stock exchanges in IFSC if the securities are already listed in an FATF compliant jurisdiction. 	
Depository Receipts (DRs)	
IPOs of DRs	
Offer Size:	Minimum USD 700,000/-
Minimum Subscription:	Minimum USD 700,000/-
Secondary Listing is permitted.	
SPAC (Special Purpose Acquisition Company)	
<ul style="list-style-type: none"> SPAC is a company which does not have any operating business and has been formed with the primary objective to affect a business combination. SPACs have witnessed a surge in recent years in some of the jurisdictions (particularly USA) and are seen as an alternative to traditional IPOs for many companies to raise funds. The IFSCA has specified the regulatory framework for listing SPACs based on global best practices. The IFSCA's listing framework gives scope for innovation and at the same time has the necessary checks and balances to protect the interests of investors. The framework on SPACs is aimed at facilitating the start-up ecosystem by providing access to global capital. 	
Process Flow of SPAC 	
Regulatory Framework for Listing of SPAC	
IPOs	SPACs must raise at least \$50 million through an IPO.
Sponsors	SPAC sponsors must own at least 15% to 20% of the post-issue paid-up capital.
Escrow	100% Proceeds of the IPO to be kept in interest bearing escrow account controlled by an independent custodian.
Application Size	Minimum USD 100,000
Redemption	If a shareholder (other than sponsors) has voted against the proposed business combination, he shall have the redemption right for converting his securities into a pro rata portion of the aggregate amount held in the escrow account (net of taxes payable).
Timeline	Within the timeline disclosed in the offer document (not exceeding 36 months).

Debt Securities	
<ul style="list-style-type: none"> The regulatory framework facilitates listing of debt securities (including issuances under Medium Term Notes) on the recognized stock exchanges in IFSC. Debt securities may be offered on a standalone basis or through a series of issuances. 	
Minimum subscription	The minimum subscription amount for an investor in case of private placement shall be disclosed in the offer document.
Credit Rating	<p>The issuer shall obtain credit rating for its debt securities proposed to be listed on a recognised stock exchange from a credit rating agency registered either with IFSCA or with a regulator in a Foreign Jurisdiction.</p> <p><i>Provided that</i> from April 01, 2025 or such other date as may be specified by IFSCA, the issuer shall obtain a credit rating from at least one credit rating agency registered with IFSCA and may obtain any additional credit rating(s) from a globally recognised rating agency which is registered with a regulator in a Foreign Jurisdiction.</p> <p>The issuer shall disclose details of the ratings, assigned to the debt securities, in the prospectus, shelf prospectus or information memorandum, as the case may be.</p>
Public Issue	With respect to a public issue of debt securities on a recognised stock exchange, the issuer shall meet compliances such as appointment of trustee, creation of debenture redemption reserve etc. that may be specified by IFSCA or the recognised stock exchange(s).
Exempt Issuers	<p>The recognised stock exchange(s) may, if satisfied on the basis of an application made by an issuer, relax the applicability of certain requirements, as the case may be, in accordance with its internal policy or guidelines, for the following issuers:</p> <p>(a) Supranational, multilateral or statutory institutions /organizations /agencies;</p> <p>(b) Entities whose securities are irrevocably guaranteed by a Sovereign; and</p> <p>(c) Any other entity as may be specified by IFSCA.</p>
Environment, Social and Governance (ESG) Debt Securities	
<ul style="list-style-type: none"> IFSCA aims to make the IFSC a prominent centre for sustainable finance, supporting the needs of sustainable projects. Towards this end, the Listing Regulations have provisions towards listing of ESG debt securities such as green bonds, social bonds, sustainable bonds, and sustainability linked bonds. 	
Green/ Social/ Sustainability/ Sustainability-linked Bonds	
<ul style="list-style-type: none"> Green bonds are targeted to finance projects or activities with positive environmental benefits. Proceeds from social bonds go towards social projects or activities to achieve positive social output or address a particular social issue. The social projects generally target communities such as those living below the poverty line, marginalized communities, migrants, unemployed, women, people with disabilities, and displaced persons. Sustainable bonds are raised to achieve a combination of green and social objectives. On the other hand, sustainability-linked bond issuers focus on improving their performance against specified Key Performing Indicators (KPIs) and link certain targets directly to the coupon paid to investors. Unlike green bonds, the use of proceeds can be for general corporate purposes also. 	
Prescribed Principles/ Taxonomies	<p>(a) <i>International Capital Market Association (ICMA) Principles / Guidelines;</i></p> <p>(b) <i>Climate Bonds Standard;</i></p> <p>(c) <i>ASEAN Standards;</i></p> <p>(d) <i>European Union Standards;</i></p> <p>(e) <i>Any framework or methodology specified by a competent authority or a financial sector regulator in India; or</i></p> <p>(f) <i>Other international standards as may be permitted by IFSCA on case-by-case basis.</i></p>
External Independent Review	Mandatory
Additional Disclosures	<ul style="list-style-type: none"> Allocation Report Impact Report
Listing of other Financial Products	
Listing of Funds and Investment Trusts	
<ul style="list-style-type: none"> An issuer may list a fund or an investment trust on a recognised stock exchange in terms of IFSCA (Fund Management) Regulations, 2022. 	
Listing of Commercial Papers (CPs)	
Eligible Issuers	Issuer meeting the eligibility criteria provided in the Listing Regulations (Except Indian issuers).

Conditions	<ul style="list-style-type: none"> ✓ Depository: Demat form and held with a recognised depository in the IFSC or an international central securities depository. ✓ Maturity: Not less than seven days and not more than one year. ✓ Currency: Specified Foreign Currency.
Eligible Investors	The issuer may issue a CP to a person resident in India or to a person resident outside India (subject to FEMA).
Initial Disclosures	<ul style="list-style-type: none"> ✓ Issuer Disclosures ✓ Issue related Disclosures
Continuous Disclosures	<ul style="list-style-type: none"> ✓ Audited financial statements ✓ Material or price sensitive information ✓ Details of default/delays ✓ Revision in Credit Rating
Buyback	<ul style="list-style-type: none"> ✓ Buyback of a CP, in full or part at prevailing market price; and offer shall be made to all investors. ✓ Buyback offer not to be made before 30 days from date of issuance.
Listing of Certificates of Deposit (CDs)	
Eligible Issuers	IFSC Banking Units (IBUs) only.
Conditions	<ul style="list-style-type: none"> ✓ Depository: CDs will be in demat form and held with a recognised depository in the IFSC or an international central securities depository (ICSD).
Initial Disclosures	<ul style="list-style-type: none"> ✓ Issuer Disclosures ✓ Issue related Disclosures
Continuous Disclosures	<ul style="list-style-type: none"> ✓ Details such as expected default/ delay/ default in timely fulfilment of its payment obligations. ✓ Any Material event/ development/ action that may adversely affect the fulfilment of its payment obligations.
Listing Disclosures and Disclosure Requirements	
Companies with specified securities listed on stock exchanges	
<ul style="list-style-type: none"> • Disclosures: Material or Price Sensitive information, Board meetings, Shareholder meetings, Change in directors and KMPs, Resignation of auditors, Adverse opinions by auditors, Details of encumbrances, Shareholding Pattern, Financial Statements, Corporate Governance, Sustainability Reporting, Whistleblower Mechanism etc. • Reports: Annual report, quarterly financial results, sustainability report. 	
Secondary Listing of specified securities	
<ul style="list-style-type: none"> • Maintain listing on home exchange. • Release disclosures on IFSC exchanges at the same time as they are released at its home exchange. 	
Depository Receipts	
<ul style="list-style-type: none"> • Disclosures: Financial statements, material or price sensitive events, shareholding pattern, corporate governance, change of depository, corporate actions and other compliances, etc. 	
Debt Securities	
<ul style="list-style-type: none"> • Disclosures: Material or Price Sensitive events, financial statements, annual report, revision in credit rating, etc. 	

• Debt Listing Statistics

On the debt listing side, GIFT IFSC has emerged as a preferred destination, for Indian corporates and PSUs to list their foreign currency & masala bonds on the IFSC Exchanges.

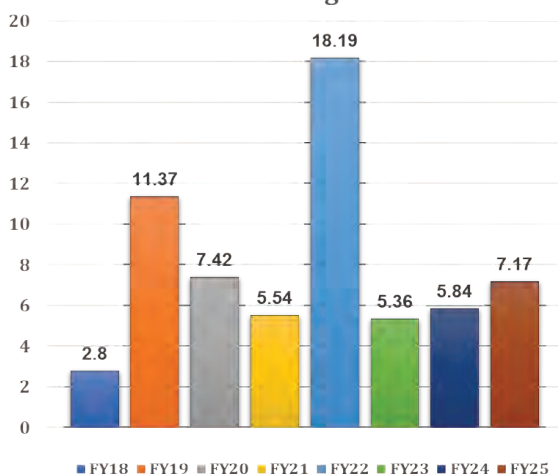
This is another example where GIFT IFSC has been successful in “Onshoring the Offshore” with Indian issuers preferring to now list their foreign currency

& masala bonds on the stock exchanges in the IFSC, instead of other global markets.

The cumulative debt listing at GIFT IFSC has picked up significantly during the last three years. At present, the withholding tax for debt securities listed on GIFT IFSC exchange is capped at 9%, which makes GIFT IFSC the most viable option for domestic corporates to raise foreign capital in India today.

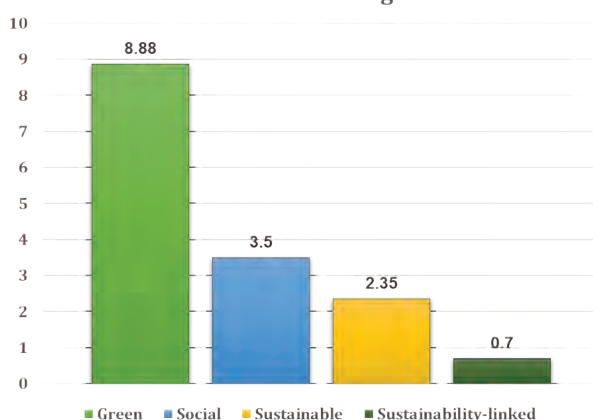
A total of over 150 bonds have been listed on the stock exchanges by around 50 issuers totaling USD 63.68 billion (as of 31st December, 2024).

Total Debt Listing in USD Bn



Green Financing Statistics

ESG Labelled Debt Listing in USD Bn



Sustainable Finance has been a priority area at global fora (including G20 and IOSCO). IFSCA aims to make the GIFT IFSC a prominent centre for sustainable finance, supporting the needs of sustainable projects. In this regard, IFSC has seen a total ESG-labelled debt listing of USD 15.43 Billion (as of 31st December, 2025).

According to report of Council on Energy Environment and Water, India would require over USD 10 trillion to achieve net-zero by 2070. Out of this USD 10 trillion, a large amount of money would need to be mobilized from international sources.

Taking cues from Govt. of India's Net-Zero targets, both PSU's and Private sector entities have publicly announced their Net-Zero target timelines.

Net-Zero Targets & Investments by Corporates

Name	Net-Zero Target Year	Committed Inv.
Key PSUs		
Indian Railways	2030	2.0 Lakh Cr.
IOCL	2046	4.0 Lakh Cr.
BPCL	2040	
HPCL	2040	
Steel Manuf.		
Tata Steel	2045	Large - Difficult to quantify as some technologies are still under development
JSW Steel	2050	
SAIL	2070	
JSPL	2035	
Imp Pvt Players		
RIL	2035	\$10.1 billion
Aditya Birla Group	2050	
Adani Transmission	2050	
M&M Group	2040	

Source: CARE Ratings & disclosure by companies.

To achieve these tight ambitious timelines Indian issuers and corporates will require financing from foreign investors for financing climate mitigation and adaptation.

India's corporate sector has experienced a decline in its Debt-to-Equity ratio, dropping from nearly 1.0x in FY15 to below 0.5x in FY24. This lower leverage positions the sector well to foster growth through investments and increased capacity. As a result, companies are likely to feel more confident in taking on debt to finance private capital expenditures for potential expansion.

With IFSCA mandating that issuers obtain at least one credit rating from credit rating agencies registered with IFSCA for their debt securities to be listed on international exchanges at GIFT IFSC from 1st April 2025, this presents a significant opportunity for Indian corporates and issuers to secure global ratings through GIFT IFSC, benefiting from its integration with international financial markets. By obtaining ratings from CRAs operating within GIFT IFSC, Indian entities can access global capital more effectively, as these ratings are internationally recognized, thereby facilitating cross-border transactions and investments. This setup also allows issuers to seek additional ratings from globally recognized agencies, further enhancing their credibility in the global financial landscape.

And with the impending Rate cuts globally, it is only going to make raising foreign currency debt *via* GIFT IFSC as the most viable option.

CONCLUSION

To summarise, the Listing Regulations at GIFT IFSC can play a pivotal role in transforming and fast-tracking the growth and development of Indian companies and start-ups looking to attract global capital. Since massive amount of global capital is necessary to fuel India's growth trajectory in the coming decades, these Listing Regulations have the potential to play an instrumental role in attracting untapped foreign capital into India.

Moreover, in light of the unique benefits and advantages that GIFT IFSC offers, the Indian financial landscape is poised for a transformative shift with the advent of direct listing of Indian companies in GIFT IFSC. This development not only represents a strategic milestone for India's capital markets but also signals the country's growing ambition to integrate more deeply into the global financial system. □



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भारतीय कम्पनी सचिव संस्थान

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Articles Part - I

The Changing Face of Rural Governance: History and Development of Panchayats in India

62

CS Ketan Madia

The article explicates the phases of origin and growth of local self-governance, and the development of Panchayat Governance in India. The enactment of the 73rd Constitutional Amendment Act, 1992 was a significant milestone in the formalisation of Panchayati Raj System in India. The author highlights the evolving role of Panchayats in the development of rural areas over the years. Empowering rural women and educating them will play a significant role in strengthening the functioning of PRIs in India.

From Boardrooms to Gram Sabhas: Expanding the Horizon of Governance Professionals.

67

CS Anjali Darshan Paliwal

Company Secretaries in recent times are faced with a deeper national duty to step beyond boardrooms and ensure structure, ethics, and transparency to the last mile. The future of governance in India lies not in isolation but in integration between policy and people, systems and citizens, experts and institutions. The Gram Sabhas are formed with the purpose to devolve power, funds, and functions to the people. However, Implementation at the grassroots level needs systems, skills, and structured oversight- areas where PRIs face significant challenges.

CSR and Rural Governance: A Collaborative Approach

73

CS Rolita Gupta

This article throws light on the inter relationship of CSR with Rural Governance. Building on the understanding of the regulatory framework of CSR, the author elaborates on the best practices and successful models of CSR interventions in rural governance. The roles and responsibilities of Company Secretaries in setting up systems of transparency and accountability while adhering to the regulations are explained.

Societies and Trusts: Role of CS in Promoting Good Governance

79

CS Shivangi Agarwal

The author contemplates that, Societies and Trusts are entities, often entrusted with significant public resources and responsibilities, operate within a framework that demands transparency, accountability and ethical conduct. The article highlights the Governance Landscape of Societies and trusts. The Company

Secretaries (CS) have emerged as governance catalyst in facilitating and ensuring effective implementation of good governance practices in these entities.

Social Audit: Transforming Grassroots Governance Through Citizen Participation

83

CS Shalini Iyengar

The article captures step-by-step process of conducting Social Audit and the role of Company Secretaries in its effective implementation. By setting up Social Stock Exchange, for listing social enterprises and voluntary organizations working towards social welfare objectives, India has pioneered an innovative approach to social accountability. The article brings to foray approaches to navigating barriers and challenges to effective implementation of Social Audits.

Corporate Social Responsibility and Rural Governance: Building Partnerships for Sustainable Development

88

Dr. Sanchita Ray, Shivani Johri

CSR can provide support and strengthen rural governance by aligning business-led development efforts with the grassroots democratic institutions such as Panchayati Raj Institutions (PRIs), Self-Help Groups (SHGs), and village level committees. This article throws light on the collaboration between Corporate Social Responsibility and Rural Governance for effective implementation of Government of India schemes in rural areas.

Articles Part - II

Conflict Management: Thy Name is Governance

92

CS (Dr.) M. S. Sahoo

Drawing primarily from the experiences of the securities market and insolvency processes, where conflicts of interest are particularly pronounced, this article explores: (a) the inherent nature of conflicts in fund management, (b) the evolution of conflict management frameworks in financial markets in India, (c) key conflicts encountered by fund managers, (d) common examples of conflicts for directors of fund management companies, and (e) strategies to mitigate some such conflicts effectively.

The New Governance Vanguard: CS Professionals in Action!

98

CS Aditi Maheshwari

In a world brimming with ESG obligations, stakeholder capitalism, AI disruption, and geopolitical complexity, Corporate Governance has become a living, dynamic battlefield where ethics meets economics, and where boardroom decisions ripple through markets, societies, and ecosystems. This article contemplates, the most critical emerging global developments in corporate governance in recent times as they manifest in real boardrooms, across jurisdictions.

Navigating the Growth-Inflation Trade-off: An Analysis of RBI's April 2025 Monetary Shifts and its Sectoral Transmission Channels

104

Akki Maruthi

This article analyses the impact of recent repo rate cut by the RBI and its positive ripple effect on sectoral performance. The findings indicate that the Services sector continues to be the backbone of the Indian economy, accounting for over 75% of the rise in GVA in 2024–25. Further, the article attempts to present the perspectives from borrowers, Bank Stocks, and Gold Loans of NBFCs.

Research Corner

P-113

Constitutional Values As A Guide For Corporate Governance

114

Vipan Kumar

The similarity in governance structure between 'Kingdom' in ancient times or 'Nation' in modern times, and a 'Corporation' is established from the study of Indian ethos. Linking it Corporate Governance, this research paper aims to present the ways in which the values or principles or ideals underlying the governance of nations that are contained in the Constitution of India serves as a guide for governance of modern corporations. The parallels have been drawn with the principles underlying the Constitution of India and that are equally important for corporate governance.

Legal World

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- **LW 05:05:2025** Even assuming that the finding regarding the commission of misconduct is left undisturbed, the circumstances in which the workmen are alleged to have disobeyed the instructions issued to them did not justify the extreme penalty of their dismissal.[SC]
- **LW 33:05:2025** In fact, this Court has no hesitation in holding that the Authorities are completely misreading the scheme of amalgamation and their insistence upon the charging of stamp duty on the ground that there is no exemption for the same in amalgamation scheme is completely misconceived.[HP]
- **LW 34:05:2025** The Petitioner/accused No.3 being the Chairman of the Industrial Establishment having control and supervision over affairs and day to day transaction of the said establishment, therefore, he is responsible to obey the judgment passed the Labour Court. [BOM]

- **LW 35:05:2025** When acknowledgment is there in the balance sheet of the Principal Borrower, the application filed against the Corporate Guarantor cannot be said to be barred by time.[NCLAT]
- **LW 36:05:2025** The allegation raised in the Information, under Section 4(2)(b), 4(2)(c) and 4(2)(e) of the Act, in relation to the award of parking services to entities allegedly under significant control of OP-3 is unsubstantiated.[CCI]
- **LW 37:05:2025** OP- 3 stated to have given all the opportunities to the prospective bidders to compete and stated to have adhered to all applicable laws and regulations governing fair competition and has not favoured a single company.[CCI]
- **LW 38:05:2025** The rule- making power under Section 69 cannot be exercised to make a Rule that is inconsistent with the provisions of the 1908 Act. Rule 55A(i) is accordingly declared as ultra vires the 1908 Act.[SC]
- **LW 39:05:2025** The conduct of the respondent, as discussed hereinabove, prima facie, indicates that the respondent is not inclined to fulfil its obligations under the purchase order.[Cal]
- **LW 40:05:2025** The appellant is not exempted under section 32(v)(a) or (c) of the Bonus Act, and is directed to pay bonus to its workmen, as per provisions of the Bonus Act. [SC]

From The Government P-141

- Amendment in Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 [CAA Rules]
- Clarificatory and Procedural changes to aid and strengthen ESG Rating Providers (ERPs)
- Extension of timeline for implementation of provisions of SEBI Circular dated December 10, 2024, on optional T+0 settlement cycle for Qualified Stock Brokers (QSBs)
- Timelines for collection of Margins other than Upfront Margins – Alignment to settlement cycle
- Change in cut-off timings to determine applicable NAV with respect to repurchase/ redemption of units in overnight schemes of Mutual Funds
- Trading Window closure period under Clause 4 of Schedule B read with Regulation 9 of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ("PIT Regulations") – Extension of automated implementation of trading window closure to Immediate Relatives of Designated Persons, on account of declaration of financial results.
- Specialized Investment Funds ("SIF") – Application and Investment Strategy Information Document (ISID) formats

- Clarification on Regulatory framework for Specialized Investment Funds ('SIF')
- Amendment to Circular for mandating additional disclosures by FPIs that fulfil certain objective criteria
- Standardized format for System and Network audit report of Market Infrastructure Institutions(MIIs)
- Recognition and operationalization of Past Risk and Return Verification Agency (PaRRVA)
- Relaxation of provision of advance fee restrictions in case of Investment Advisers and Research Analysts
- Clarification on the position of Compliance Officer in terms of regulation 6 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- Extension of timeline for formulation of implementation standards pertaining to SEBI Circular on "Safer participation of retail investors in Algorithmic trading"
- Processing of Regulatory Authorisations/ Licenses/ Approvals through PRAVAAH
- Dispensation of ₹100 and ₹200 denomination banknotes through ATMs
- Master Direction on Framework of incentives for Currency Distribution & Exchange Scheme for bank branches including currency chests
- Amendments to Directions - Compounding of Contraventions under FEMA, 1999
- Note Sorting Machines: Standards issued by the Bureau of Indian Standards -Revised Timeline for Implementation
- Exports through warehouses in 'Bharat Mart' in UAE – relaxations
- Master Directions - Compounding of Contraventions under FEMA, 1999
- Amendments to Directions - Compounding of Contraventions under FEMA, 1999
- Circular - Migration to 'bank.in' domain
- Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR) – Review of haircuts on High Quality Liquid Assets (HQLA) and review of composition and run-off rates on certain categories of deposits
- Opening of and operation in deposit accounts of minors
- Reorganisation of Districts in the State of Rajasthan – Review of Lead Bank Responsibility
- Standing Liquidity Facility for Primary Dealers
- Penal Interest on shortfall in CRR and SLR requirements- Change in Bank Rate
- Liquidity Adjustment Facility - Change in rates
- Review of Regulatory Guidelines – Withdrawal of Circulars
- Limits for investment in debt and sale of Credit Default Swaps by Foreign Portfolio Investors (FPIs)
- Master Circular - Exposure Norms and Statutory / Other Restrictions - UCBs
- Master Circular - Management of Advances - UCBs
- Master Circular - Housing Finance for UCBs
- Master Direction - Reserve Bank of India (Interest Rate on Deposits) Directions, 2025

- Master Circular – Housing Finance
- Master Circular - Bank Finance to Non-Banking Financial Companies (NBFCs)
- Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances
- Master Circular - Income Recognition, Asset Classification, Provisioning and Other Related Matters - UCBs
- Master Circular - Guarantees and Co-acceptances
- Master Circular - Guarantees, Co-acceptances & Letters of Credit - UCBs
- Master Direction – Facility for Exchange of Notes and Coins
- Reserve Bank of India (Classification, Valuation and Operation of the Investment Portfolio of Commercial Banks) Directions, 2023
- Master Circular - Prudential Norms on Capital Adequacy - Primary (Urban) Co-operative Banks (UCBs)
- Master Circular – Basel III Capital Regulations
- Master Direction on Counterfeit Notes, 2025 – Detection, Reporting and Monitoring
- Master Circular on Board of Directors - UCBs
- Master Circular on Conduct of Government Business by Agency Banks - Payment of Agency Commission
- Master Circular - Disbursement of Government Pension by Agency Banks
- Master Direction – Scheme of Penalties for bank branches and currency chests for deficiency in rendering customer service to the members of public
- Master Direction on Penal Provisions in reporting of transactions / balances at Currency Chests
- Master Circular – Lead Bank Scheme
- Master Circular - Credit facilities to Scheduled Castes (SCs) & Scheduled Tribes (STs)
- Master Circular – Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM)
- Master Circular on SHG-Bank Linkage Programme

Other Highlights

- ❖ NEWS FROM THE INSTITUTE
- ❖ GST CORNER
- ❖ ETHICS IN PROFESSION
- ❖ CG CORNER
- ❖ MARITIME CORNER
- ❖ ESG CORNER
- ❖ GIST OF ROC & RD ADJUDICATION ORDERS

Call For ARTICLES

Call For Articles in CS Journal – June 2025 Issue



COMPANY SECRETARIES IN PRACTICE: ACING GOVERNANCE ROLES SYNERGISTICALLY

The Institute of Company Secretaries of India has with great pride quoted its ever-increasing number of members. The profession of Company Secretaries, since inception, has been moulding, shaping and reshaping governance scenarios, frameworks and ideologies – both from the inside and the outside.

Practising Company Secretaries (PCS), with their independent approach, have been undertaking roles and responsibilities beyond the mandate of the Companies Act or SEBI Laws. Each new arena has caught their fancy, and PCS have with full dedication, committed themselves to every new opportunity.

The PCS Day on the 15th of June, marks the celebration of not just a recognition accorded; but of the zeal, passion, commitment, dedication and self-righteous conduct of this segment of Governance Professionals.

With the aim of understanding finer nuances of existing areas and exploring the lesser treaded waters in the upcoming edition of the Chartered Secretary Journal, we are pleased to inform you that the June 2025 issue of Chartered Secretary Journal will be devoted to the theme **COMPANY SECRETARIES IN PRACTICE: ACING GOVERNANCE ROLES SYNERGISTICALLY** covering *inter alia* the following aspects:

- ❖ Secretarial Audit and Auditing Tools
- ❖ PCS and Sustainability : Practical role check
- ❖ FEMA : Roles and Responsibilities of Governance Professionals
- ❖ Maritime Laws : Guarding governance of waters
- ❖ CSR, Sustainability and CS : The Tristar of governance
- ❖ Taxation Laws and PCS : A Dive-in into opportunities old and new
- ❖ Social Audit, Social Impact Assessment : Strengthening Grassroot governance
- ❖ Taking on Directorial roles : Safeguarding Board Independence

And many more...

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

Members and other readers desirous of contributing articles may send the same latest by Monday, May 26, 2025 at cs.journal@icsi.edu for June 2025 issue of Chartered Secretary Journal.

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

Regards,
Team ICSI

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5. The article should ordinarily have 2500 to 4000 words. A longer article may be considered if the subject so warrants.
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ARTICLES



Articles Part - I

- THE CHANGING FACE OF RURAL GOVERNANCE: HISTORY AND DEVELOPMENT OF PANCHAYATS IN INDIA
- FROM BOARDROOMS TO GRAM SABHAS: EXPANDING THE HORIZON OF GOVERNANCE PROFESSIONALS
- CSR AND RURAL GOVERNANCE: A COLLABORATIVE APPROACH
- SOCIETIES AND TRUSTS: ROLE OF CS IN PROMOTING GOOD GOVERNANCE
- SOCIAL AUDIT: TRANSFORMING GRASSROOTS GOVERNANCE THROUGH CITIZEN PARTICIPATION
- CORPORATE SOCIAL RESPONSIBILITY AND RURAL GOVERNANCE: BUILDING PARTNERSHIPS FOR SUSTAINABLE DEVELOPMENT

Articles Part - II

- CONFLICT MANAGEMENT: THY NAME IS GOVERNANCE
 - THE NEW GOVERNANCE VANGUARD: CS PROFESSIONALS IN ACTION!
 - NAVIGATING THE GROWTH-INFLATION TRADE-OFF: AN ANALYSIS OF RBI'S APRIL 2025 MONETARY SHIFTS AND ITS SECTORAL TRANSMISSION CHANNELS
-

The Changing Face of Rural Governance: History and Development of Panchayats in India

Panchayats have emerged as indispensable pillars of rural governance and development in India. Their constitutionally sanctioned role has evolved from passive executors to active planners, implementers, and monitors of rural development schemes. This article outlines the significant historical milestones that led to the evolution and establishment of the formal Panchayat System in India. The author emphasises on the role of Panchayats in rural development and the measures to further enhance the autonomy, resources, and institutional capacities of Panchayats in India.



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INTRODUCTION

Panchayat governance in India is one of the oldest systems of local self-governance in the world. The term “Panchayat” originates from the Sanskrit word “Panch,” meaning five, and traditionally refers to a council of five elders chosen by the village community. Over centuries, the Panchayati Raj system has evolved from informal assemblies to a constitutionally recognized system of governance that plays a crucial role in rural administration and development. This write-up explores the historical trajectory and transformation of Panchayat governance in India, from ancient times to the present day.

ANCIENT ROOTS OF PANCHAYATI RAJ

The concept of Panchayat governance dates back to the Vedic period (around 1700–1100 BCE), where village assemblies known as “Sabhas” and “Samitis” were the earliest forms of self-governance. These institutions were deeply democratic in nature and functioned as centers for decision-making, conflict resolution, and administration. These gatherings made collective decisions regarding land distribution, agricultural practices, security and social disputes. They embodied direct democracy and were grounded in a sense of community participation and mutual cooperation.

During the Mauryan Empire (321–185 BCE), village officials known as “Gramikas” managed rural affairs, assisted by village elders. These functionaries acted as

intermediaries between the central administration and village communities. The Arthashastra, a treatise on statecraft by Kautilya, describes a detailed structure for village administration, including roles and responsibilities of various officials, revenue collection, and law enforcement.

In the Gupta period (320–550 CE), self-governing village communities flourished and enjoyed considerable autonomy. Epigraphic evidence shows that these Panchayats exercised both judicial and administrative powers, indicating a matured form of local governance. They handled civil disputes, maintained village infrastructure, and ensured equitable land use.

MEDIEVAL PERIOD

In the medieval era, particularly under the Chola dynasty in South India (9th to 13th century), village administration was highly structured and sophisticated. Chola inscriptions reveal the existence of autonomous village assemblies, such as “sabhas” for Brahmin settlements and “ur” for non-Brahmin villages. These institutions had subcommittees for finance, justice, irrigation, and temple management, showcasing advanced forms of local self-governance. Members were often elected through a system called “kudavolai” (lottery system), ensuring fairness and community involvement.

Under the Delhi Sultanate (13th–16th century) and the Mughal Empire (16th–18th century), the focus of governance shifted toward centralization. Land revenue collection became a major concern, and the Mughal administrative structure did not integrate Panchayats into its formal governance model. However, informal Panchayats continued to exist in rural areas, mainly as dispute-resolution forums. They played an important role in maintaining order and resolving conflicts in local communities, especially where imperial influence was weak.

COLONIAL IMPACT ON PANCHAYAT GOVERNANCE

British colonial rule from the 18th century onward marked a significant transformation in India's governance structures. The British introduced a highly centralized system focused on revenue extraction, diminishing the

autonomy of traditional Panchayats. The Permanent Settlement and Ryotwari systems altered agrarian relations and reduced the economic base of village institutions.

Nevertheless, some British administrators recognized the value of local governance. Lord Ripon's Resolution of 1882 is often considered a landmark in the history of local self-governance in India. It emphasized the need for local bodies with elected representatives to manage local affairs. This resolution led to the creation of rural local boards and urban municipalities, although in practice, these were often controlled by colonial officials and lacked real autonomy.

The Montagu-Chelmsford Reforms of 1919 and the Government of India Act of 1935 introduced limited provincial autonomy and local governance reforms, but effective grassroots democracy remained elusive. The nationalist movement, led by Mahatma Gandhi, placed significant emphasis on Gram Swaraj—self-rule by villages—as a foundational principle of Indian democracy.

EARLY POST-INDEPENDENCE ERA

After independence in 1947, India faced the enormous task of nation-building and integrating diverse regions under a democratic framework. The Constitution of India, adopted in 1950, placed local governance under the Directive Principles of State Policy (Article 40), urging states to organize village Panchayats as units of self-governance. However, this was non-justiciable and not enforceable by law.

The Community Development Programme (1952) and the National Extension Service (1953) were launched to promote rural development, but their top-down approach limited community participation. The need for institutionalized local governance led to the formation of the Balwantrai Mehta Committee in 1957.

The Committee's recommendations were seminal. It advocated for a three-tier Panchayati Raj system:

1. **Zila Parishad** at the district level as the apex body,
2. **Panchayat Samiti** at the block level as the executive body, and
3. **Gram Panchayat** at the village level as the foundational unit.

The Committee emphasized democratic decentralization and suggested that Panchayati Raj institutions should be directly linked with development planning and execution.

CHALLENGES (1960–1980)

The momentum behind Panchayati Raj Institutions (PRIs) began to wane during the 1960s to 1980s.

- **Lack of Uniformity:** Different states adopted divergent models of Panchayati Raj, resulting in a lack of standardized institutional structures and governance frameworks. This inconsistency created confusion in administrative practices and hampered the development of a cohesive national strategy for local governance.
- **Financial Constraints:** Panchayats were largely financially dependent on state governments, with minimal authority to raise their own revenue. The absence of independent fiscal capacity severely restricted their ability to undertake meaningful development initiatives or respond to local needs effectively.
- **Bureaucratic Control:** The day-to-day functioning of Panchayats became increasingly subordinated to bureaucratic oversight. Administrative officials often overshadowed elected representatives, undermining democratic decision-making and reducing the autonomy and effectiveness of local bodies.
- **Political Apathy:** Many state governments displayed a lack of political will to strengthen Panchayati Raj, often delaying or entirely avoiding regular elections.

This neglect eroded the legitimacy of PRIs and led to the stagnation of grassroots democracy, as key governance spaces remained vacant or inactive.

The three-tiered Panchayati Raj system to promote Rural Development was significant step towards democratic decentralization and suggested that Panchayati Raj institutions should be directly linked with development planning and execution.

CONSTITUTIONAL RECOGNITION: THE CONSTITUTION (73RD AMENDMENT) ACT, 1992

The Constitution (73rd Amendment) Act, 1992 enacted by the Parliament of India in 1992 and brought into force on April 24, 1993, represents a landmark

development in the evolution of democratic governance in India. It institutionalized the Panchayati Raj system by granting constitutional status to Panchayati Raj Institutions (PRIs) and establishing a framework for decentralized, participatory governance at the grassroots level. This reform was a response to longstanding demands for democratic decentralization and aimed at enhancing the efficacy and inclusivity of local self-government in rural areas.

The Amendment inserted Part IX into the Constitution, comprising Articles 243 to 243-O, and introduced the Eleventh Schedule, which delineates 29 functional areas that may be devolved to Panchayats by state governments. These areas encompass vital aspects of rural life and development, including agriculture, land improvement, minor irrigation, animal husbandry, health and sanitation, education, women and child development, and social welfare. This legal framework provided a uniform foundation for empowering PRIs across different states, while still allowing states flexibility in implementation.

A key innovation of the Amendment was the formal recognition of the Gram Sabha—the assembly of all adult residents in a village—as the foundation of the Panchayati Raj system. The Gram Sabha was vested with the authority to:

- approve development plans and priorities,
- select beneficiaries for poverty alleviation and welfare schemes and,
- monitor the performance of Panchayats and ensure local accountability.

By doing so, the Amendment sought to democratize planning and decision-making at the village level and embed mechanisms for social audit and community oversight.

The Act made it mandatory for Panchayat elections to be held at regular five-year intervals, thereby ensuring continuity and preventing arbitrary dissolutions. In the event of early dissolution, elections must be held within six months. The establishment of State Election Commissions was mandated to supervise, direct, and control the electoral process, reinforcing the autonomy and integrity of local elections.

The Amendment incorporated provisions for reservation of seats to promote social justice and equitable representation:

- Scheduled Castes (SCs) and Scheduled Tribes (STs) were to be provided reservations in proportion to their population.
- One-third of all seats, including those of chairpersons, were reserved for women.

This was a significant step towards the political empowerment of marginalized groups, particularly women, who have since emerged as important stakeholders in local governance. Many states have gone further by reserving up to 50% of seats for women.

Recognizing the importance of fiscal autonomy, the Amendment required the creation of State Finance Commissions every five years to:

- recommend principles for the distribution of financial resources between the state and Panchayats, and
- assess the financial needs of Panchayats and suggest measures to augment their resources.

Together with the Eleventh Schedule, these provisions aimed to enable Panchayats to undertake planning and implementation of economic development and social justice programmes, transforming them into institutions of self-government, as envisaged under Article 243G.

The Constitution (73rd Amendment) Act, 1992 stands as a cornerstone of democratic decentralization in India.

By providing a constitutional framework for local self-governance, it has sought to empower rural communities, promote inclusive development, and enhance the responsiveness of the administrative machinery. While significant progress has been made, sustained efforts are required to realize the vision of effective, participatory, and accountable governance at the grassroots level.

ROLE OF PANCHAYATS IN RURAL DEVELOPMENT

Since the enactment of the Constitution (73rd Amendment) Act, 1992, Panchayats—especially Gram Panchayats—have become the primary implementing agencies for several flagship rural development programmes as detailed below.

- Mahatma Gandhi National Rural Employment Guarantee Act, 2005 (MGNREGA)

One of the most significant poverty alleviation schemes in post-reform India, MGNREGA guarantees 100 days of wage employment annually to every rural household whose adult members volunteer to do unskilled manual work. Gram Panchayats are entrusted with the following responsibilities:

- Planning and execution of public works (e.g., water conservation, rural road construction).
- Registering households, issuing job cards, and allocating work.
- Maintaining records and ensuring transparency and social audits and,
- Facilitating convergence with other schemes to maximize developmental impact.

This scheme has not only enhanced rural incomes but has also reinforced decentralized planning and community participation.

- Pradhan Mantri Awas Yojana – Gramin (PMAY-G)

Under (PMAY-G), Panchayats play a pivotal role in:

- identifying eligible beneficiaries through the Socio-Economic and Caste Census (SECC) data and local consultation,
- assisting in land availability and resolving local disputes and,
- ensuring transparency in fund disbursement and monitoring the construction process.

The involvement of Panchayats has increased the efficiency of the rural housing programme and ensured alignment with local needs.

- Swachh Bharat Abhiyan (Gramin)

The Swachh Bharat Abhiyan (SBA), aimed at achieving universal sanitation coverage and eliminating

open defecation, relies heavily on the role of Gram Panchayats in:

- conducting community awareness campaigns,
- constructing and maintaining toilets and community sanitation assets and,
- facilitating behavioral change through local leadership and collective efforts.

Panchayats are also tasked with the operation and maintenance of waste management infrastructure in rural areas, reinforcing sustainable sanitation outcomes.

d) National Rural Health Mission (NRHM)

Under the NRHM, now subsumed under the National Health Mission (NHM), Panchayats have been involved in:

- village Health, Sanitation and Nutrition Committees (VHSNCs),
- mobilizing community participation in healthcare planning and utilization of services,
- monitoring the performance of Accredited Social Health Activists (ASHAs) and Primary Health Centres (PHCs) and,
- promoting health awareness and acting as a link between the public health system and the rural population.

This participatory approach enhances accountability in service delivery and ensures that local health priorities are addressed.

e) Local Planning and Development: Gram Panchayat Development Plans (GPDPs)

A major innovation in bottom-up planning is the introduction of Gram Panchayat Development Plans (GPDPs). These are:

- comprehensive, participatory plans prepared annually by Gram Panchayats,
- based on local needs and priorities identified through Gram Sabha consultations and,
- intended to integrate multiple schemes and ensure convergence with national development goals (e.g., health, education, infrastructure, livelihood).

The Ministry of Panchayati Raj has institutionalized GPDPs to promote evidence-based, inclusive, and outcome-oriented development planning at the village level.

WOMEN AND MARGINALIZED GROUPS IN PANCHAYATS

The Constitution (73rd Amendment) Act, 1992 ushered in a paradigm shift in grassroots democracy by

institutionalizing the reservation of seats for women, Scheduled Castes (SCs), and Scheduled Tribes (STs) in Panchayati Raj Institutions (PRIs). This affirmative action has significantly altered the social composition of local governance, enabling historically marginalized groups to enter and influence decision-making spaces that were traditionally inaccessible to them.

Under the provisions of the Amendment:

- One-third of all seats in Panchayats at every level—village, intermediate, and district—are reserved for women, including positions of chairpersons.
- Proportional reservations for SCs and STs are mandated based on their population in a given Panchayat jurisdiction.

As a result of these provisions, India today has over 1.4 million women serving as elected representatives across various tiers of Panchayats, making it a global leader in terms of women's political participation at the local level. Similarly, representatives from SC and ST communities now have a structured space within which to articulate and address the concerns of their communities.

The entry of women and marginalized communities into Panchayati institutions has produced notable shifts in governance priorities and outcomes as given below:

- Improved focus on welfare-centric issues such as education, maternal and child health, drinking water, sanitation and nutrition—areas often neglected in male-dominated governance spaces.
- Enhanced participatory planning and representation, leading to the amplification of grassroots voices, particularly those of the disadvantaged.
- Community accountability has improved, as elected women and SC/ST leaders are often more accessible and responsive to the needs of their constituencies.

Despite these gains, the participation of women and marginalized groups in Panchayats remains fraught with structural and socio-cultural barriers as given below:

- Proxy leadership remains a significant issue, wherein male relatives—particularly husband or father-in-law—exercise de facto control over the decisions of elected women representatives, undermining the intent of genuine empowerment.
- Many representatives from marginalized backgrounds lack formal education, exposure to governance processes and legal literacy, which limits their effectiveness and increases their dependence on bureaucratic or male intermediaries.
- Gender-based discrimination, caste hierarchies and resistance from dominant social groups often lead to exclusion from key decision-making forums or relegation to tokenistic roles.

These challenges highlight the gap between numerical representation and substantive participation, necessitating sustained efforts to build capacities and shift entrenched power dynamics.

To address these limitations and strengthen the effectiveness of marginalized leaders in Panchayats, a range of empowerment and training interventions have been launched as given below:

- Capacity-building programs, often supported by the Ministry of Panchayati Raj and state departments, offer training on legal provisions, scheme implementation, budgeting, and public speaking.
- Exposure visits and peer learning groups enable elected representatives—especially women—to learn from best practices and develop leadership skills in a supportive environment.
- Civil society organizations play a crucial role in organizing community-level workshops and building awareness about rights, roles, and entitlements.

Moreover, digital initiatives and e-Governance platforms are being used to improve access to information, promote transparency, and reduce intermediaries, further empowering marginalized representatives to function autonomously and confidently.

CONTEMPORARY CHALLENGES FACING PANCHAYATS

a) Capacity deficits

A significant number of elected Panchayat representatives, particularly in rural and backward regions, face capacity constraints due to:

- low levels of education and literacy,
- lack of awareness about roles, responsibilities, and legal frameworks and,
- inadequate training in planning, budgeting, digital tools, and public service delivery.

This results in an over-reliance on government functionaries and intermediaries, limiting the scope for informed and independent decision-making by elected representatives.

b) Weakness of Gram Sabhas

The Gram Sabha, envisioned as the cornerstone of participatory democracy, often suffers from low attendance, inadequate awareness, and limited influence.

THE WAY FORWARD: STRENGTHENING THE PANCHAYATI RAJ SYSTEM

To address the challenges and revitalize the spirit of grassroots democracy, a multi-pronged approach is essential. The following recommendations are critical to enhancing the effectiveness and legitimacy of PRIs:

a) Strengthening fiscal empowerment

PRIs should be encouraged to diversify their revenue sources by rationalizing local taxes, improving collection efficiency, and exploring innovative financing mechanisms such as public-private partnerships for local infrastructure.

b) Capacity building and professional support

There is an urgent need to build technical, managerial and leadership capacities of elected representatives and panchayat officials. Regular and structured training programs, exposure visits, use of local languages, and ICT-based tools can play a vital role. Hiring domain experts at the Panchayat level—for planning, engineering, and finance—can support evidence-based decision-making and efficient scheme implementation.

c) Revitalizing Gram Sabhas

To strengthen participatory democracy, Gram Sabhas must be made more inclusive, informed, and influential. Awareness campaigns, community mobilization, and the use of digital platforms can further enhance citizen engagement and oversight.

CONCLUSION

The journey of Panchayat governance in India reflects the country's deep-rooted tradition of participatory democracy and its constitutional commitment to empowering citizens at the grassroots. From the sabhas of the Vedic age to digitally enabled Gram Panchayats, the system has come a long way. While structural, financial, and operational challenges remain, the Panchayati Raj system continues to be a vital pillar of rural governance.

Strengthening PRIs through capacity building, functional devolution and community participation will ensure that they become truly empowered institutions, capable of transforming rural India and fulfilling the vision of Viksit Bharat@2047.

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From Boardrooms to Gram Sabhas: Expanding the Horizon of Governance Professionals

This article is an invitation to reimagine the role of governance professionals—not just as advisors to Boards, but as catalysts for nation-building at the grassroots. It aims to explore how professionals trained in the nuances of law, ethics, compliance, and reporting can become instrumental in uplifting rural institutions like Gram Panchayats. From conducting voluntary policy audits to training Panchayat members, digitizing records, supporting CSR alignment, and aiding social audits, the scope is as vast as it is vital.



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INTRODUCTION

In the lexicon of modern India, “governance” has long been associated with towering corporate skyscrapers, government institutions, and high-level policy circles. For years, governance professionals—such as Company Secretaries, and other compliance experts—have primarily been seen as custodians of corporate integrity, gatekeepers of regulatory discipline, and navigators of intricate statutory frameworks. Their roles, though indispensable, have largely been confined to the organized sectors, where systems are structured, documentation is standardized, and accountability is mandated by law.

But India is more than its urban sprawl and corporate conglomerates. At its core lies **Bharat**—a vast, diverse, and pulsating rural fabric comprising over 2.5 lakh Gram Panchayats, where decisions affect millions and transparency is not just a compliance requirement, but a **lifeline**. It is here, in these Gram Sabhas and village councils, that the next chapter of India’s governance transformation must unfold. And it is here that governance professionals are being called—not by statute, but by a **deeper national duty**—to step beyond Boardrooms and bring structure, ethics, and transparency to the last mile.

The Constitution (73rd Amendment) Act, 1992 which institutionalized Panchayati Raj in India, was a landmark reform intended to democratize power and empower local self-governance. Yet, three decades later, many Panchayats continue to grapple with poor documentation, opaque financial management, inadequate legal understanding,

and limited capacity to implement government schemes effectively. Ironically, these very areas of concern align directly with the **core competencies of governance professionals**.

As India strives toward its vision of **Viksit Bharat@2047**, the emphasis must be on **inclusive and accountable development**, not just growth. Corporate governance reforms have undoubtedly raised the bar for transparency and ethical conduct in the private sector—but why should such standards remain limited to corporations alone? If transparency, accountability, and stakeholder engagement are fundamental to good governance, then shouldn’t the same principles be infused into our local governance systems?

This article is an invitation to **reimagine the role of governance professionals**—not just as advisors to boards, but as catalysts for nation-building at the grassroots. It aims to explore how professionals trained in the nuances of law, ethics, compliance, and reporting can become instrumental in uplifting rural institutions like Gram Panchayats. From conducting voluntary policy audits to training Panchayat members, digitizing records, supporting CSR alignment, and aiding social audits, the scope is as vast as it is vital.

The future of governance in India lies not in isolation but in **integration**—between policy and people, systems and citizens, experts and institutions. And if India’s governance professionals can rise to this challenge, they won’t just be expanding their professional horizon—they’ll be rewriting the narrative of what governance truly means in the world’s largest democracy.

UNDERSTANDING PANCHAYAT GOVERNANCE: THE FOUNDATION OF DECENTRALIZED DEMOCRACY

While corporate governance often operates within structured frameworks, guided by statutory mandates and market forces, **Panchayat governance** lies at the heart of India’s democratic experiment—where governance is not just a compliance mechanism but a direct link to public welfare, participatory democracy, and socio-economic justice. The Panchayati Raj system, constitutionally envisioned as the third tier of governance, plays a pivotal role in translating national policies into grassroots action.

1. Constitutional Vision and Structure

The formal recognition of Panchayati Raj Institutions (PRIs) came through the **Constitution (73rd Amendment) Act, 1992** which added Part IX to the Constitution and inserted the **Eleventh Schedule**, listing 29 functional items to be devolved to Panchayats. The amendment provided a **three-tier structure** of self-governance across India:

- **Gram Panchayat** (village level),
- **Panchayat Samiti** (intermediate/block level), and
- **Zila Parishad** (district level).

At the core of this decentralized framework lies the **Gram Sabha**—a body comprising all registered voters in the village. It is intended to be the voice of participatory democracy, responsible for holding elected representatives accountable, approving development plans, and ensuring transparency in the functioning of the Panchayat.

The vision was clear: to devolve power, funds, and functions to the people. However, vision alone is not enough. Implementation needs systems, skills, and structured oversight—areas where PRIs face significant challenges.

2. Realities on Ground: The Gaps in Grassroots Governance

Despite constitutional mandates, the effective functioning of PRIs remains inconsistent across states and regions. Several factors contribute to this divergence, and they also indicate the need for professional intervention:

a) Institutional Capacity

Many Panchayat members are either semi-literate or lack formal training in public administration, legal compliance, budgeting, or project implementation. While elected democratically, they are often unaware of the complex procedures required to prepare budgets, maintain records, submit utilization certificates, or monitor project outcomes.

b) Financial Management

The inflow of public funds to Panchayats has increased significantly, especially through flagship rural development schemes like:

- **MGNREGA** (employment guarantee),
- **PMAY-G** (housing),
- **Swachh Bharat Mission** (Gramin),
- **National Rural Health Mission**, and
- **Jal Jeevan Mission**.

However, the absence of robust accounting practices and a lack of financial audits lead to misallocation, delays, and leakages. Often, records are maintained manually, with very limited digitalization, making tracking and monitoring nearly impossible.

c) Transparency and Citizen Participation

Although Gram Sabhas is supposed to be the nerve centre of accountability, they are often irregularly held or dominated by local elites. Citizens, especially women and marginalized communities, are either unaware of their rights or are reluctant to participate.

d) Documentation and Record-Keeping

In most Panchayats, there is no standardized method of maintaining resolutions, property records, contracts, and meeting minutes. This compromises institutional memory, continuity, and audit trails. Unlike companies, Panchayats are not obligated under any central law to maintain documentation in a particular format or duration.

e) Monitoring and Evaluation

There is little capacity or mechanism for real-time monitoring of schemes at the Panchayat level. While platforms like **e-Gram Swaraj** and **AuditOnline** have been introduced, uptake and usage remain limited due to digital illiteracy and lack of support infrastructure.

WHY THIS MATTERS?

The importance of Panchayat governance cannot be overstated. It is through these institutions that national priorities—sanitation, education, healthcare, water supply, employment—reach the common citizen. If governance fails here, it fails everywhere. The very credibility of democratic decentralization hinges on whether these institutions are empowered not only politically but also **administratively and professionally**.

This is where **governance professionals can step in—not as bureaucrats or politicians, but as enablers**. Their deep understanding of structure, statutory processes, documentation, stakeholder communication, and ethics equips them uniquely to bridge the capacity gaps in PRIs.

EVOLUTION OF REFORM-ORIENTED TOOLS

In the past decade, the government has initiated several technological and procedural reforms to improve Panchayat-level governance. These include:

• e-Gram Swaraj Portal

A digital platform launched under the Ministry of Panchayati Raj to provide real-time access to planning, accounting, and monitoring of activities undertaken by Panchayats. It is a key tool for transparency but requires consistent training and support for local bodies.

• AuditOnline

Developed by the Comptroller and Auditor General (CAG), this tool facilitates online audits of Panchayat accounts. However, meaningful audits demand trained personnel and error-free documentation—a gap professionals can help fill.

• SVAMITVA Scheme

This scheme uses drone technology to map rural land ownership and issue property cards. Governance professionals can support such initiatives by ensuring clarity in documentation and supporting dispute resolution at the local level.

• Local Governance Index (LGI)

States are now being ranked based on the performance of their local governments across parameters such as participation, planning, and transparency. As these indices evolve, Panchayats will require deeper support in aligning with compliance and performance benchmarks.

A SHIFT IN THINKING: TREATING PANCHAYATS AS INSTITUTIONS, NOT INFORMAL FORUMS

One of the reasons why Panchayat governance remains fragile is because it is **rarely treated as an institutional discipline**. Corporate entities are bound by laws, face penalties, and must undergo regular audits and disclosures. In contrast, Panchayats often operate in legal silos, with limited enforcement or professional scrutiny.

Imagine the transformative potential, if even a **fraction of professional discipline applied in corporate governance** were adopted in PRIs:

- A resolution register maintained like minutes of board meetings.
- Public disclosure of funds received and utilized.
- Voluntary disclosures through wall paintings, village websites, or local radio.
- Social audit reports prepared with the same rigour as secretarial audit reports.

What is needed is a **governance culture** at the grassroots, and that cannot be created overnight by elected representatives alone. It demands a **new ecosystem of support**—where trained professionals walk shoulder to shoulder with Panchayat leaders, empowering them with knowledge, tools, and trust.

WHY GRASSROOTS GOVERNANCE NEEDS PROFESSIONAL EXPERTISE

In the wake of evolving governance reforms and increased decentralization, there lies an undeniable truth: **governance at the grassroots is not merely political—it is deeply administrative, financial, and ethical**. While Panchayati Raj Institutions (PRIs) embody the democratic ethos of India, their actual performance hinges

on operational strength, transparency mechanisms, and public trust. This is where the entry of **governance professionals**—Company Secretaries, Chartered Accountants, Cost Accountants, legal professionals, and development consultants—can be a game-changer.

1. Decoding the Role of Governance Professionals

Governance professionals are trained to ensure **transparency, accountability, risk management, ethical conduct, and regulatory compliance**. Their expertise is often channelled into managing companies, drafting board reports, conducting due diligence, secretarial audits, and overseeing corporate disclosures. But these same skillsets are eminently transferable to public governance, particularly where institutions lack capacity and structure.

Let us explore the multiple avenues where professionals can augment Panchayat governance:

a) Strengthening Record-Keeping and Documentation

In a corporate setup, professionals maintain registers, resolutions, statutory records, contracts, and disclosures with precision. Panchayats, however, often operate with rudimentary or incomplete records, making audit trails and continuity difficult.

Governance professionals can:

- Introduce structured formats for resolution books and registers.
- Implement digital templates for scheme documentation.
- Create SOPs (Standard Operating Procedures) for maintaining records of Gram Sabha meetings, vendor agreements, and financial disbursements.

b) Enhancing Budgeting and Financial Oversight

Each Panchayat receives funding under multiple heads—from state grants to central schemes. However, the lack of budgeting acumen and the absence of internal controls result in inefficiencies.

Governance Professionals can help:

- Prepare annual budgets aligned with local development plans.
- Guide Panchayats in preparing utilization certificates and fund flow statements.
- Support voluntary internal audits or assist in AuditOnline processes.
- Establish asset registers and depreciation schedules—an alien concept in Panchayat accounts but crucial for long-term asset management.

Panchayat Governance lies at the heart of India's democratic experiment—where governance is not just a compliance mechanism but a direct link to public welfare, participatory democracy, and socio-economic justice.



c) Building Transparency Frameworks

From mandatory disclosures with the Board Report placed in AGMs to CSR reporting, governance professionals are well-versed in building stakeholder trust through transparent communication.

They can replicate such models in Panchayats by:

- Designing “Village Dashboards” displaying fund usage, development status, and scheme performance.
- Introducing public reporting practices like “wall disclosure boards,” QR-based scheme status updates, or community radio announcements.
- Facilitating voluntary disclosure templates similar to those used in corporate sustainability reporting.

d) Capacity Building and Legal Literacy

Most elected Panchayat members are unaware of their legal rights, duties, or grievance redressal frameworks.

Governance Professionals can:

- Conduct legal awareness workshops for Panchayat leaders and community members.
- Prepare simple checklists and compliance calendars tailored for Panchayats.

- Help them understand key rural laws such as The Provisions of the Panchayats (Extension to the Scheduled Areas) Act, 1996, Right to Information Act, 2005, Environmental norms, Forest Rights Act (FRA), 2006 and more.

e) Supporting Social and Performance Audits

Just as companies undergo secretarial audits, Panchayats are mandated to undergo social audits—especially under MGNREGA and other welfare schemes. However, these are often treated as tick-box exercises.

Governance professionals can:

- Act as third-party facilitators for independent audits.
- Assist civil society groups in verifying scheme outcomes.
- Train local youth or SHGs to conduct participatory audits and feedback surveys.

f) Integrating Panchayat Governance with CSR Strategy

Section 135 of the Companies Act, 2013 read with the relevant rules mandates certain companies to spend 2% of their profits on CSR. Unfortunately, most CSR funds get routed through NGOs or agencies, bypassing Panchayats due to fears of inefficiency.

Governance Professionals can:

- Bridge this gap by identifying Panchayats with project-ready needs and helping them prepare CSR project proposals.
- Ensure compliance, monitoring, and reporting on behalf of corporates.
- Design impact evaluation frameworks aligning local development with corporate responsibility.

2. The Imperative of Trust Building: Governance as a Social Contract

At the heart of governance lies public trust. In boardrooms, this trust is measured through investor confidence and market performance. In villages, trust is built by visible improvements, participatory planning, and equitable service delivery.

Yet, mistrust often dominates rural governance—due to historical exclusion, corruption, or elite capture. Here, governance professionals can help restore legitimacy by bringing method, integrity, and accountability.

Their presence sends a message that:

- Governance is not merely a political act, but a discipline governed by ethics.
- Every rupee received or spent must have a clear rationale and visible impact.
- Citizens are not just beneficiaries but stakeholders, much like shareholders.

3. A Collaborative Model: Beyond Consultancy, Toward Partnership

This proposed role is not one of consultancy or external audit alone—it is about partnership. A collaborative model is one where:

- Governance professionals volunteer time, especially under Section 8 companies or professional institutes' CSR obligations.
- Young professionals, fresh out of training, are offered a fellowship to spend a year with selected Panchayats—just like legal or policy fellows work with MPs or ministries.
- Digital tools and templates are co-developed with local governments to ensure scalable and sustainable usage.

4. Global Precedents and Local Inspiration

Globally, the idea of integrating professionals into grassroots governance is not new. In countries like Brazil, South Africa, and Indonesia, community-level governance reforms have leveraged trained personnel to improve public accountability.

India too has early signs of success:

- In **Kerala**, local bodies regularly work with legal and financial consultants under People's Planning Campaigns.
- In **Odisha**, SHGs trained by professionals conduct social audits with digital tools.
- In **Jharkhand**, community resource persons trained in financial management support Gram Panchayats under the DAY-NRLM framework.

These experiments show that **with intent, training, and support**, professionals can indeed become the **missing link** between aspiration and execution.

ACTION ROADMAP: EMPOWERING PANCHAYAT GOVERNANCE THROUGH PROFESSIONAL PARTNERSHIP

The vision of expanding the role of governance professionals into grassroots India must be supported with well-thought-out interventions, strategic collaboration, and institutional facilitation. Below are some suggestions for a focused, implementable roadmap:

1. Creation of a Digital Resource Toolkit

A centralized, open-access “**Digital Governance Toolkit for Panchayats**” should be developed. It may contain:

- Ready-to-use compliance formats for meeting resolutions, vendor contracts, scheme registers, etc.
- Financial templates such as budgets, UC formats, depreciation registers.
- Video explainers and legal literacy content in regional languages.
- Social audit templates and participatory planning guides.

Governance professionals can help develop, review, and periodically update this toolkit, ensuring it stays relevant and field-usable.

2. CSR Realignment with Panchayat Needs

A dedicated framework must be created to align corporate CSR activities with Panchayat development goals. Professionals can act as:

- Intermediaries between companies and Gram Panchayats.
- Advisors for preparing CSR-ready proposals and MoUs.
- Compliance officers ensuring adherence to CSR Rules under the Companies Act, 2013.

3. Volunteerism and Professional Social Responsibility (PSR)

Governance professionals can collectively take up Professional Social Responsibility (PSR), much like medical professionals offer free clinics. This could involve:

- Hosting monthly “Governance Clinics” at block levels.
- Conducting RTI awareness, audit literacy, or legal rights workshops for villagers.
- Participating in Gram Sabha meetings to provide advisory input on documentation and financial prudence.

This culture of giving back must be encouraged and even incentivized with recognition from professional institutes, CPD credits, or awards for outstanding rural contributions.

4. Impact Evaluation and Scaling

Every pilot and intervention should include a feedback and impact mechanism. Institutes can publish annual rural governance impact reports, showcasing how professional involvement is strengthening transparency, accountability, and institutional capacity at the grassroots.

Eventually, successful models can be scaled state-wise or nationally, forming an integral part of India's governance evolution narrative.

In essence, this action roadmap does not envision governance professionals as external auditors of Panchayat systems, but as co-architects of rural transformation. With structure, vision, and commitment, they can bridge the divide between compliance and conscience, between codes and communities—setting the stage for a grassroots governance model that is not only inclusive but exemplary.

CONCLUSION: REIMAGINING GOVERNANCE — FROM GATEKEEPERS TO GRASSROOTS CATALYSTS

In an era where India's democratic architecture is being recalibrated to be more inclusive, participatory, and transparent, the role of governance professionals cannot remain confined to corporate boardrooms, regulatory filings, and compliance checklists. The time has come to broaden the canvas of professional engagement, to reach beyond metros and megastructures, into the silent lanes of villages where true governance is not spoken in jargon, but lived in the form of water, roads, schools, and livelihoods.

The Panchayati Raj system—enshrined as the third tier of governance under the Constitution of India—is not merely a political arrangement; it is a vision of decentralized empowerment, of communities managing their own destinies. Yet, for this vision to be truly realized, grassroots institutions need systems, processes, and safeguards that can withstand both complexity and scale. This is

precisely where governance professionals come in—not as consultants, but as enablers.

Their skill sets in legal compliance, financial prudence, ethical disclosures, policy interpretation, and institutional development can bring method to the mission. Their professional ethos—rooted in integrity, transparency, and accountability—can complement the Panchayati Raj ethos of collective decision-making and social justice. The integration of these two domains can birth a hybrid model of governance: one that is both people-centric and professionally managed.

The narrative of ‘**From Boardrooms to Gram Sabhas**’ is not a call to abandon urban roles—it is an invitation to expand the influence of good governance into areas that need it the most. It is about democratizing governance capacity, not just governance power. It is about lending voices, tools, and expertise to those who have traditionally been under-resourced in the governance ecosystem.

Moreover, this shift is not just morally right or socially needed—it is strategically wise. As India sets its sights on becoming a developed nation by 2047, the foundation of that transformation must be strong rural institutions. No amount of urban excellence can compensate for village-level inefficiencies. Governance professionals must now see themselves as nation-builders at every level, not just compliance officers.

In conclusion, expanding the horizon of governance professionals towards Panchayat governance is more than an idea—it is a movement in the making. A movement that redefines governance from a reactive duty to a proactive mission. A movement that reclaims the essence of professional service in public interest. And most importantly, a movement that anchors India's journey to equitable development in dignity, inclusion, and accountability—right from the grassroots.

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CSR and Rural Governance: A Collaborative Approach

This article explores the intersection of CSR and rural governance, highlighting the importance of a collaborative approach between corporations, the government, and rural communities. It delves into the framework provided by the Companies Act, 2013 and rules made thereunder, the challenges and opportunities in rural governance, and how businesses can contribute to improving governance structures in rural India through CSR initiatives.



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INTRODUCTION

Corporate Social Responsibility (CSR) has become an integral part of business strategy in India, especially after the introduction of mandatory CSR provisions under the Companies Act, 2013. In India, CSR is increasingly being seen as a vital tool for addressing societal challenges, including issues in rural governance. Rural areas often face significant challenges related to poverty, infrastructure, healthcare, education, and governance. In this context, CSR initiatives can play a crucial role in fostering sustainable development in rural communities.

This article explores the intersection of CSR and rural governance, highlighting the importance of a collaborative approach between corporations, the government, and rural communities. It delves into the framework provided by the Companies Act, 2013 and rules made thereunder, the challenges and opportunities in rural governance, and how businesses can contribute to improving governance structures in rural India through CSR initiatives.

UNDERSTANDING CSR: A BRIEF OVERVIEW

CSR refers to the responsibility of businesses to contribute positively to the society and environment in which they operate. The concept of CSR in India evolved over time, with the Companies Act, 2013 marking a significant step forward in making CSR mandatory for certain companies.

CSR UNDER THE COMPANIES ACT, 2013

The Companies Act, 2013, introduced Section 135, which requires companies meeting specific criteria to spend at least 2% of their average net profits from the last three financial years on CSR activities. This provision applies to companies with:

- A net worth of ₹500 crores or more; or
- A turnover of ₹1000 crores or more; or
- A net profit of ₹5 crores or more;

These companies are expected to engage in activities that benefit society in areas such as education, healthcare, poverty alleviation, environmental sustainability, and rural development.

OBJECTIVES OF THE STUDY

- To study the role of Corporate Social Responsibility (CSR) in strengthening rural governance.
- To study the utilization of CSR funds in rural development activities.
- To explore the contribution of CSR initiatives toward enhancing transparency, accountability, and participatory governance at the grassroots level.
- To identify trends and patterns in CSR spending related to rural development over the past few years.
- To highlight best practices and successful models of CSR interventions in rural governance.

METHODOLOGY

This study is primarily based on secondary data. Information has been collected from various credible sources including government websites (such as the www.csr.gov.in), online journals, magazine articles, and CSR annual reports available in the public domain.

Statistical data related to CSR fund utilization has been drawn from authentic government and corporate reports.

RURAL GOVERNANCE: CHALLENGES AND IMPORTANCE

Rural governance refers to the structures and processes by which decisions are made in rural areas. Effective implementation of rural governance is essential for improving the quality of life in rural communities which is often affected due to:

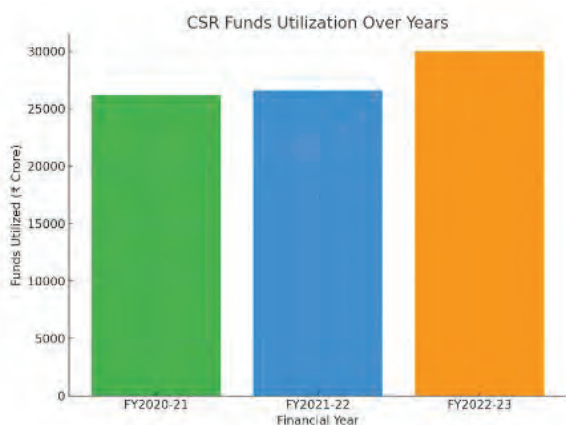
- **Lack of Infrastructure:** Many rural areas struggle with inadequate infrastructure, including roads, electricity, water supply, and sanitation.
- **Poverty and Unemployment:** Rural areas often experience high poverty rates and limited job opportunities, making economic stability a challenge.
- **Education and Healthcare:** Access to quality education and healthcare remains a significant issue in many rural regions.
- **Governance Challenges:** Inefficiency, corruption, and lack of transparency in rural governance can hamper development efforts.

Given these challenges, CSR initiatives can play a crucial role in bridging the gaps and enhancing rural governance.

Corporate Social Responsibility (CSR) spending in India has seen significant growth over recent years, with substantial allocations directed toward rural development. Below are the statistical figures for CSR expenditures on rural development in the three financial years:

1. Total CSR Expenditure

- **FY2020-21:** ₹26,210.95 crore
- **FY2021-22:** ₹26,579.78 crore
- **FY2022-23:** ₹29,986.92 crore



2. CSR Expenditure on Rural Development

While specific annual figures for rural development are limited, available data indicates:

- **FY2020-21:** ₹1,850.71 crore was spent on rural development projects.
- **FY2021-22:** ₹1,832.82 crore was spent on rural development projects.

- **FY2022-23:** ₹2005.37 crore was spent on rural development projects.

It should be noted that rural development consistently received a significant portion of CSR funds.

3. Regional Allocation

CSR spending has been majorly concentrated in certain states:

- **Top Recipients:** Maharashtra, Karnataka, Gujarat, Andhra Pradesh, and Tamil Nadu have collectively received around 33% of total CSR funds over the past seven financial years.
- **Backward Districts:** In FY2020-21, companies spent over ₹507 crore in 84 backward districts identified by NITI Aayog, up from nearly ₹332 crore in 82 aspirational districts in FY2019-20.

These figures highlight the growing commitment of Indian corporates to CSR initiatives, with a notable focus on rural development, education, and healthcare.

THE ROLE OF CSR IN RURAL GOVERNANCE

CSR can complement rural governance by providing resources, expertise, and innovative solutions to rural development challenges. Here's how CSR can contribute to rural governance:



1. Infrastructure Development

Rural areas often lack essential infrastructure, which hinders economic and social development. CSR initiatives by corporations can help to build critical infrastructure such as:

- **Roads and Transport Systems:** Corporations can partner with the government to develop transportation networks that connect rural areas to urban centers.
- **Water and Sanitation:** Many companies invest in water purification systems, sanitation facilities, and rural electrification projects to improve living conditions.

2. Education and Skill Development

Education is a key area where CSR can make a significant impact. Many rural communities lack access to quality education, which limits future opportunities for the youth. CSR programs focusing on:

- **School Infrastructure:** Improving schools, providing teaching materials, and offering scholarships.
- **Vocational Training and Skill Development:** CSR programs that focus on skill development can create job opportunities for rural youth, helping them transition into the workforce.

Rural governance refers to the systems, institutions, and processes through which decisions are made and implemented for the development and well-being of rural communities. It includes participation from Panchayati Raj Institutions (PRIs), local government bodies, community-based organizations, civil society, and government departments at various levels.

3. Healthcare and Well-being

Rural healthcare systems are often underfunded, leading to poor access to medical care. CSR initiatives can **Build Healthcare Infrastructure**. Corporations can fund the construction of primary health centres, mobile health clinics, or hospitals. Under **Medical Outreach and Awareness**, many companies organize medical camps, awareness programs on hygiene, maternal health, and disease prevention.

4. Livelihood Support

Rural communities often rely on agriculture as their primary livelihood. CSR programs that focus on:

- **Agricultural Innovation:** Introducing sustainable farming techniques, providing access to better seeds, and improving irrigation systems.
- **Support for Rural Entrepreneurship:** Providing training, resources, and financial support to rural entrepreneurs can help diversify incomes and reduce dependence on agriculture alone.

COLLABORATIVE APPROACHES TO CSR AND RURAL GOVERNANCE

A truly effective approach to CSR in rural areas requires collaboration between corporations, the government, and local communities. Here are a few ways in which this collaboration can be fostered:

1. Public-Private Partnerships (PPP)

PPP models are essential for combining the strengths of both the public and private sectors. For example, a corporation could partner with local government bodies to build a rural hospital or provide clean drinking water to a village. These partnerships ensure that CSR efforts are aligned with local governance structures and have a sustainable impact.

2. Engaging Local Communities

Successful CSR initiatives require the active involvement of local communities. Corporations should collaborate with local governance bodies such as Panchayats to identify the needs of rural communities and design projects that address these needs. Local participation ensures that the projects are relevant, culturally appropriate, and sustainable.

3. Transparency and Accountability

For CSR initiatives to be effective, there must be transparency and accountability. Companies should ensure that their CSR programs are regularly monitored and evaluated. Additionally, local governance bodies should track the progress of CSR-funded projects.

ROLE OF THE COMPANY SECRETARY IN CSR AND RURAL GOVERNANCE

In the context of CSR and rural governance, the **Company Secretary (CS)** plays a vital role in ensuring compliance with the legal framework, facilitating transparency, and ensuring that CSR initiatives are implemented effectively and aligned with the company's objectives. The CS ensures that CSR activities not only meet the regulatory requirements of the Companies Act, 2013 but also deliver sustainable outcomes for the rural communities involved. Here's how the CS can contribute:

• Ensuring Legal Compliance

Under the Companies Act, 2013, the CSR framework is clearly defined. Companies falling under the criteria of Section 135 are required to spend a minimum of 2% of their average net profits over the last three financial years on CSR activities. The CS has a key responsibility in ensuring that the company complies with these requirements.

- **Reporting to the Board:** The CS ensures that the CSR committee is in place, prepares reports on CSR expenditure, and presents them to the Board of Directors. The CS also ensures that CSR activities are included in the company's annual reports, as required by law.
- **Monitoring CSR Spending:** The CS ensures that the CSR funds are allocated and spent as per the approved CSR policy. They maintain transparency by monitoring the expenditure and ensuring that the funds are utilized for the intended social and rural development purposes.
- **Facilitating CSR Strategy Development**

The CS plays a strategic role in shaping the company's CSR initiatives. They work closely with the management and the CSR committee to align the company's CSR activities with its values and business objectives. In the context of rural governance, the CS ensures that the company's CSR initiatives are tailored to address the specific needs of rural communities.

- **Identifying CSR Projects:** The CS helps in identifying and proposing CSR projects that can have a direct impact on rural governance, such as those focused on education, healthcare, infrastructure development, and livelihood enhancement.
- **Stakeholder Engagement:** The CS ensures that the company engages with relevant stakeholders, including local authorities, Panchayats (local government bodies), community leaders, and beneficiaries, to design and implement CSR initiatives effectively.
- **Coordinating with Government and Regulatory Authorities**

A CS acts as a liaison between the company and various regulatory authorities, including government agencies. In the case of rural development projects, CSR initiatives may require approval, funding, or collaboration with governmental bodies.

- **Government Liaison:** The CS coordinates with government departments and local authorities to ensure that CSR projects are aligned with government policies and initiatives aimed at rural development.
- **Compliance with Rural Governance Policies:** The CS ensures that the company's CSR activities complement and enhance rural governance initiatives, thus promoting effective governance and transparency in rural areas.
- **Documentation and Disclosure:** The CS ensures that all CSR activities are properly documented and disclosed in the company's annual reports, as required under the Companies Act, 2013. This includes providing detailed

reports on the CSR committee's activities, the areas of CSR expenditure, and the impact of the initiatives.

- **Audit and Evaluation:** The CS may also be involved in organizing audits and evaluations of CSR projects, ensuring that funds are being used effectively and that the projects are meeting their objectives. Regular evaluations help to identify areas for improvement and ensure that the CSR activities remain aligned with the company's rural development goals.
- **Advising on CSR Policy and Governance Framework**

The CS advises the Board on the CSR policy and ensures that it is effectively implemented. In the case of rural governance, the CS plays an important role in ensuring that the policy reflects the company's commitment to rural development and aligns with the company's broader social and environmental goals.

- **Designing CSR Policies:** The CS helps in design CSR policies that are not only compliant with legal requirements but also strategically impactful. This may include identifying priority areas for CSR, particularly in rural development, such as agricultural innovation, infrastructure, or healthcare initiatives.
- **Reporting and Strategic Guidance:** The CS provides strategic guidance to the board on CSR, helping them understand the long-term impact of CSR initiatives on rural governance. They ensure that the board receives timely updates on CSR progress, enabling informed decision-making.

WHAT IS RURAL GOVERNANCE?

Rural governance refers to the systems, institutions, and processes through which decisions are made and implemented for the development and well-being of rural communities. It includes participation from **Panchayati Raj Institutions (PRIs)**, **local government bodies**, **community-based organizations**, **civil society**, and **government departments** at various levels.





KEY COMPONENTS OF RURAL GOVERNANCE

- Decentralization & Local Self-Governance**
 - Implementation of the Constitution (73rd Amendment) Act, 1992 empowered PRIs with more authority in planning and development.
 - Strengthening **Gram Panchayats**, **Gram Sabhas**, and **Village Committees** to make decisions closer to the grassroots level.
- Transparency and Accountability**
 - Ensuring public access to records and use of funds.
 - Social audits, e-governance tools, and grievance redressal mechanisms.
- People's Participation**
 - Involving citizens in planning, execution, and monitoring of rural schemes.
 - Encouraging representation of women and marginalized groups.
- Convergence of Schemes**
 - Coordinated efforts of central, state, and local bodies for better resource utilization.
 - Example: MGNREGA, PMAY-Gramin, and Swachh Bharat Abhiyan.

HOW CSR CAN STRENGTHEN RURAL GOVERNANCE

- Capacity Building of Local Institutions**
 - Training Panchayat members in budgeting, monitoring, and planning.
 - CSR can fund workshops and exposure visits.
- Digitalization & Technology Integration**
 - Support for digital tools and e-governance platforms in rural areas.
 - Example, developing MIS systems or mobile apps for village data.

CSR and Rural Governance: A Collaborative Approach

- Infrastructure & Service Delivery**
 - CSR initiatives can complement government schemes in health, education, and sanitation.
 - Examples: Setting up water supply systems, solar street lights, smart classrooms.
- Institutional Support**
 - Funding for local governance innovation labs, rural think-tanks, or third-party monitoring.
- Social Capital Enhancement**
 - Encouraging SHGs, cooperatives, and village-level federations through training and micro-financing.

CASE EXAMPLE OF A LEADING STEEL MANUFACTURER CSR INITIATIVE

The Company works with Panchayats for planning and implementing water management, health, and education programs.

Governance Impact:

- Capacity-building sessions for local leaders.
- Improved service delivery through Gram Sabha involvement.
- Increased transparency in fund usage.

CSR CAMPS IN RURAL AREAS: OVERVIEW

CSR Camps are on-ground, short-to-medium-term initiatives organised by companies under their Corporate Social Responsibility mandate. These are aimed at providing immediate services, building awareness, and engaging communities at the grassroots level — often in alignment with Schedule VII of the Companies Act, 2013.

1. Types of CSR Camps

a) Health Camps

- General health check-ups, eye camps, dental screening, maternal & child health services.
- Often held in partnership with local PHCs or NGOs.

b) Sanitation & Hygiene Camps

- Awareness drives on handwashing, menstrual hygiene, waste management.
- Distribution of hygiene kits and demonstration of eco-friendly toilets.

c) Education & Digital Literacy Camps

- Remedial classes, school enrolment drives, teacher training workshops.
- Introduction to digital tools, basic coding, and internet safety for rural youth.



d) Agriculture & Livelihood Camps

- Training farmers on organic farming, crop rotation, water conservation.
- Skill development and vocational training for women and youth.

e) Environment & Sustainability Camps

- Tree plantation drives, awareness on renewable energy, plastic-free villages.
- Promotion of solar lighting and clean cookstoves.

f) Governance & Legal Awareness Camps

- Sessions on citizen rights, social entitlements, grievance redressal.
- Promoting participation in Gram Sabhas and panchayat-level decisions.

CSR CAMPS & RURAL GOVERNANCE: THE LINK

CSR camps serve as interactive platforms that:

- Strengthen citizen engagement with local institutions.
- Build trust between corporates and communities.
- Facilitate participatory planning and social accountability.
- Provide real-time feedback for future CSR projects.

They also act as entry points for long-term rural development programs by helping identify needs directly from the ground.

CONCLUSION

The collaboration between **CSR** and **rural governance** is more than a financial partnership—it is a structural realignment toward participatory and accountable development. As rural India aspires for inclusive growth, the focus must shift from mere delivery of services to **empowering local institutions** through **transparency**, **accountability**, and **community ownership**.

This is where **grassroots governance** becomes critical. Panchayati Raj Institutions (PRIs), self-help groups, and local development committees are not just administrative nodes; they are **democratic platforms** where people's voices can guide policy and implementation. When CSR initiatives align with these local mechanisms, they don't just deliver development—they **amplify governance**.

By strengthening data systems, encouraging social audits, and ensuring participatory planning, CSR can become a **catalyst for grassroots transparency**. It opens new opportunities for innovation in rural governance—digitized monitoring, capacity building, decentralized project ownership, and localized accountability structures. These efforts together enhance trust, reduce leakages, and build responsive governance systems that truly reflect local aspirations.

In essence, **CSR becomes a bridge**—linking corporate responsibility with community leadership, and private capital with public accountability. It expands the governance ecosystem by bringing in new actors and perspectives, all grounded in local realities. The path forward lies in **institutionalizing this collaboration**, ensuring that every rupee spent is not just tracked, but transformed.

Thus, the future of rural development lies in a **governance model that is transparent at the grassroots**, accountable to the people it serves, and open to partnerships that respect local wisdom and scale impact sustainably.

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Societies and Trusts: Role of CS in Promoting Good Governance

This article delves into the multifaceted role of the CS in empowering Societies and Trusts to embrace and embed robust governance frameworks, thereby enhancing their operational efficiency, public trust, and overall impact.



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INTRODUCTION

In the intricate tapestry of non-profit organizations, encompassing both Societies registered under the Societies Registration Act, 1860 (or similar state-specific Acts) Section of the Companies Act, 2013 and Trusts governed by public or private trust laws, the pursuit of good governance stands as a cornerstone of their legitimacy, effectiveness and long-term sustainability. These entities, often entrusted with significant public resources and responsibilities, operate within a framework that demands transparency, accountability and ethical conduct. While the governing bodies – the managing committees of societies and the trustees of trusts – bear the ultimate responsibility for upholding these principles, the role of the Company Secretary (CS) has emerged as increasingly critical in facilitating and ensuring their effective implementation.

Traditionally associated primarily with corporate entities or in practice, the expertise and skill set of CS are now recognized as invaluable assets for Societies and Trusts. Their proficiency in legal and regulatory compliance, corporate governance principles, secretarial practices, and stakeholder management positions them uniquely to act as catalysts for promoting good governance within these non-profit structures. This article delves into the multifaceted role of the CS in empowering Societies and Trusts to embrace and embed robust governance frameworks, thereby enhancing their operational efficiency, public trust, and overall impact.

UNDERSTANDING THE GOVERNANCE LANDSCAPE OF SOCIETIES AND TRUSTS

Before exploring the specific contributions of a CS, it is crucial to understand the distinct yet overlapping governance challenges faced by Societies and Trusts. The

realm of non-profit organizations in India is significantly shaped by three prominent legal structures: Societies, primarily governed by the Societies Registration Act, 1860 (and corresponding state-level enactments), Companies incorporated under Section 8 of the Companies Act, 2013 and Trusts, subject to the Indian Trusts Act, 1882 (for private trusts) or various state-specific public trust legislations. These entities, while sharing the common thread of serving public or specific beneficial purposes, operate within distinct legal and regulatory frameworks that dictate their governance structures, operational procedures, and accountability mechanisms. A comprehensive understanding of this diverse governance landscape is crucial for stakeholders, including founders, managing committees, trustees, beneficiaries, donors, and regulatory bodies, to ensure these organizations function effectively, ethically, and in accordance with their stated objectives.

1. Societies

- **Regulatory Framework:** Governed by the Societies Registration Act, 1860, or similar state-specific legislations, Societies are required to adhere to specific regulations concerning registration, membership, meetings, maintenance of records, and filing of annual returns.
- **Membership-Based Structure:** Societies typically operate on a membership model, with a governing body elected by the members to manage the affairs of society. This structure necessitates effective communication, engagement, and accountability to the broader membership.
- **Diverse Objectives:** Societies are formed for a wide range of purposes, including charitable, educational, scientific, literary, social, and other beneficial objectives. This diversity can lead to varying governance complexities depending on the scale and scope of their activities.
- **Funding Sources:** Societies often rely on membership fees, donations, grants from government and private organizations, and income from their activities. Managing these diverse funding streams with transparency and accountability is paramount.

2. Trusts

- **Legal Framework:** Governed by the Indian Trusts Act, 1882 (for private trusts) or specific state-level public trust acts, Trusts are legal

entities established by a settlor for the benefit of specific beneficiaries or the public at large.

- **Trustee-Centric Governance:** The governance of a Trust rests with the trustees, who are entrusted with the responsibility of managing the trust property and ensuring that the trust's objectives are fulfilled in accordance with the trust deed.
- **Fiduciary Duty:** Trustees bear a significant fiduciary duty towards the beneficiaries, requiring them to act with utmost good faith, loyalty, and diligence in managing the trust's affairs.
- **Accountability and Transparency:** Trusts are expected to maintain proper accounts, manage trust property prudently, and be accountable to beneficiaries and, in the case of public trusts, to regulatory authorities.

COMMON GOVERNANCE CHALLENGES

Despite their distinct legal frameworks, both Societies and Trusts often encounter similar governance challenges, including:

- **Lack of Formal Governance Structures:** Many smaller or older Societies and Trusts may lack well-defined governance policies, procedures, and internal controls.
- **Dominance of a Few Individuals:** Decision-making can sometimes be concentrated within a small group of individuals, potentially leading to a lack of broader participation and oversight.
- **Conflicts of Interest:** Managing potential conflicts of interest among governing body members or trustees is crucial for maintaining impartiality and integrity.
- **Transparency and Disclosure Deficiencies:** Inadequate disclosure of information regarding finances, activities, and decision-making processes can erode stakeholder trust.
- **Compliance Burden:** Navigating the complex web of applicable laws, regulations, and reporting requirements can be challenging for organizations with limited administrative capacity.
- **Stakeholder Engagement:** Effectively engaging with members, beneficiaries, donors, and the wider community is essential for ensuring the relevance and impact of their work.

Awareness Campaigns, Capacity Building, Flexible Engagement Models, Regulatory Recognition can play a significant role in integrating the role of a CS within Societies and Trusts.

- **Increased Public Scrutiny:** Non-profit organizations are increasingly under public scrutiny regarding their financial management, operational transparency, and the impact of their activities. Stakeholders, including donors, beneficiaries, and the general public, demand greater accountability for the resources entrusted to these entities.
- **Growing Regulatory Complexity:** The legal and regulatory landscape governing Societies and Trusts is becoming increasingly intricate, with evolving tax laws, reporting requirements, and specific regulations related to fundraising and foreign contributions. Navigating this complexity effectively is crucial for compliance and sustainability.
- **The Need for Enhanced Accountability:** As stewards of public or private resources, the governing bodies of Societies and Trusts bear a significant responsibility to ensure these resources are used effectively and ethically to achieve the organization's objectives. Robust governance frameworks are essential for upholding this accountability.
- **Attracting and Retaining Funding:** Donors and funding agencies are increasingly prioritizing organizations with strong governance structures, recognizing that good governance is a prerequisite for effective program delivery and long-term sustainability.

• **Maintaining Public Trust and Credibility:** In a sector built on trust, any perception of mismanagement, lack of transparency, or ethical lapses can severely damage an organization's reputation and erode public confidence. Sound governance practices are vital for maintaining legitimacy and credibility.

THE COMPANY SECRETARY: A GOVERNANCE CATALYST FOR SOCIETIES AND TRUSTS

Against this backdrop, the professional expertise of a CS can significantly contribute to strengthening the governance framework of Societies and Trusts. Their role extends beyond mere compliance; they act as advisors, facilitators, and implementers of good governance practices. Here are the key areas where a CS can make a substantial difference:

1. Ensuring Legal and Regulatory Compliance:

- **Expertise in Relevant Laws:** CS's possess a thorough understanding of the Societies Registration Act, Trust Acts, Income Tax Act and Rules made thereunder (including exemptions under Section 12A and 80G), Foreign Contribution (Regulation) Act (FCRA), and other applicable laws. They can ensure that the organization adheres to all statutory requirements, including registration, filing of returns, maintenance of statutory registers, and compliance with specific regulations related to their activities.

UNDERSTANDING THE GOVERNANCE IMPERATIVE IN THE NON-PROFIT SECTOR

Before examining the specific contributions of a CS, it is crucial to underscore the growing importance of good governance within Societies and Trusts. Several factors contribute to this heightened focus:

- **Keeping Abreast of Changes:** The legal and regulatory landscape is constantly evolving. A CS stays updated on amendments, new laws and rules and regulations, and judicial pronouncements relevant to Societies and Trusts, ensuring that the organization remains compliant.
- **Managing Documentation and Records:** They can establish and maintain robust systems for managing crucial documents, such as registration certificates, trust deeds, minutes of meetings, financial records and compliance filings, ensuring their accuracy and accessibility.
- **Facilitating Audits and Assessments:** The CS can assist in preparing for and coordinating statutory audits, internal audits, and other compliance assessments, ensuring a smooth and efficient process.

2. Promoting Sound Secretarial Practices:

- **Conducting Effective Meetings:** A CS is skilled in organizing and conducting meetings of the governing body, general body (in the case of Societies) and committees. They ensure proper notices are issued, agendas are circulated, minutes are accurately recorded and maintained, and resolutions are duly passed and implemented.
- **Maintaining Registers and Records:** They are responsible for maintaining statutory registers, such as the register of members (for Societies), register of trustees (for Trusts), register of donations, and other relevant records, ensuring their accuracy and compliance with legal requirements.
- **Facilitating Communication:** CS act as a crucial link between the governing body, members/beneficiaries, regulatory authorities and other stakeholders, ensuring timely and effective communication of important information.
- **Drafting and Reviewing Documents:** They can assist in drafting and reviewing various documents, including policies, procedures, agreements and reports, ensuring they are legally sound and aligned with the organization's governance framework.

3. Embedding Principles of Good Governance:

- **Developing Governance Frameworks:** CS can play a pivotal role in developing and implementing comprehensive governance frameworks tailored to the specific needs and context of the Society or Trust. This includes defining roles and responsibilities of governing body members/trustees, establishing clear decision-making processes and promoting accountability.
- **Formulating Codes of Conduct and Ethics:** They can assist in drafting and implementing code of conduct and ethics for governing body members, employees, and volunteers, promoting ethical behavior and preventing conflicts of interest.
- **Promoting Transparency and Disclosure:** CS can help to establish mechanisms for transparent

disclosure of information regarding the organization's objectives, activities, financial performance, and governance practices to stakeholders. This can include preparing annual reports, maintaining a website with relevant information, and responding to stakeholder inquiries.

- **Strengthening Internal Controls:** They can contribute to the development and implementation of robust internal control systems to safeguard the organization's assets, prevent fraud and mismanagement, and ensure the integrity of financial and operational processes.
- **Facilitating Risk Management:** CS can assist in identifying, assessing, and mitigating potential risks that could impact the organization's objectives and sustainability. This includes developing risk management policies and procedures and monitoring their implementation.

4. Enhancing Stakeholder Engagement:

- **Developing Stakeholder Engagement Strategies:** CS can help in develop and implement strategies for effectively engaging with various stakeholders, including members, beneficiaries, donors, government agencies, and the wider community.
- **Managing Grievance Redressal Mechanisms:** They can assist in establishing and managing effective grievance redressal mechanisms to address concerns and feedback from stakeholders in a timely and transparent manner.
- **Promoting Inclusivity and Participation:** In membership-based Societies, CS can facilitate processes that promote inclusivity and participation of members in the organization's affairs.
- **Ensuring Effective Communication:** CS act as a central point of contact for communication between the governing body, stakeholders and regulatory authorities, ensuring timely and accurate dissemination of information.

5. Building Capacity and Awareness:

- **Conducting Governance Training:** CS can organize and conduct training programs for governing body members, trustees, and staff on relevant legal and regulatory requirements, governance principles, and best practices.
- **Promoting a Culture of Compliance:** They can play a crucial role in fostering a culture of compliance and ethical conduct throughout the organization.
- **Providing Guidance and Advice:** CS act as a trusted advisor to the governing body on matters related to governance, compliance and legal issues.

THE EVOLVING ROLE AND GROWING RECOGNITION

For decades, the domain of CS was largely confined to the corporate world, where their expertise in legal and regulatory compliance, corporate governance, secretarial

practices, and stakeholder management was considered essential for navigating the complexities of company law and ensuring the smooth functioning of businesses. However, the increasing scrutiny faced by non-profit organizations, coupled with a growing awareness of the need for robust governance structures within these entities, has led to a paradigm shift. Societies and Trusts, often handling significant public funds and entrusted with crucial social responsibilities, are now under greater pressure to demonstrate transparency, accountability, and adherence to ethical standards. This is where the unique skill set of a CS is proving to be exceptionally relevant and increasingly sought after.

While the formal appointment of a CS is not always mandatory for Societies and Trusts, the recognition of their value in promoting good governance is steadily growing. Increasingly, forward-thinking organizations are recognizing the benefits of leveraging the expertise of qualified professionals to strengthen their governance structures and enhance their credibility. Moreover, the increasing focus on financial accountability and transparency in the non-profit sector has highlighted the value of a CS skills in managing documentation and ensuring compliance with financial regulations. While they may not directly handle the accounting functions (which are typically managed by finance professionals), their understanding of regulatory requirements related to financial reporting, audits, and tax compliance is crucial. They can act as a bridge between the governing body and the finance team, ensuring that financial practices align with legal and regulatory obligations and that reporting is accurate and transparent. Their expertise in maintaining statutory registers and ensuring proper documentation of financial transactions contributes significantly to the overall financial integrity of the organization.

The scope of a CS involvement can vary depending on the size, complexity, and resources of the Society or Trust. They may be engaged on a full-time, part-time, or retainer basis. Regardless of the engagement model, their contribution can significantly enhance the organization's ability to operate effectively, ethically, and sustainably.

CHALLENGES AND THE WAY FORWARD

Despite the clear benefits, there can be challenges in integrating the role of a CS within Societies and Trusts:

- **Financial Constraints:** Smaller organizations may face financial constraints in hiring a dedicated CS.
- **Lack of Awareness:** Some governing bodies may not fully appreciate the value and scope of a CS expertise.
- **Defining the Scope of Work:** Clearly defining the roles and responsibilities of the CS within the specific context of a non-profit organization is crucial for effective collaboration.

To overcome these challenges and further promote the integration of CS in Societies and Trusts, several steps can be taken:

- **Awareness Campaigns:** Raising awareness among governing bodies and stakeholders about the benefits of having a CS.

- **Capacity Building:** Developing specialized training programs for Company Secretaries focusing on the unique governance challenges of non-profit organizations.
- **Flexible Engagement Models:** Encouraging the adoption of flexible engagement models, such as part-time or retainer-based services, to make it more accessible for smaller organizations.
- **Professional Development:** Promoting continuous professional development for Company Secretaries working with Societies and Trusts to keep them updated on the latest regulations and best practices.
- **Regulatory Recognition:** Exploring the possibility of incorporating specific provisions in relevant legislation that encourage or mandate the appointment of Company Secretaries for larger or more complex Societies and Trusts.

CONCLUSION

The governance landscape of Societies and Trusts in India is a complex interplay of statutory regulations, internal governing documents and fiduciary responsibilities. Societies operate within a framework of membership and collective governance, while Trusts are guided by the trust deed and the duties of trustees towards beneficiaries. Recognizing the distinct legal and structural characteristics of each form is crucial for fostering effective governance, promoting transparency and accountability, and ultimately ensuring that these non-profit organizations fulfill their vital roles in society with integrity and impact. A thorough understanding of this landscape empowers all stakeholders to contribute to the sound management and long-term sustainability of these essential institutions.

In an era where accountability and transparency are paramount, the role of the CS in promoting good governance within Societies and Trusts is becoming increasingly indispensable. Their expertise in legal and regulatory compliance, secretarial practices, and governance principles equips them to act as vital catalysts for strengthening the operational efficiency, ethical conduct, and public trust of these crucial non-profit entities. By embracing the professional skills of Company Secretaries, Societies and Trusts can build robust governance frameworks that enable them to effectively pursue their objectives, manage their resources responsibly, and ultimately enhance their positive impact on society. As the non-profit sector continues to evolve and face increasing scrutiny, the strategic integration of the CS role will be a key determinant of their long-term success and sustainability.

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Social Audit: Transforming Grassroots Governance Through Citizen Participation

Social Audit represents a qualitatively different form of citizen participation focused on Government performance and accountability. The main goal of Social Audit is to monitor, track, analyse and evaluate Government performance, thus making public officials accountable for their actions and decisions. This article throws light on the legal framework of Social Audit in India and the role of Company Secretaries as Governance professionals.



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INTRODUCTION:

THE POWER OF PARTICIPATORY OVERSIGHT

Social Audit has emerged as a powerful mechanism for enhancing transparency and accountability in governance, particularly at the grassroots level. Essentially, they give citizens a chance to look closely at how government programs are being applied and whether public resources are made available to the people who need them the most. Unlike traditional financial audits that focus primarily on economic aspects, Social Audits encompass a broader perspective, looking not just at dollar and rupees, but also at how these programs are impacting people's life. Social Audit is a process in which details of resources—both financial and non-financial—used by public agencies for development initiatives are shared with people through public platforms¹. It represents a qualitatively different form of citizen participation focused on government performance and accountability. The main goal of Social Audit is to monitor, track, analyze and evaluate government performance, thus making public officials accountable for their actions and decisions.

HISTORICAL DEVELOPMENT IN INDIA

Social Audit has gained prominence with the Constitution (73rd Amendment) Act, 1992 to the Indian Constitution, which addressed Panchayati Raj institutions and the subsequent renamed Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA).

¹ https://www.pria.org/knowledge_resource/1538653964_Best_Practices_in_Social_Audit.pdf

LEGAL FRAMEWORK FOR SOCIAL AUDITS IN INDIA

Social Audits gained institutional recognition in India through several legislative provisions:

1. **Section 17 of MGNREGA (2005):** Mandates that Gram Sabhas conduct Social Audits of all works sanctioned under the scheme at least once every six months.
2. **Constitution (73rd Amendment) Act, 1992:** Empowered Gram Sabhas to conduct Social Audits, strengthening local governance.
3. **Right to Information Act, (2005):** Complemented Social Audits by enabling access to official records to identify and rectify irregularities.
4. **Meghalaya Community Participation Act, (2017):** First state law institutionalizing audits across 20+ schemes.
5. **SEBI's Social Stock Exchange (SSE) Guidelines (2023):** Requires audited impact reports from NGOs and corporations.

THE SOCIAL AUDIT PROCESS: A STEP-BY-STEP APPROACH

The Social Audit process typically involves the following steps:

1. **Define boundaries:** Identify the entity, activities to be audited, and explain why these were selected.
2. **Identify stakeholders:** Consult with those who influence the implementation of activities that impact society.
3. **Training auditors:** Identify and train community members to serve as Social Auditors.
4. **Obtain and simplify information:** Gather relevant documents and present them in an accessible format.
5. **Document verification and field visits:** Review official records and conduct on-site verification.
6. **Interviews with beneficiaries:** Assess whether official information matches ground reality.

7. **Public hearing:** Share findings in an open forum with government officials present.
8. **Follow-up:** Trigger action on findings through an escalation pyramid and advocate for systemic changes.

SOCIAL STOCK EXCHANGE: A NEW DIMENSION TO SOCIAL ACCOUNTABILITY

India has pioneered an innovative approach to social accountability through the Social Stock Exchange (SSE) concept. Proposed by the Finance Minister in the 2019-20 Budget Speech, the SSE is an electronic fund-raising platform under SEBI's regulatory ambit for listing social enterprises and voluntary organizations working towards social welfare objectives².

The SSE enables social organizations to raise capital through equity, debt, or as mutual fund-like units. Its objectives include:

- Providing a regulated platform connecting social enterprises with donors.
- Facilitating funding and growth of social enterprises.
- Establishing mechanisms to ensure robust standards of social impact and financial reporting.

SEBI has clearly defined "Social Impact Assessment" audit requirements and "Social Auditor" qualifications. Not-for-profit organizations registered with the SSE must provide audited Social Impact Assessment Reports within 90 days of the financial year end. As of September 2023, 18 companies had registered with the SSE, and the platform is operational on both the National Stock Exchange and Bombay Stock Exchange.

SOCIAL AUDIT IMPLEMENTATION

In 2017, Meghalaya became the first Indian state to legislate Social Audits through the *Meghalaya Community Participation and Public Services Social Audit Act, 2017* mandating audits for over 20 schemes, including the National Food Security Act, 2013 and Pradhan Mantri Awas Yojana-Gramin³. This Act established autonomous Social Audit Units (SAUs) to facilitate audits, ensuring that findings are presented in Gram Sabhas with direct participation from beneficiaries.

A 2023 study by the Centre for Policy Research revealed that this model strengthened coalitions between civil society and bureaucrats, enabling real-time corrections in scheme implementation.

A 2019 Social Audit across six backward Odisha districts—Koraput, Balangir, Nuapada, and others—evaluated four National Food Security Act schemes, including the Integrated Child Development Services (ICDS) and Mid-Day Meal programs⁴. The audit revealed:

- 61% increase in ration distribution under ICDS.
- 20% reduction in exclusion errors for maternity benefits under the MAMATA scheme.

By involving Anganwadi workers and local NGOs, the process identified ghost beneficiaries and streamlined supply chains, ensuring that 89% of subsidized grains reached intended households.

A 2023 Social Audit in a Panchayat of Madhya Pradesh, revealed that 40% of wages disbursed were siphoned off by contractors colluding with local officials. Following community-led verification, ₹2.3 million was recovered, and job cards were reissued to genuine beneficiaries. Such cases highlight the dual role of Social Audits: rectifying individual grievances and driving systemic reforms.

In FY2023-24, the Social Audit Unit (SAU) of Kerala made significant strides in both quantity and quality of Social Audits for MGNREGA and other schemes. Despite initial challenges in 2018, Kerala's Social Audit Society has overcome systemic barriers through comprehensive audit coverage, conducting audits every six months, implementing systematic capacity development programs, and ensuring increased community participation. Kerala achieved 100% audit coverage, demonstrating how Social Audits improve transparency, enhance public trust, and ensure quality implementation.

The Society for Social Audit Accountability and Transparency (SSAAT) has conducted over 10,000 public hearings, providing a collective forum for villagers to give feedback and claim rights⁵. This model has been extended to oversee child nutrition, sanitation programs, and schemes for marginalized populations. A 2024 study by the Social Audit Advisory Body (SAAB) revealed that states like Andhra Pradesh have institutionalized Social Audits as a routine governance practice. In Andhra Pradesh, over 3,200 Social Audits conducted since 2020 identified ₹19 million in embezzled funds and led to disciplinary actions against 38,000 officials.

The above are only few examples, however such initiatives have been successfully implemented in majority of the states of India.

IMPACT ON TRANSPARENCY AND ACCOUNTABILITY: TRANSFORMING GOVERNANCE

Social Audits have demonstrated a significant impact in enhancing transparency and accountability at the grassroots level:

1. Transparency Enhancements

- Make financial records and implementation details accessible to the public, revealing corruption, diversion of funds, or inefficiencies.
- Provide a factual record of program performance through third-party validation.

² National Stock Exchange. (2025, March 7). Social Stock Exchange. <https://www.nseindia.com/sse>

³ <https://www.ideasforindia.in/topics/governance/institutionalising-social-audits-lessons-from-meghalaya.html>

⁴ <https://scroll.in/article/935309/social-audits-are-improving-the-reach-of-welfare-schemes-in-six-of-odishas-poorest-districts>

⁵ https://accountabilityresearch.org/wp-content/uploads/2022/08/Case-study_6_State-led-Social-Audits_Suchi-Pande-8-21.pdf

2. Accountability Improvements

- Deterrence of corrupt practices through public disclosure of audit findings.
- Recovery of misappropriated funds.
- Actionable feedback that directly informs governance improvements.
- Empowerment of marginalized communities to challenge entrenched power structures.

ROLE OF COMPANY SECRETARY (CS) IN SOCIAL AUDIT

- The Company Secretary (CS) plays a pivotal role in Social Audits by ensuring that a company's social responsibility initiatives are conducted with transparency and accountability, especially at the grassroots level.
- As a governance professional, the CS acts as a vital link between the company, its stakeholders, and the community, facilitating open communication and transparent reporting on social initiatives and their outcomes.
- The CS oversees compliance with statutory requirements related to social responsibility, monitors the allocation and utilization of funds, and ensures that Social Audit findings are integrated into company policy and operations for continuous improvement.
- The CS is instrumental in engaging community members and beneficiaries in the audit process, thus promoting participatory governance and empowering grassroots stakeholders to hold the company accountable for its social commitments.
- Through regular reporting to the board and senior management, the CS highlights progress, challenges, and deviations in social initiatives, advocating for corrective actions and fostering a culture of ethical conduct and responsible business practices.
- The CS also evaluates the authenticity and compliance of external partners, such as NGOs, ensuring that collaborations align with the company's values and contribute effectively to grassroots level development and transparency.
- Ultimately, the CS's leadership in Social Audits strengthens the company's accountability framework, builds trust with local communities, and ensures that social initiatives deliver tangible benefits, thereby promoting sustainable and inclusive growth from the ground up.

One of the new dimensions and an innovative approach to Social Accountability is the "Social Impact Assessment" audit requirements for Social enterprises listed on SEBI Social Stock Exchange.

CHALLENGES IN IMPLEMENTATION: SOCIAL AUDITS

A 2024 study by the Social Audit Advisory Body (SAAB) revealed that some states have institutionalized Social Audits as a routine governance practice⁶. Such practices underscore the tool's capacity to deter corruption while fostering civic engagement.

Innovative Approaches: Strengthening Social Audit Mechanisms

a) Technology Integration for Enhanced Participation

Digital platforms can dramatically expand Social Audit participation by allowing citizens to report issues, track progress, and participate in virtual audit sessions. For eg. A 2023 audit in one of the Panchayat exposed delayed wage transfers to 147 labourers due to incorrect bank details, which were rectified within a month.

One State has integrated mobile apps and GIS mapping to track real-time data on scheme implementation. During audits of the National Health Mission, geotagged images of health centres helped identify understaffed facilities and medicine shortages, prompting corrective measures within 30 days⁷.

b) Blockchain and Artificial Intelligence

Blockchain technology can ensure transparency and immutability of public expenditure records and project implementation documentation, addressing concerns about data manipulation. Artificial intelligence and data analytics could identify patterns and anomalies in large datasets, flagging potential issues for closer investigation.

This would make the audit process more efficient and effective, particularly for large-scale programs with extensive documentation.

c) Integration with Impact Investment Frameworks

The Social Stock Exchange concept could be expanded to include rating systems for organizations based on Social Audit performance. This would attract impact investors seeking both financial returns and verified social impact, creating market incentives for strengthened accountability. This framework compels transparency in CSR expenditures, with audits conducted by certified professionals from the Institute of Social Auditors of India. Innovative financing mechanisms like social impact bonds could be linked to Social Audit results, with better performance yielding more favourable financing terms. This direct connection between financial incentives and social accountability would motivate organizations to prioritize transparent governance.

⁶ <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1998569>

⁷ <https://samarthan.org/admin/img/resources/social%20audit%20impact-case%20studies.pdf>

d) **Professionalization and Capacity Building**

Universities and research institutions can introduce dedicated Social Audit curricula and research programs to develop a specialized knowledge base and train future practitioners. This academic engagement would strengthen the theoretical foundation and empirical basis of Social Audit practice.

e) **Extending Social Audit to Private Sector Activities**

While traditionally focused on public programs, Social Audit mechanisms could be extended to private sector activities with significant social and environmental impacts. The Securities and Exchange Board of India (SEBI) mandated Social Audits for entities listed on the Social Stock Exchange (SSE) in 2023, requiring NGOs and corporations to disclose audited impact reports annually.

Sector-specific Social Audit protocols could be developed for industries like mining, manufacturing, and agriculture, considering their unique characteristics and potential community impacts. These tailored approaches would ensure relevance across diverse private sector contexts.

GLOBAL PERSPECTIVES: LEARNING FROM INTERNATIONAL EXPERIENCES

While India's Social Audit model is unique, countries like Honduras and Ukraine offer complementary insights. Honduras, Social Audit Committees established by NGOs like GOAL enabled remote communities to monitor infrastructure projects, reducing fund leakage by 22%⁸.

Similarly, Ukraine's multi-purpose cash assistance program used grievance redressal hotlines to resolve 89% of complaints related to aid distribution, demonstrating the scalability of participatory mechanisms in conflict zones.

FUTURE PATHWAYS: EXPANDING SOCIAL AUDIT'S REACH

a) **Expanding Audits to Education and Healthcare**

Implementation of Social Audit action plan in government schools exemplifies forward-thinking governance. By partnering with universities, states can aim to evaluate resource allocation and teaching quality.

b) **Policy Recommendations**

1. **Legal Sanctity for Audit Findings:** Mandating time-bound responses to Social Audit reports, ensures accountability.
2. **Private Sector Integration:** Extending audit mandates to corporate CSR activities, coupled with SEBI's ESG reporting norms, could bridge urban-rural accountability gaps.

3. **Institutionalize Mechanisms:** Create dedicated Social Audit cells at the district level with full-time experts from government and civil society.
4. **Ensure Independence:** Establish Social Audit units functionally independent from implementing agencies with adequate resources.
5. **Build Capacity:** Train village-level Social Auditors to conduct regular audits in their respective Gram Panchayats.
6. **Strengthen Follow-up:** Develop robust mechanisms to ensure audit findings translate into corrective action.
7. **Protection Framework:** Implement measures to protect Social Auditors and whistleblowers from threats and harassment.

FREQUENTLY ASKED QUESTIONS ABOUT SOCIAL AUDIT

1. **What is a Social Audit, and how does it differ from a financial audit?**

A Social Audit is a participatory process where communities assess the implementation and impact of government schemes or corporate programs, focusing on transparency, accountability and social outcomes. Unlike financial audits, which verify financial statements and compliance with accounting standards, Social Audits evaluate whether resources are used effectively to achieve intended social objectives, such as poverty reduction or environmental sustainability. For example, under MGNREGA, Social Audits involve physical verification of public works and public hearings to address grievances.

2. **How do Social Audits enhance transparency at the grassroots level?**

Social Audits empower local communities by granting them access to project records, enabling direct scrutiny of expenditures and outcomes. By mandating public disclosure of muster rolls, fund allocations and work completion reports, they expose irregularities like ghost beneficiaries or misappropriated funds. Transparent processes also reduce information asymmetry, allowing citizens to demand corrective action through gram sabhas or public hearings.

3. **What role does a Company Secretary (CS) play in Social Audits?**

A CS ensures compliance with statutory requirements, such as CSR spending mandates, and aligns Social Audits with organizational risk appetite and business strategy. They act as a bridge between stakeholders, facilitating transparent communication about CSR initiatives and audit findings. For instance, a CS oversees documentation, ensuring records are accurate and accessible for audits and reports progress to senior management. Their evolving role now includes integrating environmental,

⁸ <https://www.chsalliance.org/get-support/article/two-new-case-studies-from-goal-about-social-auditing-and-accountability-in-conflict/>

social and governance (ESG) metrics into corporate frameworks, making Social Audits a strategic tool for sustainable development.

4. **What qualifications are required to conduct Social Audits?**

Professionals must understand social impact assessment methodologies and regulatory frameworks. The National Institute of Securities Markets (NISM) offers certification for Social Auditors, covering topics like social stock exchanges and impact reporting. Additionally, the ICSI Social Audit Standards provide guidelines for evaluating project outcomes, stakeholder engagement and statutory compliance. A CS with expertise in corporate governance and CSR regulations is well-positioned to lead these audits, leveraging their legal and procedural knowledge.

5. **What are the benefits of integrating Company Secretary expertise into Social Audit processes?**

Integrating Company Secretary expertise into Social Audit processes can enhance the professionalism and compliance aspects of Social Audits. It can ensure that Social Audits are conducted with transparency, accountability, and adherence to legal standards, thereby strengthening their impact at the grassroots level. CS can contribute in the following manner:

- Act as a neutral facilitator, ensuring that community voices, especially those of marginalized groups, are heard and documented.
- Guide local organizations or Gram Panchayats on maintaining proper records and disclosures, which are critical for effective Social Audits.
- Train and support local Social Audit committees on compliance, governance, and reporting standards.
- Advocate for regular and institutionalized Social Audits as part of ongoing governance mechanisms.

By ensuring that Social Audits are conducted transparently, findings are acted upon, and stakeholders are kept informed, Company Secretaries help bridge the gap between policy intent and actual outcomes. Their involvement enhances the credibility of the audit process, reinforces ethical standards and builds public trust in both corporate and public governance systems.

6. **What skills and competencies are required for a CS to add value in Social Audits?**

- Deep understanding of governance, compliance and regulatory frameworks.
- Strong communication and stakeholder engagement skills.

- Ability to interpret and present complex data in an accessible manner for diverse audiences.
- Expertise in risk management, policy evaluation and ethical decision-making.
- Commitment to ongoing professional development to stay updated with evolving standards in social accountability and sustainability.

7. **How can organizations integrate Social Audits into CSR strategies?**

A CS can advocate for periodic audits during CSR planning, ensuring projects align with community needs and regulatory requirements. For example, integrating audits into the CSR lifecycle—from needs assessment to impact evaluation—helps to identify gaps and improve resource allocation. Collaborating with NGOs or local governments strengthens credibility, while digital tools like blockchain enhance traceability of fund flows. Regular reporting to boards and investors also aligns CSR outcomes with business objectives, fostering long-term sustainability.

8. **Can Social Audits be applied beyond government schemes?**

Yes. While traditionally linked to programs like MGNREGA, Social Audits are increasingly applied in corporate CSR initiatives. For example, companies use them to assess the impact of education or healthcare projects, ensuring alignment with Sustainable Development Goals (SDGs). A CS can adapt these audits to evaluate supply chain ethics, labour practices, or community development projects.

CONCLUSION: SOCIAL AUDIT AS A TRANSFORMATIVE GOVERNANCE TOOL

Social Audit represents a transformative tool for promoting transparency and accountability at the grassroots level in India. Through systematic evaluation and community participation, it enables citizens to actively engage in governance and hold authorities accountable.

The future of Social Audit in India is promising. By leveraging technology, integrating with impact investment frameworks, building professional capacity, fostering cross-sectoral collaboration, and extending Social Audit principles to private sector activities, India can strengthen this mechanism as a cornerstone of accountable governance.

As India continues its democratic evolution, Social Audit can play a crucial role in deepening democratic values and ensuring development benefits reach marginalized communities. By championing Social Audit as a governance tool, India sets a precedent for other developing nations facing similar accountability challenges while fulfilling its constitutional commitment to inclusive and equitable development for all citizens.



Corporate Social Responsibility and Rural Governance: Building Partnerships for Sustainable Development

Corporate Social Responsibility (CSR), which is made mandatory by the Companies Act, 2013, has mandatory requirement and obligation to the eligible companies to support social development. This article discusses how CSR and rural governance, especially through Panchayati Raj Institutions (PRIs) and Self-Help Groups (SHGs), can work together to bring meaningful change to rural India. Further, this article shows how collaboration between companies and local institutions can lead to more effective, inclusive, and lasting development.



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INTRODUCTION

Indian villages provide home to about 65% of the country's population (Census of India, 2011). The efforts are taken by the Indian government to improve rural life through its various schemes and local bodies like Panchayats. The Companies Act, 2013 made it compulsory for specified companies to spend a part of their profits—at least 2%—of the average of three years profit on social work, known as CSR. This means businesses now have a role in development work. But to make this work, their efforts should match the actual needs of villages, which are best understood by local institutions like PRIs and SHGs. If CSR work is

planned with help from these bodies, the impact can be deeper and more lasting.

UNDERSTANDING CSR IN INDIA

CSR in India took a significant turn in 2014 when it became one of the first countries in the world to mandate CSR spending by law. This was introduced through Section 135 of the Companies Act, 2013, which came into effect on April 1, 2014. The law applies to companies that meet at least one of the following financial thresholds:

1. A net worth of ₹500 crore or more,
2. A turnover of ₹1,000 crore or more, or
3. A net profit of ₹5 crore or more during any financial year.

These companies are required to spend at least 2% of their average net profits from the preceding three financial years on CSR activities.

This legislation marked a major shift in the corporate sector's role in national development. It turned what was earlier seen as optional charity into a strategic and accountable responsibility, thereby encouraging companies to contribute to nation-building in a structured and impactful manner. It also required companies to form a CSR committee and include their CSR policies in the Board reports, increasing transparency and accountability.

The Schedule VII of the Companies Act, 2013 provides a wide scope for CSR identified activities. These include areas such as promoting education, improving healthcare, empowering women, protecting the environment, supporting the differently abled, and contributing to rural development. This flexibility allows companies to choose areas aligned with their vision, resources, and geographic presence. Many companies have used this opportunity to focus their CSR efforts in rural India.

In practice, CSR in India has manifested in various impactful initiatives. For example, companies have constructed school buildings, supported digital learning, conducted mobile health camps, distributed sanitary napkins to promote menstrual hygiene, trained rural

youth in employable skills, or built roads and sanitation facilities in villages. These efforts often go beyond just spending money; many companies partner with NGOs, local governments, and community organizations to ensure that the impact is long-term and sustainable.

The CSR law encourages companies to look beyond one-time donations and adopt a project-based approach, where activities are well-planned, monitored, and measured for effectiveness. It also highlights the need for geographical equity in CSR spending, urging companies not to limit their efforts to urban areas or regions where they have operations, but also consider rural and backward regions.

Therefore, CSR in India is not just a financial obligation; it is increasingly seen as a tool for inclusive and sustainable development, particularly in rural areas. The legal framework, combined with growing awareness and social expectations, has transformed the way Indian companies engage with society and contribute to the broader developmental goals of the nation.

RURAL GOVERNANCE IN INDIA

Rural governance in India is primarily based on the Panchayati Raj system, a decentralized form of administration that was institutionalized through the Constitution (73rd Amendment) Act, 1992. This landmark amendment gave constitutional status to local self-governments in rural areas and aimed to bring democracy to the grassroots level. It empowered villagers to take active roles in planning and implementing their own development programs, thus promoting participatory governance. The system was introduced to strengthen local decision-making and reduce dependency on top-down administrative models that often failed to meet rural priorities effectively.

The Panchayati Raj system is structured in three tiers to ensure decentralized planning and administration. At the base is the Gram Panchayat at the village level, which is the most direct link between the people and governance. The middle tier is the Panchayat Samiti at the block or intermediate level, which coordinates among several Gram Panchayats. At the top is the Zilla Parishad at the district level, which oversees and integrates development planning for the entire district. Each of these tiers has elected representatives and functions within a clearly defined jurisdiction, playing specific roles in planning, implementation, and monitoring of rural development activities.

One of the most important institutions within the rural governance framework is the Gram Sabha. It consists of all the adult residents of a village and serves as the core decision-making body in the Panchayati Raj system. The Gram Sabha is responsible for approving plans, reviewing expenditures, and ensuring accountability in the functioning of the Gram Panchayat. Its meetings are forums for people to voice their concerns and suggest development priorities. The strength of rural governance depends heavily on the vibrancy and regular functioning of these Gram Sabha meetings.



In addition to the elected Panchayats and the Gram Sabha, several thematic committees play a supportive role in governance. These include village-level health, education, water and sanitation, and nutrition committees, which focus on specific sectors and help in planning and monitoring of related activities. These smaller bodies often work in collaboration with government departments, NGOs, and sometimes CSR teams from private companies to implement schemes effectively.

A key tool in rural planning is the Gram Panchayat Development Plan (GPDP). Introduced by the Ministry of Panchayati Raj, GPDP is an annual plan that outlines the development needs and priorities of the village. It is prepared through participatory processes involving the Gram Sabha and various stakeholders. The GPDP helps Gram Panchayats identify local needs and allocate resources accordingly. If CSR efforts are aligned with GPDPs, the result can be far more impactful. Instead of companies launching independent or disconnected projects, aligning CSR with GPDPs ensures that initiatives are relevant to actual local demands—whether it is building roads, improving sanitation, or supporting livelihood activities. This alignment enhances both the efficiency and the sustainability of development interventions.

Thus, when the Panchayati Raj system functions effectively and when corporate entities engage with it thoughtfully, a strong and responsive framework for rural development is created. This collaborative approach helps bridge resource gaps, avoids duplication of efforts, and ensures that rural development is truly community driven.

HOW CSR AND RURAL GOVERNANCE CAN COLLABORATE

CSR can provide support and strengthen rural governance by aligning business-led development efforts with the grassroots democratic institutions such as Panchayati Raj Institutions (PRIs), Self-Help Groups (SHGs), and village-

level committees. In the health sector, companies can run mobile medical units, organize health camps, or provide financial support for ASHA workers (Accredited Social Health Activists). These workers, already embedded in the community, play a key role in maternal and child health, immunization, and hygiene promotion. Village Health, Sanitation and Nutrition Committees (VHSNCs) can complement these efforts by spreading awareness and ensuring that health services reach the right people (Ministry of Health & Family Welfare, 2018).

In the education sector, companies can contribute by building classrooms, setting up digital learning centres, providing study materials, and even training teachers. Meanwhile, Village Education Committees (VECs) or School Management Committees (SMCs) can monitor school attendance, mid-day meal schemes, and overall quality of education delivery (Right to Education Act, 2009). This kind of partnership ensures that investments in education are not just about infrastructure but also about improving learning outcomes.

In the area of livelihoods, CSR efforts can be directed toward skill development programs, microfinance initiatives, and entrepreneurship support. Local SHGs and farmer producer organizations (FPOs) can help companies identify the right beneficiaries and provide post-training support. For example, women-led SHGs can partner with companies to run tailoring centres, mushroom farming units, or food processing businesses. These joint initiatives promote local employment, reduce migration, and enhance economic resilience in rural areas (NABARD, 2021).

Water and sanitation is another critical area where CSR can collaborate effectively with local governance. Companies can build household toilets, community water tanks, water filtration plants, or rainwater harvesting systems. In turn, village-level water user committees or sanitation committees can take responsibility for operating and maintaining these facilities. Their involvement ensures sustainability and encourages behaviour change among villagers, such as regular toilet usage and water conservation practices (Swachh Bharat Mission Guidelines, 2017).

Finally, in the field of renewable energy, companies can promote clean energy solutions like solar lanterns, solar street lights, or community-level biogas plants. Local groups, trained and empowered, can operate and manage these systems. This not only reduces dependency on conventional energy sources but also contributes to environmental sustainability and cost savings for rural households (TERI, 2020).

BENEFITS OF COLLABORATION

When companies and local governance bodies such as Panchayati Raj Institutions (PRIs) and Self-Help Groups

(SHGs) collaborate on development projects, it leads to a stronger and more sustainable partnership. One of the most important benefits of this collaboration is that it promotes a sense of ownership among the local community. When villagers are involved from the beginning—in identifying problems, planning solutions, and executing projects—they feel that the project belongs to them. This ownership motivates them to maintain and sustain the initiative in the long term. For instance, if a company constructs a toilet block in consultation with the Gram Panchayat, villagers are more likely to use it properly and ensure its cleanliness. On the other hand, if such facilities are built without community involvement, they may remain unused or fall into disrepair.

Another key benefit of working with local governance institutions is that these bodies have a deeper understanding of the village's actual needs and priorities. PRIs and SHGs are closely connected to the everyday lives of rural people and are better positioned to identify which issues are most urgent—whether it's clean drinking water, access to healthcare, education facilities, or livelihood support. When companies plan their CSR initiatives in alignment with this local knowledge, the money is used more wisely. This ensures that resources are not wasted on projects that look good on paper but do not address the core problems faced by villagers. It also helps avoid duplication of efforts and ensures that CSR interventions complement existing government schemes and community initiatives.

Moreover, involving village institutions like the Gram Sabha in CSR projects leads to greater transparency and accountability. Since Gram Sabhas include all adult members of the village, they serve as an ideal platform for public discussion, monitoring, and evaluation of ongoing development activities. When villagers are aware of the funds being spent and the nature of the work being done, they can collectively keep an eye on the progress. This reduces the chances of corruption or mismanagement and helps ensure that the benefits reach the intended people. Local committees formed for health, education, sanitation, or water management can also play a key role in regularly checking the quality and effectiveness of CSR supported initiatives.

Finally, CSR initiatives can play significant role in enhancing the capacity of both PRIs and SHGs by offering training, exposure, and technical support. Many Panchayat members and SHG leaders may lack formal education or experience in planning and managing development projects. Here the companies can bridge this gap by organizing training sessions on budgeting, accounting, leadership, communication, and use of digital tools. Such capacity-building efforts not only make the local institutions more effective in implementing CSR-related projects but also strengthen them for future self-led development work. In this way, CSR becomes

CSR can provide support and strengthen rural governance by aligning business-led development efforts with the grassroots democratic institutions such as Panchayati Raj Institutions (PRIs), Self-Help Groups (SHGs), and village-level committees.

more than just a funding tool—it becomes a means of empowering local leadership and building long-term institutional strength in rural areas.

CHALLENGES IN COLLABORATION

Despite the promising potential for synergy between Corporate Social Responsibility (CSR) and rural governance, there are some challenges that impact the effective collaboration between Panchayati Raj Institutions (PRIs) and companies.

1. Capacity Building and Training in PRIs

One of the primary challenges in the collaboration between companies and local governance bodies like Panchayats is the need for training and capacity building within PRIs. Many Panchayat members, particularly in rural areas, lack the technical know-how to manage CSR projects effectively. According to Singh and Prasad (2016), PRIs often struggle with understanding the intricacies of CSR funding, project management, monitoring, and reporting. Panchayat members, who are usually local leaders, often come from diverse backgrounds with limited exposure to development planning and financial management, making them less equipped to manage large-scale CSR initiatives.

2. Divergence in Objectives and Focus

Another significant hurdle is the divergence of objectives between companies and PRIs. Companies involved in CSR may prioritize short-term visibility and brand building, often focusing on projects that can showcase their contribution in the media. This contrasts with the long-term developmental goals of PRIs, such as improving sanitation, water supply, and public health, which require sustained effort and long-term investments. This mismatch of priorities can lead to poor coordination and misalignment of resources, with companies focusing on quick-to-implement projects like one-time health camps, while PRIs might prioritize ongoing issues such as improving rural infrastructure or managing water resources. According to Chatterjee and Mitra (2017), this difference in objectives can lead to duplication of efforts, where some issues are oversupplied with resources, while others are neglected.

3. Awareness of CSR Opportunities

In many cases, the local governance bodies, particularly the Gram Panchayats, are unaware that they can approach companies for CSR support. Many Panchayat members do not have the necessary knowledge about the legal framework of CSR or how to approach companies for help (Chatterjee & Mitra, 2017). This lack of awareness limits the ability of PRIs to tap into available resources and deprives them of potential support. Moreover, some Panchayat members may not be equipped to engage in discussions with companies, which are often driven by professional development agencies or CSR

consultants. Without the proper guidance, even those who are aware of CSR opportunities may find it difficult to navigate the complex processes involved in seeking support.

4. Implementation and Monitoring

Once CSR projects are initiated, the monitoring and evaluation of these projects can become a complex task due to the fragmented nature of implementation. Many CSR projects do not undergo regular assessments, which means their success and sustainability are often difficult to measure. Without proper monitoring mechanisms in place, there is a risk of project failure or corruption, as funds may not be allocated appropriately. Chatterjee and Mitra (2017) argue that the lack of monitoring and transparency can result in projects not meeting the intended outcomes, and local governance bodies may be left with limited resources to ensure that the projects are managed sustainably.

RECOMMENDATION

One useful global framework is the Sustainable Development Goals (SDGs), especially Goal 17 which talks about partnerships. If both companies and PRIs use SDGs to set targets and measure progress, their collaboration can be more structured and result oriented.

CONCLUSION

CSR and rural governance are two strong tools for development. Its effective implementation requires proper planning, trust, and coordination. Companies must go beyond just donating money—they need to work with the people, understand their problems, and become partners in progress. Similarly, PRIs must learn how to involve CSR in their development plans. With shared goals and joint action, CSR can move from being just a legal duty to becoming a true engine of rural transformation.

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Conflict Management: Thy Name is Governance

In a market economy, conflict of interest is inherent and often unavoidable in any professional or organisational setting, as individuals and entities juggle multiple roles and responsibilities, often with competing interests. The challenge arises when someone in a position of trust or public responsibility allows his private interests to influence fiduciary decisions. The key is not the existence or avoidance of conflicts, but managing them effectively to ensure they do not compromise the integrity of such decisions. Conflict management is the core of governance, especially in fund management, where trust, transparency, and accountability are paramount. This piece suggests a framework for conflict management for pension fund managers.



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INTRODUCTION

Pension fund management involves the professional oversight and investment of funds that individuals and employers contribute to ensure long-term financial security in retirement. It requires a careful balance between risk and return, with investments strategically diversified across asset classes to achieve sustainable growth while safeguarding the principal. Effective management ensures that sufficient assets are available to meet future liabilities, thereby protecting the financial well-being of retirees.

Conflict management, as an integral part of fund management, ensures that fund managers make decisions solely in the best interest of beneficiaries, free from personal or external interests/biases. By addressing and mitigating potential conflicts, fund managers uphold the integrity of their fiduciary duties, foster trust in the pension system, and contribute to the long-term stability and sustainability of retirement income for participants.

Drawing primarily from the experiences of the securities market and insolvency processes, where conflicts of interest are particularly pronounced, this article explores: (a) the inherent nature of conflicts in fund management, (b) the evolution of conflict management frameworks in financial markets in India, (c) key conflicts encountered by fund managers, (d) common examples of conflicts for directors of fund management companies, and (e) strategies to mitigate some such conflicts effectively.

INHERENT CONFLICTS IN FUND MANAGEMENT

Consider an early and typical case of conflict in fund management in the Indian market.¹ Between 2007 and 2009, a portfolio manager of a Foreign Institutional Investor leaked sensitive information about upcoming orders to a relative. Acting on this tip-off, the relative traded ahead of the orders, swiftly squaring off his positions once the large orders moved the markets, thereby making substantial profits. The Securities and Exchange Board of India (SEBI) detected the synchronised trading and ruled that both engaged in front-running - trading ahead of a large order for personal gain. At the time, under the SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations 2003 (FUTP Regulations), only intermediaries were liable for front running. The Securities Appellate Tribunal (SAT) overturned SEBI's ruling in 2012, as neither party involved was an intermediary. In 2017, on appeal, the Supreme Court upheld SEBI's stance, ruling that their actions violated the code of business integrity and constituted fraudulent and unfair practices. This landmark case led to a 2019 amendment to the FUTP Regulations, broadening the definition of front running to encompass all persons, not just intermediaries. Since then, SEBI has been actively cracking down on front running, particularly by mutual fund dealers profiting at the expense of fund unitholders.

A fund manager often faces multiple conflicts of interest, which can undermine both the decision-making process and the interests of beneficiaries. These conflicts arise due to the presence of diverse parties and objectives. Below are a few key sources of conflicts and their implications:

- **Multiple Interests:** A fund manager typically pursues two interests: private interests encompassing salary, fee, and potential benefit that may accrue to its employees or relatives, and the fiduciary or public interest serving the interests of beneficiaries. The challenge arises when investment choices prioritise the manager's private gains over the beneficiaries' returns, leading to suboptimal outcomes. For example, a fund manager may engage in excessive trading to

¹ *Shri Dipak Patel v. The Adjudicating Officer, SEBI (Appeal No. 216 of 2011, SAT decision dated 09.11.2012) and SEBI v. Shri Kanaiyalal Baldevbhai Patel (CA No. 2595 of 2013, Supreme Court judgment dated 20th September 2017).*

generate higher fees for himself, at the expense of the beneficiaries' returns due to increased transaction costs. While it may seem tempting to exclude individuals or entities with potential conflicts, doing so could unintentionally exclude many competent professionals from fiduciary roles, resulting in a loss of expertise. Instituting incentive structures that align fund managers' compensation with long-term portfolio performance can mitigate this risk.

- **Multiple Stakeholders:** Entities or individuals responsible for safeguarding the interests of diverse stakeholders often grapple with conflicting priorities. A fund manager, for instance, must balance the interests of multiple investors, investees, funds, markets, products, and even regulators. A decision to adopt a particular strategy may be perceived as favouring one set of stakeholders at the expense of another. While avoiding this complexity might seem appealing, it would come at the cost of sacrificing economies of scale and portfolio diversification, the very foundation of effective fund management. Regular stakeholder engagement, transparent disclosures, and independent oversight can help reconcile the interests of divergent stakeholders.
- **Multiple Objectives:** The most pervasive conflict for fund managers is the conflict between risk and return. If high returns could be achieved without risk, every other conflict would fade into insignificance. While investors seek high returns with zero/minimal risk, fund managers often have the temptation to chase riskier strategies to meet investor expectations. Extreme approaches such as investing solely in low-risk, low-return instruments or high-return, high-risk assets are impractical, as they fall outside market realities. This conflict is compounded by the mismatch between increasing investible funds and the limited availability of permissible, high-quality investment opportunities. As assets under management grow, fund managers face pressure to deploy funds effectively. This scarcity of viable options can lead to suboptimal or riskier investments, compromising portfolio quality and long-term performance. Establishing robust risk management frameworks and scenario-based stress testing can aid fund managers in maintaining balanced investment strategies.

For a company to withstand the relentless pressures of competition and innovation, it must adopt strategies of resilience, adaptability, research and development, risk management, visionary leadership, and sustainable business practices.

In a world where competing interests are the norm, governance does not aim to eliminate conflicts of interest, but rather to identify, mitigate, and manage them effectively so that professional decisions remain unclouded and equitable, and competing interests and objectives are balanced transparently, prioritising professional considerations over personal gain.

EVOLUTION OF CONFLICT MANAGEMENT FRAMEWORK

In the early 1990s, a SEBI Chairperson faced ridicule for having “never seen a share certificate”, casting doubts on his ability to regulate the securities markets. Reportedly, he retorted: ‘*Having shares is not a qualification prescribed for the position of Chairperson of SEBI, it could sometimes be a disqualification*’. Fast forward to today, the narrative has flipped, as another chairperson has drawn attention for having “seen share certificates”. What was once considered a qualification is now perceived as a potential liability, bringing conflicts of interest to the forefront of governance. In between, a different chairperson with modest holdings chose to divest them before assuming office, reinforcing the need for regulators to, like Caesar’s wife, remain beyond reproach, free not only from actual conflicts but even the appearance of one.

- **Historical Context:** Initially, conflicts were most evident in the securities market, India’s first sector to be liberalised. The conflict management mechanisms developed for securities markets were subsequently adapted, with modifications, across other sectors.

Historically, the government played a dual role; running businesses through entities like BSNL and MTNL in telecom or GIC and LIC in insurance, while making rules to regulate these sectors. This dual role created a perception that the Government, being both a player and a regulator, would favour its own enterprises. Businesses were wary of a system where their competitor also set the rules, issued licences, conducted investigations, and imposed penalties.

To address this inherent conflict of interest, independent regulators, such as the Central Electricity Regulatory Commission for electricity, the Petroleum and Natural Gas Regulatory Board for fossil fuels, and the SEBI for securities markets, were established to regulate businesses. The withdrawal of government nominees from the governing boards of self-regulatory organisations like stock exchanges further mitigated the conflict.

- **Conflict Management in SEBI:** In the securities markets, this shifted the conflict, along with the responsibility, to SEBI. Initially, the SEBI Act, 1992 prohibited directors of companies from serving on its Board, with the rules mandating members to avoid financial or other interests that could prejudice their functions. However, in 1995, the SEBI Act was amended to allow company directors on the Board, accompanied by mechanisms to manage potential conflicts while benefiting from their expertise. In 2008, SEBI voluntarily implemented the *Code on Conflict of Interest for Board Members*, establishing a framework for identifying, managing, and mitigating conflicts.

- **Conflict Management in Stock Exchanges:** Historically, stock exchanges regulated brokers and markets. However, brokers owned, governed, and traded on the exchanges, creating significant conflicts of interest that often led to misconduct, as brokers' private interests sometimes overshadowed public interests. To address this, stock exchanges were demutualised and corporatised in 2005, limiting brokers' influence. Subsequent regulations further tightened governance: brokers can no longer sit on the governing board and may hold up to 50 percent of shares, while the managing director is prohibited from holding any shares in a broking entity.

Demutualisation, however, introduced new conflicts between the commercial aspirations and regulatory responsibilities of stock exchanges. SEBI addressed these by regulating securities transactions by directors, requiring the majority of the governing board to be public interest directors, and creating separate verticals for regulatory and commercial functions.

- **Conflict Management in Markets:** SEBI extended its conflict management framework to enhance governance across markets, asset management, product distribution, and corporate structures. The framework today prohibits insiders from using confidential information for personal gain and prevents intermediaries from front-running trades for their own benefit. It mandates key executives in asset management companies to invest a minimum amount in the schemes they manage or oversee, aligning their interests with those of investors, and restricts employees from trading in securities of investee companies. Investment Advisers and Research Analysts must avoid promoting financial products where they have a personal interest, with mandatory disclosure of conflicts. Related parties are barred from voting on related-party transactions, while independent directors are denied stock options to ensure impartial decision making.

The conflict management framework has undergone significant evolution, progressing from outright denial to a reactive, piecemeal approach, and ultimately to a structured and comprehensive system. By adopting mechanisms such as segregation, prohibition, and management, the framework ensures that fiduciary and regulatory decisions remain unclouded by personal or organisational interests.

KEY CONFLICTS OF FUND MANAGERS

With pension funds increasingly expected to allocate greater investments toward equities and debt in the coming years, the governance of the investee companies becomes a critical concern. The concern stems from the increasing risks to the lives of companies. Humanity invented companies in the pursuit of creating entities that could outlast individuals, a quest for immortality. Historically, companies lived long lives - the longest-living company, Kongo Gumi, survived 1,429 years

before succumbing to debt in 2006. In stark contrast, modern trends reveal a concerning decline in corporate longevity. The average lifespan of an S&P 500 company has declined sharply from 90 years in 1935 to just 18 years by 2016. Recent studies suggest that the average lifespan of a publicly traded company, considering mergers, acquisitions, and bankruptcies, is now approximately 10 years. This steep decline underscores an alarming reality: companies today are more vulnerable than ever.

This vulnerability presents significant challenges for fund managers, particularly those making long-term investments. Poor governance practices can amplify these risks, undermining investor value, eroding returns, and diminishing trust in the investment process. Therefore, fund managers must remain vigilant, prioritising investments in companies that demonstrate strong governance practices to safeguard their portfolios and their investors' interests. Below are three key conflicts that fund managers must navigate to address this challenge effectively:

- **Conflict among Stakeholders:** A company is a complex amalgamation of diverse stakeholders, each with unique objectives, rights, interests, and levels of engagement, often leading to inherent conflicts. Consider the conflict between the limited liability of the shareholders and the unlimited liability of the company. Shareholders, driven by the desire to maximise their returns while enjoying limited liability, can inadvertently or deliberately expose the company to significant risks, sometimes with catastrophic consequences. The Bhopal gas tragedy and the Satyam scandal serve as stark reminders of how misalignment of interests can lead to disastrous outcomes.

Another common conflict arises between those in control of the company and those who are not. Individuals in positions of power may siphon off or transfer value to themselves through avoidance transactions like preferential, undervalued, fraudulent, and extortionate transactions, draining the company of its resources. The scale of such practices is staggering: companies admitted to insolvency proceedings in India are estimated to have lost about three trillion rupees through such transactions. If these values had not been alienated, many companies may have avoided the insolvency process altogether.

A third type of conflict exists between short-term and long-term investors. In today's fast-paced financial markets, some shareholders hold shares for mere fractions of a second, prioritising short-term profits over the company's long-term health and sustainability. This short-termism is at odds with the goals of long-term investors, who depend on the sustained growth and governance of the company to preserve value. These conflicts prevent fund managers from being passive investors, whether in equity or debt. They cannot afford to sit back and watch as a company's value erodes or, worse, the company itself disappears. Instead, fund managers must actively engage to mitigate these conflicts to safeguard their investments.

To address these challenges, the State has instituted robust corporate governance norms designed to align stakeholder priorities with the overarching interests of the company. These norms include provisions such as appointing independent directors, defining roles for key managerial personnel, regulating related-party transactions, protecting minority interests, conducting financial and secretarial audits, and ensuring timely and accurate disclosures about material matters. Fund managers play a pivotal role in upholding these norms. By prioritising investments in companies that adhere to or exceed these governance standards, they not only protect investor value but also contribute to building a more resilient and sustainable corporate ecosystem.

- **Conflict between Present and Future:** If a company lives too much in the present, it may jeopardise its future. It may lose its life when its business becomes unviable for reasons such as innovation, change in policy, change in social taste, exhaustion of natural resources, or even black swan events like COVID-19. If it focuses too much on the future, it may compromise the present. It may lose its life when it fails to compete with its peers in the industry for reasons such as poor organisation, inefficient management, and malfeasance, among others. If it focuses too much outside the business, it may compromise both the present and the future. Striking the right balance between present needs and future aspirations is critical for a company's longevity.

For a company to withstand the relentless pressures of competition and innovation, it must adopt strategies of resilience, adaptability, research and development, risk management, visionary leadership, and sustainable business practices. Additionally, companies must be prepared for “unknown unknowns” and unpredictable challenges that could threaten their survival. Fund managers, as providers of equity and debt, have a critical role in strengthening the resilience of the companies they invest in. They must help build the capacity of companies to withstand competitive pressures and embrace innovation, ensuring they do not prematurely fail. Ideally, a company should live out its full economic life, provided it has a viable business model. If a viable company faces stress, it must be rescued and supported. Conversely, a company that has reached the end of its economic life and is no longer viable should be allowed to exit promptly.

Fund managers bear the responsibility of discerning between viable and unviable companies, investing in the former and withdrawing from the latter, regardless of short-term returns. They must act decisively to ensure that viable companies do not die prematurely and that unviable ones do not linger on, depleting the funds that could be better deployed elsewhere.

This conflict between present and future extends beyond individual companies to broader ecological and societal sustainability. Companies that prioritise short-term gains without regard for long-term consequences risk compromising not only their own

future but also the future of the environment and society at large. For fund managers, this underscores the importance of integrating sustainability considerations into investment decisions, ensuring that both companies and the ecosystems in which they operate can thrive for generations to come.

- **Conflict between Debtors and Creditors:** A real sector company typically funds its operations through equity and debt. Ideally, shareholders and creditors should safeguard their stakes associated with equity and debt, respectively. This was, however, not the case till recently. The shareholders retained control over the company even after exhausting the equity fully. Failure to repay debt did not have any consequence, incentivising excessive leverage. The Insolvency and Bankruptcy Code, 2016 (IBC) has rebalanced the rights of stakeholders. Considering that whatever is left after equity is exhausted belongs to creditors, it allows them to decide the fate of the debt-laden company and consequently their own fate.

As creditors of the company undergoing insolvency proceedings, fund managers need to be aware of their entitlement and authority to guide them to exercise their rights appropriately and in time to protect their interests.

- Entitlement of Creditors:** A company uses contracts to borrow to take advantage of leverage. It enters a series of incomplete bilateral contracts that allow every creditor foreclosure rights over the company's assets. The company meets its commitment towards each creditor in the normal course and life goes on. However, when the company is stressed, creditors may rush to recover their claims before others do, triggering a run on the company's assets. They recover on a first come, first served basis till the assets of the company are exhausted, bleeding the company to death. This is a negative-sum game.

The IBC endeavours to resolve such stress while discharging obligations towards creditors to the extent realistically possible under the circumstances. For this purpose, it overwrites the pre-insolvency rights and entitlements of parties. It prioritises the claims of stakeholders in a hierarchical order (priority rule). Further, this priority rule overrides every other law. Overwriting rights and overriding other laws are essential features of insolvency frameworks worldwide. It, however, does not ignore pre-insolvency rights altogether. It does not, for example, put unsecured creditors above secured creditors or put secured and unsecured creditors at par.

- Authority of Creditors:** The IBC places financial creditors in the driving seat. It confers extraordinary powers on them to rescue a company through a compressive resolution plan: (a) they may seek the best resolution plan from the global market, in a significant departure from previous mechanisms that confined

resolutions from existing promoters; (b) they may take and/or cause a haircut of any amount to any or all stakeholders as may be required for rescuing the company; and (c) the resolution plan may entail any measure(s) - a change of management, technology, or product portfolio; acquisition or disposal of assets, businesses, or undertakings; restructuring of organisation, business model, ownership, or balance sheet; strategies of turn-around, buy-out, merger, amalgamation, acquisition, or takeover; etc. Yet some companies may be beyond repair and must be closed.

A fund manager is not just a claimant in an insolvency proceeding. As a financial creditor, it has the right to initiate an insolvency proceeding of a defaulting investee company and drive the resolution process. It can optimise its interests if it understands its rights and obligations in an insolvency proceeding of the investee company and has the commercial wisdom to adopt the right strategies along the way.

CONFLICTS FOR DIRECTORS OF FUND MANAGEMENT COMPANIES

Directors of fund management companies navigate a complex web of conflicts involving personal interests, governance practices, investment objectives, and broader market dynamics. By implementing robust policies, fostering transparency, and adhering to fiduciary principles, these conflicts can be managed effectively, ensuring sustainable and equitable outcomes for all stakeholders. Below are key examples illustrating conflict scenarios and effective strategies for resolution:

- **Personal Investment Conflicts**

Examples are:

- a. A Director holds shares in a company that the fund is considering investing in, or the director is considering investing in a company the fund has already invested in. This creates a potential conflict between personal financial gain and the interests of the fund. This warrants robust disclosure policies and recusal mechanisms for managing conflicts of interest and maintaining trust.
- b. A fund management company holds shares in a company where one of its Directors serves on the Board. When voting on corporate governance matters, there may be a conflict between maintaining a good relationship with that company and acting in the best interests of the fund's investors. Implementing independent proxy voting guidelines can help ensure impartiality.

- **Conflicts in relation to objectives:**

Examples are:

- a. *Balancing Risk and Return for Long-Term Liabilities:* A pension fund manager faces pressure to achieve higher returns by increasing equity allocation,

but the trustees and beneficiaries have a low risk tolerance due to the fund's obligation to provide guaranteed payouts. The conflict arises when the manager must balance the need for better returns against the fiduciary duty to maintain low-risk investments. Transparent communication with stakeholders and clear investment policies aligned with the fund's objectives are essential to resolving this conflict.

- b. *Pressure to Follow Industry Trends:* Industry peers are increasing their equity allocations during market upswings, but the pension fund's mandate emphasises stability. Directors may feel conflicted between following industry trends to avoid criticism and adhering to their fund's conservative investment policy. Maintaining discipline by prioritising the fund's risk-return mandate over short-term market sentiment helps uphold fiduciary responsibility.
 - c. *Conflicts Between Short-Term Performance Metrics and Long-Term Security:* Directors might face pressure to deliver quarterly or annual returns that look competitive, potentially pushing for riskier investments. However, pension funds are designed to meet long-term obligations spanning decades. Emphasising long-term investment horizons and establishing performance benchmarks that reflect long-term goals can mitigate this conflict.
 - d. *Conflicts in Asset Allocation:* A pension fund's internal or affiliated asset managers may have incentives tied to specific asset classes (e.g., bonds or fixed-income instruments), creating a bias against equity investments even when it might benefit the fund's long-term portfolio diversification. Regular third-party reviews and clear conflict-of-interest policies can ensure allocation decisions are impartial and aligned with beneficiaries' interests.
- **Conflicts with Group Companies:** Group companies providing financial services (e.g., advisory, brokerage, or management) may earn fees or remuneration in the form of arranger fees, distribution fees, referral fees, advisory fees, management fees, trustee fees, commission, brokerage, transaction charges, underwriting charges, and other fees, raising concerns about conflicts in service quality or costs. Transactions with group companies must adhere to arm's length principles, complying with requirements/restrictions under the regulations.
 - **Conflicts of Interest with Employees:** An employee may make a financial gain, or avoid a financial loss at the expense of an investor, has an interest in the outcome of a transaction carried out on behalf of an investor, or has financial or other incentives to favour the interest of an investor or group of investors over the interest of other investors. Clear policies outlining acceptable practices, regular training, and enforcement mechanisms ensure employee conduct aligns with fiduciary responsibilities.

- **Conflicts between Investor Interests and Company Profitability**

The Examples are:

- Short-Term Returns vs. Long-Term Investor Interests:* A fund management company is faced with the decision of whether to sell a poorly performing asset that could harm short-term returns but benefit long-term investor interests. The conflict arises when directors must balance short-term performance metrics (which may affect bonuses or client retention) with the fiduciary duty to serve long-term investor objectives. Upholding fiduciary duty requires transparent decision-making that prioritises investor interests over short-term gains.
- Allocation of Investment Opportunities:* In multi-fund companies, conflicts can arise when deciding how to allocate a lucrative investment opportunity among different funds. For instance, prioritising a higher-fee fund over a retail-focused fund might maximise profits for the company but disadvantage smaller investors. Clear, pre-determined allocation policies help mitigate conflicts and ensure fairness.
- Performance Reporting and Transparency:* Pressure to report consistent returns may tempt some fund managers to manipulate the timing of asset valuations or defer recognition of losses. Directors overseeing reporting processes must navigate conflicts between presenting favourable results and maintaining transparency. Strong governance frameworks and independent audits are essential for transparency and ethical conduct.

- **ESG Investments vs. Fiduciary Duty:** Pension fund managers may be pressured to invest in ESG-compliant equities due to public or political expectations. However, if these investments conflict with the fund's risk profile or fiduciary duty to maximise returns, a conflict arises. Developing a transparent ESG policy that balances ethical considerations with fiduciary duty can help to resolve such conflicts.

CONFLICT MANAGEMENT

Not every conflict warrants action. Action is required only when it is substantial and substantiated. In *SC AOR Association & Ors. Vs. Union of India* (2016), the Supreme Court clarified that only a genuine risk of bias necessitates recusal, emphasising that judges should deliver justice impartially despite any prior connections with lawyers or litigants. The Court stressed that recusal should be based on a reasonable apprehension or real danger of bias to prevent manipulative litigants from evading specific judges. Similarly, in *Vishal Tiwari Vs. Union of India* (2023), the Court dismissed unsubstantiated allegations against three members of an Expert Committee, underscoring the need for credible evidence to substantiate conflicts.

It is important to acknowledge that a conflict is rarely a straightforward, black-and-white issue. It often demands a thorough contextual analysis, considering factors such as the timing and duration of the individual's interest, the potential gains or losses involved, and the nature of the interest. It is crucial to assess whether the interest is substantial enough to influence fiduciary decisions. Even with such careful

examination, it is not always possible either to reach a definitive conclusion or to eliminate conflicts. Therefore, the goal should be to establish a dynamic institutional mechanism that combines principles and rules to mitigate conflicts while recognising that some level of conflict may be inevitable.

Fortunately, there are several standard measures to address conflicts. On an individual level, these include (a) disclosing the conflict to relevant parties, (b) recusing from decision-making processes, and (c) divesting any conflicting investments. On an institutional level, measures include (a) segregating key functions, (b) aligning fund managers' interests with that of investors, (c) prohibiting certain actions, (d) establishing independent third-party reviews, (d) empowering parties to raise concerns about conflicts, and (f) sensitising individuals to recognise and appropriately manage potential conflicts.

Conflict management must not be taken to a ridiculous level. An anecdote captures the plight of a fund manager:

"A fund manager trudges into a bar, shoulders slumped, eyes weary. The bartender, trying to lighten the mood, asks, "Why the long face?"

The fund manager groans, "I'm trapped in a web of conflicts of interest."

The bartender raises an eyebrow. "What happened?"

The manager sighs, "I want a cup of coffee. But I can't, I've invested heavily in coffee companies."

The bartender chuckles. "Alright! Have a can of cola."

The manager shakes his head. "Can't. I've invested in cola brands too."

The bartender grabs a bottle of water. "Here, water's always safe."

The fund manager leans in, eyes wide with exasperation. "Nope, I have got shares in bottled water companies."

The bartender throws up his hands. "Then what are you going to do?"

The manager mutters. "I guess... I'll just stay thirsty."

CONCLUSION

To conclude, in a world where competing interests are the norm, governance is not eliminating conflicts of interest, it is rather identifying, mitigating, and managing them effectively so that professional decisions remain unclouded and equitable, and competing interests and objectives are balanced transparently. By implementing robust conflict management frameworks, leveraging technology for regulatory compliance, and fostering a culture of transparency, fund managers can ensure decisions remain equitable, transparent, and aligned with the best interests of investors.

Note:

Edited version of the address by Dr. M. S. Sahoo, former Chairperson, IBBI to Trustees of Pension Funds regulated by PFRDA. Dr. Sahoo extends his heartfelt gratitude to Shubham, Vivek, Aditya, and Ajay of PFRDA for their valuable insights and contributions to this address.

The New Governance Vanguard: CS Professionals in Action!

Today, governance is being reshaped by a generational turnover in leadership, urgent climate mandates, the rise of activist shareholders, and a reckoning with corporate purpose itself. As the world converges around non-linear disruption, from AI-driven economic shifts to climate-induced migration, the role of governance needs to be redefined yet again. This article explores the most critical emerging global developments in corporate governance in recent times — not in theory, but as they manifest in real boardrooms, across jurisdictions.



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INTRODUCTION

The boardroom is no longer a mahogany sanctuary of quarterly metrics and ceremonial nods—it's a war room where existential questions are now routine. What is risk in an algorithmic economy? What is profit in a burning world? What is leadership when the stakeholders are invisible, autonomous, and global? Governance, once the backstage scaffolding of corporate order, has surged to centre stage as the new architecture of power, principle, and planetary impact. We are witnessing the most radical reinvention of corporate conscience in a century—and the rules are being rewritten in real time.

In a world brimming with ESG obligations, stakeholder capitalism, AI disruption, and geopolitical complexity, corporate governance is no longer the domain of dusty manuals and procedural checklists. It's a living, dynamic battlefield where ethics meets economics, and where boardroom decisions ripple through markets, societies, and ecosystems.

Today, governance is being reshaped by a generational turnover in leadership, urgent climate mandates, the rise of activist shareholders, and a reckoning with corporate purpose itself. Traditional definitions of fiduciary duty are being challenged by the forces of transparency, algorithmic decision-making, and stakeholder accountability. Corporate governance is no longer confined to capital, compliance, and conduct—it must now reckon with consciousness, computation, and crises that lie far outside traditional board charters. As

the world converges around non-linear disruption, from AI-driven economic shifts to climate-induced migration, the role of governance needs to be redefined yet again.

EMERGING GLOBAL DEVELOPMENTS IN CORPORATE GOVERNANCE

This article explores the most critical emerging global developments in corporate governance in recent times, not in theory, but as they manifest in real boardrooms, across jurisdictions. These insights go beyond compliance to offer strategic foresight that is captured in the article as given below:

1. Stakeholder Governance is not a Trend—It's a Power Shift

The stakeholder governance movement has moved past its aspirational phase. What began as a PR-friendly posture is now being baked into board mandates and fiduciary duty definitions. Take the EU's Corporate Sustainability Due Diligence Directive (CSDDD) — it now requires companies to identify, prevent, and mitigate adverse human rights and environmental impacts in their value chains. Not optional. Enforceable.

In India, the Business Responsibility and Sustainability Reporting (BRSR) framework by SEBI marks a landmark shift in ESG disclosure—blending qualitative intent with quantitative metrics.

But beyond regulation, what's emerging is a power shift — from shareholders to a much wider and vocal set of stakeholders. Employees, communities, ecosystems, and even AI ethics boards are emerging as legitimate voices in corporate accountability.

While public corporations and multinationals face robust scrutiny under ESG mandates and global frameworks, family-run businesses and privately-held firms, which represent over 70% of global GDP and employment (World Bank, 2024), are often left outside the governance spotlight.

According to the Harvard Business Review (2024), only 34% of family businesses have formal succession plans and less than 20% of private firms conduct independent board evaluations. In the governance discourse, There is a dangerous blind spot—private

capital. As sovereign wealth funds, family offices, and private equity increasingly shape global capital flows, their opaque governance practices may undermine ESG gains.

Stakeholder governance is no longer “soft law.” It is becoming structurally encoded in strategy, risk management, and board evaluations. Company Secretaries and Governance Officers must now become stewards of stakeholder ecosystems — a radical expansion of scope.

2. The Rise of Algorithmic Governance

The explosion of generative AI, machine learning, and autonomous decision systems has birthed a new corporate governance dilemma: How do you govern algorithms that influence governance itself?

A 2024 World Economic Forum report notes that less than 20% of global boards currently understand the implications of AI systems under their purview. Yet decisions made by these systems — from automated hiring to credit approval — carry both financial and reputational risk.

Algorithmic governance demands that boards adopt technological fluency as part of fiduciary competence. This is a new type of board diversity: not just demographic, but cognitive and digital. As of Q1 2025, over 73% of Fortune 500 companies are experimenting with quantum technology pilots, yet less than 12% have board-level oversight for quantum risk management.¹

Quantum computing is expected to shatter existing cryptographic standards by 2030, posing existential risks to financial systems, intellectual property, and secure communications. The threat is not hypothetical; it is already here. The “Harvest Now, Decrypt Later” strategy used by cyber actors means sensitive corporate data stolen today could be decrypted in the quantum future.

What Boards Must Do:

- Establish Quantum Risk Committees.
- Invest in Post-Quantum Cryptography (PQC).
- Align with NIST’s post-quantum cryptographic standardization, finalized in 2024.

Quantum is not just a tech risk—it’s a trust risk. Companies that fail to prepare for quantum insecurity may be seen as grossly negligent in future shareholder litigation.

3. ESG Backlash and the Emergence of “Double Materiality”

In the U.S., ESG has come under intense political scrutiny. States like Texas and Florida have banned financial institutions from considering sustainability factors in investment decisions.

Meanwhile, the EU has doubled down on “double materiality” — requiring firms to report both how sustainability issues affect the business and how the business affects society and the environment.

Boards must oversee geo-sensitive governance models, ensuring compliance while defending long-term ESG purpose. A universal, monolithic ESG strategy is now outdated. Global ESG assets under management (AUM) are projected to exceed USD 40 trillion by 2030 (PwC, 2024), yet more than 53% of ESG-labelled funds fail basic sustainability screenings (Morningstar, 2023).

Greenwashing is not just a marketing flaw—it is a governance failure at the top. Boards that allow exaggerated ESG claims without verified metrics violate both fiduciary duty and public trust. The U.S. SEC 2023 Greenwashing Enforcement Taskforce has already levied over USD 120 million in penalties. In India, SEBI’s BRSR Core framework is pioneering—but enforcement needs to be followed with the execution of penalties at the ground level. To address this, governance must shift from ESG reporting to ESG auditing—mandatory, independent, and actionable. ESG assurance must be seen with the same gravitas as statutory audits.

4. Geopolitics in the Boardroom

Boards are now expected to anticipate geopolitical risks with precision. From Russia’s invasion of Ukraine to Indo-Pacific tensions, geopolitical intelligence is a regular boardroom topic. Multinationals are hiring Chief Geopolitical Risk Officers. In India, ESG integration aligns with national missions like Atmanirbhar Bharat and Green Hydrogen.

However, the excitement around AI-augmented governance misses a chilling frontier: synthetic board members and AI-generated proxies participating in shareholder meetings. In a landmark 2024 experiment by Oxford Internet Institute, an AI proxy successfully participated in 27 shareholder Q&A forums undetected.

If synthetic voices can be mobilized for activism or voting, boardroom authenticity and decision integrity may be compromised. Boards need to develop AI provenance protocols to validate participants, especially in virtual AGMs. Blockchain-based identity verification for board interactions must become standard. Governance has expanded from internal compliance to external geopolitical positioning. This is diplomacy at the board level.

5. The Boardroom of the Future: Diverse, Digital, Disrupted

The boardroom of 2030 is being built today. Metrics of effectiveness are shifting to competence clusters — in cyber risk, social equity, and digital transformation.

In Singapore, fintech companies must recruit tech-savvy board members. The UK’s revised Corporate Governance Code requires culture assessments in annual reports.

¹ BCG Quantum Readiness Index (2025).

Board refreshment must prioritize boardroom intelligence over inheritance. Culture, empathy, and agility are as critical as hard skills.

A PwC report² found that the average board member age globally is 61, while digital consumer behaviour is largely driven by Gen Z (ages 18–28). This age gap creates a governance empathy vacuum, especially in industries like fashion, gaming, fintech, and content. Boards should institutionalize reverse mentoring and youth advisory councils. It's not just about age diversity—it's about generational legitimacy.

6. Integrated Reporting: Beyond the Balance Sheet

South Africa's King IV Report paved the way for integrating human, intellectual, and natural capital into corporate reporting. Globally, the IFRS Foundation's ISSB is harmonizing standards. India is moving toward mandatory ESG assurance. Boards must lead the storytelling of holistic value creation. Governance is no longer just about reporting — it's about narrative stewardship. In many jurisdictions, governance regulators are becoming politicized extensions of nationalistic agendas. A 2023 study by the Global Governance Index found that 29% of countries had regulators appointed without transparency or independent oversight.

Boards and compliance officers are increasingly caught between geopolitical loyalty and global accountability. This compromises impartial decision-making. Just as companies have “firewalls” between sales and audit, governance ecosystems now need “Regulatory Firewalls”—independent, transparent boards overseeing the regulators themselves.

7. Activist Shareholders and the Democratization of Influence

From hedge funds to grassroots movements, shareholder activism is now sophisticated and social-media-driven. Japan's conglomerates are seeing change via shareholder agitation. Boards must engage in dialogue with dissent — not deflect it. Engagement is the new armour.

Deepfake videos and generative disinformation are now credible business risks. In 2024, a deepfake of a global CEO wiped \$310 million off the company's market cap in 12 hours.³

Governance Oversight:

- Boards must develop Deepfake Resilience Protocols.
- Establish real-time reputation monitoring teams.
- Ensure crisis simulations including AI-generated misinformation scenarios.

Boards must oversee geo-sensitive governance models, ensuring compliance while defending long-term ESG purpose.

Governance must now secure not just assets, but identity itself. Brand integrity is becoming a cyber asset class—and must be guarded accordingly.

8. The Cybersecurity Conundrum: Digital Risk as a Governance Imperative

The U.S. SEC 2023 cybersecurity rules mandate disclosure of material breaches within four business days. Boards are now directly accountable for cyber resilience.

Forecast:

- Cyber governance is the new SOX (Sarbanes-Oxley) of this digital age.
- Cyber fire drills will become as standard as financial stress tests.

As tokenized stock options and blockchain-based equity models evolve, traditional cap tables are being replaced by synthetic equity instruments—particularly in startups, DAOs, and fintech firms.

According to Crunchbase 2025, 22% of new venture-backed firms globally are now using blockchain-based equity distribution, offering fractional ownership to stakeholders.

This raises new questions:

- Who holds fiduciary duty in decentralized ownership ecosystems?
- How is shareholder voice amplified in token economies?

Governance Innovation Needed:

- Incorporate smart contract audits into compliance.
- Build hybrid governance structures that include token-holder councils.

The future of ownership is not just inclusive—it's programmable. Governance must evolve to oversee code-mediated capitalism.

9. The Ethics Renaissance: Culture Is the New Compliance

A moral revival is sweeping boardrooms. Ethics are no longer assumed; They are now monitored, trained, and measured. Germany is piloting board-level ethics ombudsperson roles. “Trust in the middle” — not just tone at the top; is becoming a strategic pillar.

Globally, 78% of boards claim to conduct annual evaluations, but only 23% act on results⁴. Board evaluations should be tied to remuneration, leadership pipeline decisions, and public disclosure. Anonymous 360-degree evaluations from employees and stakeholders can provide sharper, more honest feedback.

² *Shadow Boards and Reverse Mentoring: Tapping the Intergenerational Intelligence Gap. A 2024 report by PWC.*

³ *Reuters, 2024.*

⁴ *PwC Board Governance Survey, 2023.*

10. Human Capital Governance: The Rise of Talent Oversight at Board Level

A 2024 McKinsey report found that 68% of CEOs cite talent retention as their top governance concern. Boards are expected to audit culture, inclusion, and upskilling like they would financials.

- SEC's 2024 Rule mandates disclosure of workforce composition, turnover, and training.
- SEBI's BRSR Core to include DEI and well-being metrics by FY2026.

Human Capital Governance must be overseen by CHROs or dedicated committees. Intellectual capital is now visible and measurable.

The Missing Lens of Intergenerational Governance: Future-impact decisions; climate, debt, automation—are made by boards with an average age of 63 years globally (Spencer Stuart, 2023). Yet these decisions deeply affect younger and unborn generations. Boards must include intergenerational advisors or set up shadow youth boards whose inputs are recorded in decision papers. Just as stakeholders have expanded to include nature and society, future generations deserve a seat at the table—even if virtually.

11. Climate Competence Becomes a Board Mandate

Over 79% of global institutional investors now demand board-level climate competence (PRI 2025).

- EU CSRD (2024): Requires reporting of board oversight of climate matters.
- Singapore SGX: Mandatory TCFD-aligned disclosures for all issuers by FY2025.

Boardroom ESG must evolve into BCG — Board Climate Governance. Literacy in climate risk is now part of fiduciary duty.

Western firms are increasingly pushing for aggressive Scope 3 emission controls from suppliers in developing nations. While this reflects ambition, it also borders on climate colonialism—externalizing burdens without compensation. 82% of Scope 3 emissions targeted by multinationals stem from developing country suppliers, yet only 16% of green financing reaches them⁵.

Boards must ensure their supply chain climate expectations are matched with capacity building, financing, and fairness. A new concept of “Just Governance” must emerge—climate competence infused with equity, voice, and north-south parity.

12. Digital Twins in Governance: The Future Is Simulated

37% of global firms are implementing Digital Twins — AI-powered simulations to test governance scenarios like cyberattacks or climate disruptions⁶. Strategic foresight will be powered by predictive

analytics and simulations, not boardroom hunches.

13. Fiduciary Duty in the Age of AI Bias

The EU AI Act (2025) regulates high-risk AI systems. India's Digital India Bill (under review) will do the same for fairness and transparency. MIT's 2025 research shows 62% of AI hiring systems in Asia-Pacific displayed bias against women or older workers. Boards must now audit algorithms for bias and ethical risk. Fairness is becoming a boardroom mandate.

14. Board-Level Blindness to Tech Ethics

Boards are investing in AI and digital transformation without asking: Should we? instead of only Can we? The ethical oversight of emerging technologies—facial recognition, neurotech, emotion AI—remains alarmingly absent.

Case in Point:

Over 50 companies globally now use emotion recognition AI for hiring and marketing (CB Insights, 2024), but only 7% have ethical boards overseeing usage.

Every board must include a Chief Techno-Ethicist or form a Digital Ethics Oversight Subcommittee, with decision rights over tech implementation.

15. From CSR to Corporate Citizenship: Legal Duties Expand

India's Companies (Amendment) Bill, 2024 will require CSR outcomes, not just expenditure. Brazil's 2025 Citizenship Law mandates community reporting. Over 50% of G20 nations now have legally binding CSR metrics (OECD 2025). Purpose is now regulated. Governance must show not just good intent, but good impact.

16. The “Black Box” of Vendor Governance: Invisible ESG Risk

As organizations outsource everything from logistics to data storage, they unwittingly import risk through third-party vendors—many of whom fall outside formal ESG oversight. In 2025, over 62% of data breaches were traced to third-party vendors (IBM Cost of a Data Breach Report). Only 27% of Fortune 500 boards currently receive third-party ESG risk reports (EY 2024 Survey).

Governance Solution:

- Implement real-time vendor ESG scoring tools.
- Mandate contractual clauses that require vendors to align with your board-approved ESG and DEI policies.

Vendor governance is the dark matter of ESG—it shapes outcomes, yet is rarely seen or measured. Boards must demand transparency across the value chain, not just the balance sheet.

⁵ The World Resources Institute (2024).

⁶ Gartner 2024 Report.

17. Synthetic Equity and the Democratization of Ownership

As tokenized stock options and blockchain-based equity models evolve, traditional cap tables are being replaced by synthetic equity instruments—particularly in startups, DAOs, and fintech firms.

22% of new venture-backed firms globally are now using blockchain-based equity distribution, offering fractional ownership to stakeholders. (Crunchbase 2025).

Governance Challenge: This raises new questions:

- Who holds fiduciary duty in decentralized ownership ecosystems?
- How is shareholder voice amplified in token economies?

Governance Innovation Needed:

- Incorporate smart contract audits into compliance.
- Build hybrid governance structures that include token-holder councils.

The future of ownership is not just inclusive—it's programmable. Governance must evolve to oversee code-mediated capitalism.

18. Dark Patterns, Digital Manipulation, and Tech Ethics

The proliferation of “dark patterns”—UX tricks that manipulate user behaviour—has drawn regulatory ire. The European Commission (2024) fined multiple tech firms for deploying manipulative design to restrict user freedom.

Over 95% of popular apps exhibited some form of user manipulation, from forced opt-ins to deceptive countdown timers⁷.

Governance Agenda:

- Boards must mandate ethical UI audits.
- Require compliance with the OECD Digital Fairness Framework.
- Appoint an Independent Digital Ethics Committee.

Governance must now extend into design psychology. The ethics of manipulation must become as auditable as the ethics of money.

19. Mental Health Governance: The Unseen Balance Sheet

A recent Gallup 2025 report indicates that 76% of global employees experience some form of workplace-induced mental distress. Depression and anxiety now cost the global economy over \$1 trillion per year in lost productivity (WHO, 2024).

⁷ Mozilla's 2024 Tech Manipulation Study.

Even progressive ESG disclosures do not mandate psychological safety reporting. Only 6% of Fortune 1000 companies include mental health KPIs in board-reviewed reports.

Governance Evolution:

- Establish “Chief Wellness Officers” who report to the board.
- Include psychological safety as a strategic risk metric.
- Mandate anonymous, third-party employee sentiment audits.

Mental health is not a wellness perk—it's a risk variable, an inclusion marker, and a productivity multiplier. Governance frameworks must recalibrate to protect the human psyche, not just the human resource.

20. Boardroom Burnout and Psychological Safety Deficit

57% of board directors experience chronic burnout, while only 18% feel psychologically safe to raise ethical concerns⁸.

Board resilience is treated purely in operational terms. But the emotional labour of governance—from handling whistleblower complaints to navigating hostile activism—goes unacknowledged.

Boards should mandate psychological safety audits as part of culture evaluations. Introducing “Ethical Reflex Rooms”—facilitated confidential board dialogues—can foster trust, emotional processing, and integrity.

21. Climate Migration and Human Displacement: The Governance of Borders

The Missing Governance Dimension: The World Bank estimates that 216 million people could be displaced by climate change by 2050. Yet corporate boards are not planning for the implications of climate migration—on supply chains, labour markets, social licenses to operate, and even political stability in host countries.

72% of CEOs say climate migration will affect their business, but only 8% have scenario planning in place⁹.

India alone is expected to witness 45 million internal climate migrants by 2040.¹⁰

Governance Imperative: Boards need to prepare for:

- Shifting labour patterns.
- Climate refugee inclusion policies.
- Geo-sensitive hiring and training mandates.

The board must now become a “moral geographer”—governing not just people it employs, but the communities it may indirectly displace.

⁸ Deloitte Global Survey (2024).

⁹ Global Risk Report 2025 (WEF).

¹⁰ NIUA Climate Migration Report, 2024.

22. India-Specific Challenge: Governance of MSMEs and Informal Ecosystems

MSMEs contribute nearly 30% to India's GDP and 40% of exports, yet less than 12% are formally governed or digitally traceable.¹¹ Corporate governance models have largely ignored the informal economy and MSMEs—leaving a significant productivity and compliance vacuum.

23. The Age of Sovereign AI and Digital Nationalism

We are witnessing a rise in Sovereign AI—governments building localized, ethically-aligned AI models (e.g., India's BharatGPT, France's Mistral, UAE's Falcon LLM). This is digital deglobalization, and it will deeply influence how companies navigate international expansion and digital strategy.

As of April 2025, 17 countries have announced national AI models (Brookings Global AI Tracker, 2025). 64% of global corporations surveyed by Deloitte reported rising tensions between compliance with home-market AI norms and host-country AI regulations.

Boards must understand the cross-border friction created by competing digital sovereignties. What is "ethical AI" in the EU may be "non-compliant" in China or the UAE. Governance now includes algorithmic diplomacy.

Expect AI export controls, sanctions, and forced localization to become part of corporate governance dashboards. Boards must audit not only AI usage but AI geopolitics.

CONCLUSION

To govern the 21st century corporation is to govern the intangible, the unpredictable, and the intergenerational. Traditional boardroom reforms—though critical—are insufficient to meet the velocity and volatility of this new era. Governance must leap from compliance architecture to anticipatory design.

The missing conversations today are the necessary conversations of tomorrow. From climate displacement to quantum security, from psychological safety to algorithmic diplomacy—these are no longer "future risks." They are present governance blind spots with compounding cost.

Boards must not only ask: "What do we know?" But more importantly: "What are we not seeing yet?" Because in this age, governance is no longer just about protecting the company from risk—it's about protecting the future from negligence.

The future of corporate governance lies not in tightening frameworks, but in widening consciousness:

- ✓ from shareholder capitalism to moral capitalism,
- ✓ from performative ESG to verifiable impact,
- ✓ from legal compliance to ethical foresight,
- ✓ from centralized boards to distributed intelligence.

We are entering the age of Meta governance—where companies govern not just themselves, but the futures they help create.

The era of governance as gatekeeping is over. The modern board is not a barrier—it's a bridge. It doesn't just protect value—it cultivates it.

¹¹. Ministry of MSME, 2024.

The New Governance Vanguard: CS Professionals in Action!

The most effective boards of the future will balance:

- Precision with purpose
- Compliance with courage
- Oversight with foresight

This is not evolution. This is reinvention. Governance professionals are no longer just protectors of rules — they are architects of trust.

In this crucible of global flux, corporate governance is not merely adapting—it is ascending. The boardroom is no longer a chamber of oversight, but a command centre of integrity, intelligence, and imagination. As the boundaries between business and society blur, governance must rise beyond box-ticking into a force that shapes futures. The leaders who embrace this metamorphosis will not only weather disruption—they will define the era. This is the mandate of modern governance: to lead with clarity in chaos, to anchor trust in turbulence, and to wield power not as dominion, but as design for a better world.

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Navigating the Growth-Inflation Trade-off: An Analysis of RBI's April 2025 Monetary Shifts and its Sectoral Transmission Channels

The recent policy measure of RBI to cut the policy repo rate by 25 basis points to 6 percent is intended to boost growth (estimated GDP of 6.5%) while lowering inflation (4% CPI). This article analyses the impact of this policy measure on the inflationary trends in various sectors of the economy.



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INTRODUCTION

In a turbulent global economic environment, the RBI's careful balancing act between promoting growth and controlling inflation is exemplified by its April 2025 monetary policy change, which saw a 25 basis point reduction in the repo rate to 6%. At the first Monetary Policy Meeting (MPC) for FY2025–2026, this decision was made in response to three significant developments:

- **Global Headwinds:** Low OECD growth predictions (3.1% for FY2025), fluctuating crude oil prices (~15% fall Q1 2025), and resurgent trade tensions (US tariff pronouncements) limited policy autonomy.
- **Domestic Macroeconomics:** Due to record wheat yield, food inflation decreased to 3.8% in February 2025, allowing the CPI to target 4.0% for FY2025–26.

In FY2025–2026, GDP growth stalled at 6.5%, falling short of India's potential despite a strong recovery in manufacturing and services (7.5% GVA growth).

- **Sectoral Fragilities:** The effectiveness of the policy is examined in this research from two perspectives: inflation anchoring vs growth stimulation, and macro-outcomes.
- **Micro Impacts:** Distinctive impacts on housing finance, NBFCs and banks. The research is based on institutional data, market reactions, and the RBI's Monetary Policy Report (April 2025). Policymakers in emerging economies can benefit from the study's practical insights into sectoral repercussions and transmission pathways.

THEORETICAL BACKGROUND

Interest is charged on the principal amount when you borrow money from the bank. They call this the cost of credit. In the same way, banks must pay interest to the Central Bank when they borrow money from it during a cash constraint. The repo rate is the name given to this interest rate. "Repurchasing Option" or "Repurchase Agreement" are the technical terms for "repo." Under this arrangement, banks provide the RBI with eligible securities, including Treasury Bills, in exchange for overnight loans. There will also be an agreement to buy them back at a set price. Consequently, the Central Bank receives the security, and the bank receives the money.

In the finance industry, basis points, or "bps," are a unit of measurement that is used to describe the percentage change in the value of financial instruments or the rate of change in an index or other benchmark. One basis point is equivalent to 0.0001 or 0.01% (1/100th of a percent) in decimal notation.

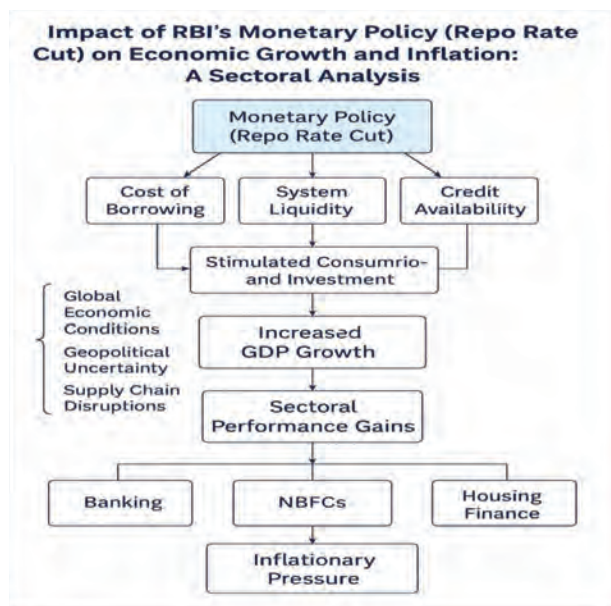
RBI REPO RATE HISTORY AFTER COVID-19

Effective Date	9 th April 2025	7 th February 2025	6 th December 2024	9 th October 2024	8 th August 2024	7 th June 2024	5 th April 2024	8 th February 2024
Repo Rates	6.00%	6.25%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%

8 th December 2023	10 th August 2023	8 th June 2023	6 th April 2023	8 th February 2023	7 th December 2022	30-Sep-22	8-Jun-22	4-May-22
6.50%	6.50%	6.50%	6.50%	6.50%	6.25%	5.90%	4.90%	4.40%

Source: RBI Handbook, Sept 13, 2024/ Cleartax, 24th April 2025

Conceptual View



CRUCIAL POLICY DECISIONS

In a unanimous decision, the Monetary Policy Committee (MPC) decided to lower the policy repo rate by 25 basis points, immediately bringing it down to 6%. The rate at which commercial banks borrow from the Reserve Bank of India (RBI) is known as the repo rate. Consequently, the Liquidity Adjustment Facility (LAF) Standing Deposit Facility (SDF) rate has been revised to 5.75 percent. Banks can deposit excess funds with the RBI without any collateral, thanks to the SDF. Both the Bank Rate and the Marginal Standing Facility (MSF) rate have been increased to 6.25%. If interbank funds are completely depleted, scheduled commercial banks can access overnight liquidity through the RBI's Marginal Standing Facility (MSF). This emergency facility allows banks to borrow money at a rate higher than the repo rate. These rate changes align with the RBI's goal of promoting economic growth and achieving the Consumer Price Index (CPI) inflation target of 4% within a flexible band of 2%.

OBJECTIVE

To assess how RBI's repo rate cut balanced growth and inflation and its asymmetric effects on banks, NBFCs, and housing finance.

DATA AND METHOD

Data was collected from secondary sources such as official websites, the RBI, PIB, and newspapers. Desk research was employed.

GROWTH ASSESSMENT AND INFLATION OUTLOOK

Following a robust expansion of 9.2 percent in the previous year, the Reserve Bank of India has **forecasted real GDP growth at 6.5 percent for FY2025–2026**, retaining the same rate as expected for FY2024–2025. The quarterly forecasts are 6.5 percent in Q1, 6.7 percent

in Q2, 6.6 percent in Q3, and 6.3 percent in Q4, as shown in **Table 1**. As a result of increased global volatility, this represents a 20 basis point negative revision from the February estimate. Thanks to strong crop output and stable reservoir levels, agriculture is still doing well and should continue to meet demand in rural areas. As the business mood improves, manufacturing is beginning to recover, and the services sector is still proving resilient.

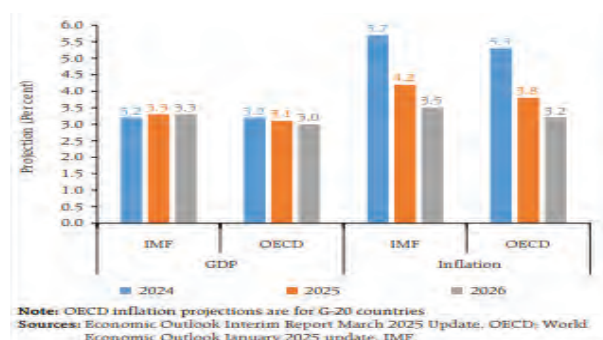
Table 1 India's GDP Growth Projections for FY2025–2026

Quarter	GDP Growth Projected (%)
Q1	6.5
Q2	6.7
Q3	6.6
Q4	6.3
Full Year	6.5

Source: PIB, 09 April 2025

Due to increased capacity utilization, ongoing government attention to infrastructure, and robust bank and corporate balance sheets, investment activity is picking up speed. Additionally, this recovery has been facilitated by improving financial conditions. Exports of goods may encounter challenges due to trade disruptions and global uncertainties, however, exports of services are probably going to be stable. The RBI's FY2026–2027 real GDP growth forecast of 6.7% indicates that the recovery will likely continue.

Figure 1: The IMF and OECD projections for growth and inflation



Source: RBI MPR APRIL 2025

In March 2025, the Organization for Economic Cooperation and Development (OECD) released its Economic Outlook Interim Report, which anticipated global growth to be 3.1% in 2025 and 3.0% in 2026. According to the International Monetary Fund's (IMF) January 2025 World Economic Outlook update, inflation is predicted to drop to 4.2% in 2025 and 3.5% in 2026, indicating that global disinflation is ongoing (**Figure 1**). The growth of global commerce (goods and services combined) is anticipated to slow from 3.4% in 2024 to 3.2% in 2025 before increasing to 3.3% in 2026.

In January and February of 2025, headline inflation decreased due to a steep drop in food costs. Food inflation is anticipated to decrease further now that the rabi crop issues have mostly been addressed, and the second advance estimates show record wheat and higher pulse production compared to the previous year. According to recent surveys, this positive trend is reinforced by strong Kharif arrivals and a steep decline in inflation predictions over the next three and twelve months. The disinflationary prognosis has been further reinforced by the drop in crude oil prices. In light of this, the Consumer Price Index (CPI) inflation rate for FY2025–2026 is predicted to be 4.0%, with quarterly predictions of 3.6% in Q1, 3.9% in Q2, 3.8% in Q3, and 4.4% in Q4.

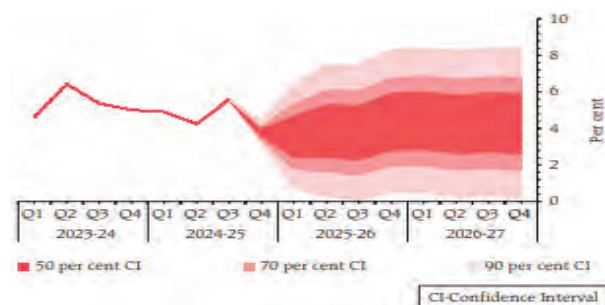
Table 2: Consumer Price Index inflation projection for FY2025-2026

Quarter	Projected CPI Inflation (%)
Q1	3.6
Q2	3.9
Q3	3.8
Q4	4.4
Full Year	4.0

Source: PIB, 09 APRIL 2025

With risks fairly distributed, CPI inflation is expected to average 4.0% in FY2025–2026, with 3.6% in Q1, 3.9% in Q2, 3.8% in Q3, and 4.4% in Q4 (**Figure 2**). For headline inflation in Q4 of FY2025–2026, the 50% and 70% confidence ranges are 2.8–6.0% and 1.9–6.9%, respectively. According to structural model predictions, inflation will average 4.3% in FY2026–2027, with 4.5% in Q1, 4.3% in Q2, 4.4% in Q3, and 4.3% in Q4, assuming a normal monsoon and no additional exogenous or policy shocks. In Q4 of FY2026–2027, the headline inflation 50% and 70% confidence intervals are 2.6–6.0% and 1.7–6.9%, respectively.

Figure 2: Projection of CPI inflation year on year



Source: RBI MPR APRIL, 2025

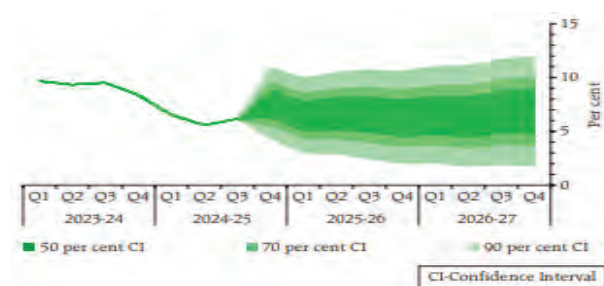
Table 3: Inflation Rate History After COVID-19

Effective Date	9 th April 2025	7 th February 2025	6 th December 2024	9 th October 2024	8 th August 2024	7 th June 2024	5 th April 2024	8 th February 2024
Inflation Rates	3.9	3.61	5.22	6.21	3.65	5.08	4.83	5.09

8 th December 2023	10 th August 2023	8 th June 2023	6 th April 2023	8 th February 2023	7 th December 2022	30-Sep-22	8-Jun-22	4-May-22
5.69	6.83	4.87	4.7	6.44	5.72	7.41	7.01	7.04

Source: RBI Handbook, Sept 13, 2024 & PIB, 15th April, 2025

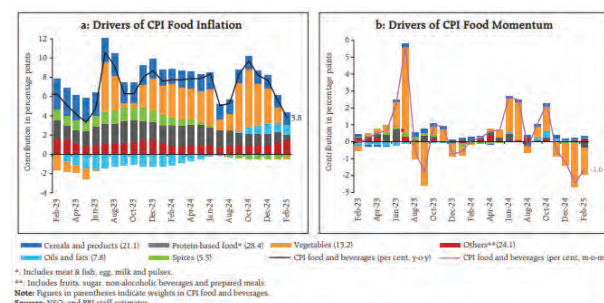
Figure 3: Projection of growth in Real GDP year on year



Source: RBI MPR APRIL 2025

In Q3 of FY2024–2025, real GDP growth was 6.2%, higher than Q2's 5.6% growth rate. With risks evenly distributed around this baseline path, real GDP growth is anticipated to be 6.5% in FY2025–2026, with 6.5% in Q1, 6.7% in Q2, 6.6% in Q3, and 6.3% in Q4. This is based on baseline assumptions, survey indicators, and model forecasts (**Figure 3**). Structural model predictions for FY2026–2027 show real GDP growth of 6.7%, with Q1 at 6.5%, Q2 at 6.4%, Q3 at 6.8%, and Q4 at 6.8%, assuming a normal monsoon and no significant external or policy shocks.

Figure 4: Consumer Price Index on food inflation



Source: RBI MPR APRIL 2025

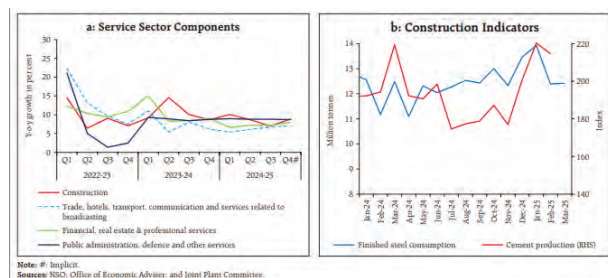
The Food and Beverage category, which accounts for 45.9% of the CPI basket, has shown significant volatility thus far in the second half of FY2024–25. Price pressures resumed in September and became even more pronounced in October. The spike in food inflation was caused by a shortage of vegetables brought on by unfavorable weather, pressures on oil and fat costs from higher import taxes on crude and refined edible oils, and rising global prices. Vegetable prices corrected significantly

from November onward with fresh crop arrivals and seasonal winter relaxation, which, together with easing of price pressures in pulses, contributed to a substantial softening of food inflation to 3.8 percent by February 2025 (Figure 4a & b).

OVERVIEW OF THE EXTERNAL SECTOR

The Services sector continues to be the backbone of the Indian economy, accounting for over 75% of the rise in GVA in FY2024–2025. With the increasing proportion of high-skill and high-value services, there has been a noticeable shift in India's services sector. With a boost from commerce, lodging, transportation, communication, and broadcasting, financial, real estate, and professional services, public administration, defense, and other services, the services sector continued to grow in Q3 of FY2024–2025 (Figure 5a). According to the SAE International, the services industry expanded by a strong 7.5% in FY2024–2025, following a 9.2% growth rate in the previous year. Proximate measures of construction activity, cement production, and finished steel consumption all increased by double digits between January and February 2025 and improved from Q3. However, steel consumption decreased a bit in March 2025 (Figure 5b).

Figure 5: Robust Service Sector and Remittance



Source: RBI MPR APRIL 2025

- **Sustainable Current Account Deficit:** It is anticipated, thanks to robust external inflows, that the Current Account Deficit (CAD) for FY2024–2025 and FY2025–2026 will remain well within sustainable bounds.
- **Mixed Investment Flows:** Higher repatriations and outbound investments caused net FDI to decline, while gross FDI stayed robust due to stable macroeconomic fundamentals. Despite stock losses, debt inflows drove net FPI inflows to USD 1.7 billion in FY2024–2025.
- **Healthy Foreign Exchange Reserves:** As of April 4, 2025, India had USD 676.3 billion in foreign exchange reserves, which reflected the strength of the external economy and provided an import cover of almost 11 months.

Figure 6: Issuer Profile of Commercial Paper



Source: RBI MPR APRIL 2025

The average percentage of non-banking financial companies (NBFCs) among new issues rose from 32% in the first half of FY2024–2025 to 33% in the second half of the same financial year. Corporates dominated the CP market, accounting for an average of 38% of all issuances in the second half of FY2024–2025 (Figure 6).

Due to increased capacity utilization, ongoing government attention to infrastructure, and robust bank and corporate balance sheets, investment activity is picking up speed.

EFFECTS OF THE UNITED STATES' RECIPROCAL TARIFFS

Following US President Donald Trump's recent proposal of reciprocal tariffs, the six-member Monetary Policy Committee (MPC) decided on increased market uncertainty worldwide.

IMPACT ON INDIA'S STOCK MARKETS

Investors' concern about the economic effects of US-imposed tariffs on the nation and the world caused the Indian stock market to plummet. Additionally, due to geopolitical uncertainties, RBI lowered the growth outlook for the Indian economy in FY26 from 6.7% to 6.5%.

IMPACT OF REPO RATE CUT ON BORROWERS

1. How much will the two repo rate reductions save you in your home loan EMIs?
2. How much will home loan customers save on their house loan EMIs due to the 50 basis points repo rate decrease?

A 0.5% (50 bps) drop to 8.5% for a 20-year home loan, assuming the initial interest rate was 9%, will result in significant EMI savings:

Table 4: Impact of Repo Rate Cut on Borrowers

Loan Amount	EMI at 9%	EMI at 8%	Monthly Savings	Total Saving (20 years)
30,00,000	₹ 26,247	₹ 25,071	₹ 1,176	₹2,82,000
50,00,000	₹ 43,745	₹ 41,785	₹1,960	₹4,70,000
70,00,000	₹ 61,243	₹ 58,499	₹ 2,744	₹6,58,000
1,00,00,000	₹ 87,490	₹ 83,570	₹ 3,920	₹9,40,000
1,50,00,000	₹ 1,31,235	₹ 1,25,355	₹ 5,880	₹14,11,000

Source: Economic Times 2025



For instance, a borrower who takes out a loan of Rs 50 lakh will save Rs 1,960 a month on EMIs. However, the rate cut will save a total of Rs 4.70 lakh over a home loan's 20-year term.

EFFECTS ON BANK STOCKS, AND GOLD LOANS OF NBFCs

Even though the Reserve Bank of India (RBI) changed its monetary policy stance from "neutral" to "accommodative" and lowered the repo rate by 25 basis points to 6%, banking equities, however, fell as much as 4%. Analysts raised concerns about short-term margin pressure and delayed benefit transfer, even though rate decreases are frequently seen as beneficial for the industry.

Banks and Non-Banking financial institutions offer loans secured by gold jewellery and accessories. RBI has assured to provide complete regulations on provisioning requirements and conduct issues for such loans to resolve disparate risk-bearing capabilities and harmonize regulations across businesses.

CONCLUSION

RBI's April 2025 repo rate cut to 6% supported modest growth (6.5% GDP) and effectively anchored inflation

expectations (3.8% February 2025 CPI, 4.0% FY2025-2026 estimate). Future policy recommendations may include complementary steps to address internal liquidity challenges, faster transmission of deposit rates, clarity of gold-loan regulations, and monsoon-contingent inflation monitoring.

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- ii. <https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/MPRAPRIL2025D2BFE2D64214448F8234BCAC98C133C9.PDF>
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- x. Mayashree Acharya (2025) <https://cleartax.in/s/repo-rate>





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IN PURSUIT OF PROFESSIONAL EXCELLENCE

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(Under the jurisdiction of Ministry of Corporate Affairs)

The list of services that can or cannot be rendered by a Secretarial Auditor in terms of SEBI (LODR) Regulations, 2015 read with SEBI Circular SEBI/HO/CFD/CFD-PoD-2/CIR/P/2024/185 dated December 31, 2024 and FAQs issued thereon on April 23, 2025

The SEBI vide SEBI(LODR) (Third Amendment), Regulations, 2024 dated December 12, 2024 read along with SEBI circular dated December 31, 2024 prescribed the provisions for appointment, continuation, disqualification for Secretarial Auditor and services that can be rendered by Secretarial Auditor.

In this regard, SEBI vide dated April 23, 2025 has issued Frequently Asked Questions on the same. The FAQs can be accessed at the link: https://www.sebi.gov.in/sebi_data/faqfiles/apr-2025/1745399101865.pdf

Further, SEBI has specified that the detailed list of services that can/ cannot be rendered by a Secretarial Auditor to the listed entity or its holding entity or subsidiary entity shall be specified by ICSI.

The detailed list of services that can/ cannot be rendered by a Secretarial Auditor to the listed entity or its holding entity or subsidiary entity includes:

S.No.	Nature of Service(s)	Can/cannot be rendered
SERVICES THAT CAN BE RENDERED		
i.	Appearance or representation services before quasi-judicial body(ies)	Can be rendered <i>(to the extent it is not in conflict with the assignment of Secretarial Audit)</i>
ii.	Impact assessment of CSR or BRSR assessment or assurance	Can be rendered
iii.	Certification of Annual Return in Form MGT-8	Can be rendered
iv.	Pre-certification of e-forms under the Companies Act, 2013	Can be rendered
v.	Issuance of Secretarial Audit Report to holding, subsidiaries or associate companies of listed entities	Can be rendered
vi.	Issuance of Annual Secretarial Compliance Report	Can be rendered
vii.	Certificate of Non-Disqualification of Directors	Can be rendered
viii.	Quarterly Reconciliation of Share Capital Audit Report under Regulation 76 of the SEBI (Depositories and Participants) Regulations, 2018	Can be rendered
ix.	Acting as Compliance Auditor under third party certification/ Audit Scheme (Amendment), 2018 in the State of Haryana	Can be rendered
x.	Diligence Report for Banks in case of multiple banking/ consortium lending arrangements in terms of the circular issued by RBI	Can be rendered
xi.	Issue of Search/ Status Report	Can be rendered

xii.	Issuance of Certificate upon accepting the investment from a foreign investor	Can be rendered
xiii.	Corporate Governance Compliance Certificate under Regulation 34(3) of SEBI (LODR) Regulations, 2015	Can be rendered
xiv.	Certificate relating to shares held by inactive shareholders under the SEBI (Delisting of Equity Shares) Regulations, 2021	Can be rendered
xv.	Compliance Certificate under Regulations 10(b), 13, 26, 27, 36 of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021	Can be rendered
xvi.	Scrutiniser's report pursuant to Section 108 of the Companies Act, 2013	Can be rendered
xvii.	To act as Trade Marks Agent, if registered under the Trade Marks Act, 1999	Can be rendered <i>(to the extent it is not in conflict with the assignment of Secretarial Audit)</i>
xviii.	To carry out valuation services, if registered as Valuer under the Companies Act, 2013	Can be rendered
xix.	Services in respect of facilitating Digital Signatures	Can be rendered
xx.	Certification of form FC-GPR and ECB 2	Can be rendered
xxi.	Certification of alteration of Articles of Association and Memorandum of Association	Can be rendered
SERVICES THAT CAN NOT BE RENDERED		
xxii.	To act as CSR / ESG Consultant or drafting of CSR / BRSR report	Cannot be rendered
xxiii.	To act as Advisor for legal or procedural matters	Cannot be rendered
xxiv.	To act as Advisor for the issue of securities	Cannot be rendered
xxv.	Drafting/vetting of Annual Report	Cannot be rendered
xxvi.	Professional services in respect of drafting of Scheme of arrangement / merger/ demerger and amalgamation	Cannot be rendered
xxvii.	To act as Insolvency professional / Resolution professional	Cannot be rendered
xxviii.	Services of management consultancy like pay roll management, strategic management, human resource management	Cannot be rendered
xxix.	Book keeping and record maintenance	Cannot be rendered
xxx.	To manage and assess financial requirements and resources including project finance, forex finance or working capital finance, etc.	Cannot be rendered
xxxi.	To file the Annual Return on Foreign Liabilities and Assets (FLA) under FEMA 1999 (A.P. (DIR Series) Circular No. 45 dated March 15, 2011	Cannot be rendered
xxxii.	Filing of application for obtaining Import Export Code (IEC)	Cannot be rendered
xxxiii.	Vetting of alteration of Articles of Association and Memorandum of Association	Cannot be rendered



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Regards,

Team ICSI

2

RESEARCH CORNER



■ CONSTITUTIONAL VALUES AS A GUIDE FOR CORPORATE GOVERNANCE

Constitutional Values As A Guide For Corporate Governance

The constitutional values are not limited to nations governance. Rather they also offer an ethical framework for governance of corporate entities and organisations. This article explores the relationship between constitutional values and corporate governance. The main argument put forth by the author is that the ideals like rule of law, separation of powers, fairness and equality, transparency and accountability, and social responsibility are equally important to corporate entities. The author advocates infusion of constitutional values into corporate practices and policies.



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INTRODUCTION

The constitutional values are the fundamental principles and ideals underlying the Constitution of India that guide us in the nation's governance. These values are expressed in the Preamble and other parts of the Constitution. There is no difficulty in understanding or restating constitutional values, and there is no iota of doubt on what they are¹. They help us in shaping the laws, institutions and social norms of the country. The constitutional values are infused in all branches of law — procedural laws, personal laws, service laws, trust and trustees². They must be adhered even while awarding contracts through tendering process³. The values can also be considered as a tool for statutory interpretation. Whenever there are two plausible interpretations possible, the one promoting the constitutional values should be preferred⁴. The purpose of creating the constitutional institutions like Public Service Commission by the framers of the Constitution of India is also to uphold the constitutional values⁵.

The constitutional values help in structuring the individual as well as the community interest⁶. Some of the common constitutional values include, *inter alia*,

sovereignty, democracy, republic, secularism, socialism, justice, liberty, equality and fraternity. The axioms like secularism, democracy, reasonableness, social justice etc. are overarching principles that provide a linking factor for the principle of fundamental rights like articles 14, 19 and 21. These principles have been held to be beyond the scope of amending powers of the Parliament⁷. A nine-judge bench of the Apex court has held that the duty of the Supreme Court, as the ultimate interpreter of the constitution, is to uphold the constitutional values and enforce constitutional limitations⁸. The Supreme Court has even held that any attempt to vilify a religious community should be viewed with grave disfavour by the court as a custodian of constitutional values⁹.

CONCEPT OF CORPORATE GOVERNANCE

Corporate Governance does not deal with nation's governance, but with the way corporate entities are governed¹⁰. The term 'Corporate Governance' can be defined as a system by which a company is directed and controlled¹¹. The system consists of rules, practices, and processes. It concerns the relationship among the management, board of directors, controlling shareholders, minority shareholders, and other stakeholders¹². The term includes the application of best management practices, compliance of law in true letter and spirit and adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders¹³.

The concept of governing corporations has existed for centuries. The major milestone in the development of Corporate Governance can be traced back to the 17th century, when the Dutch East India company introduced the concept of joint-stock companies. Thereafter, the establishment of limited liability principle, stock exchange regulators and socio-economic changes during World War II contributed to its development¹⁴.

¹. *Adi Saiva Sivachariyargal Nala Sangam v. State of Tamil Nadu*, AIR 2016 SC 209.

². *Selvi v. State of Karnataka*, AIR 2010 SC 1974 and *Adi Saiva Sivachariyargal Nala Sangam v. State of Tamil Nadu*, AIR 2016 SC 209.

³. *W.B. SEB v. Patel Engg. Co. Ltd.*, AIR 2001 SC 682.

⁴. *Meeta Sahai v. State of Bihar*, (2019) 20 SCC 17.

⁵. *Inderpreet Singh Kahlon v. State of Punjab*, (2006) 11 SCC 356.

⁶. *Subramanian Swamy v. Union of India*, AIR 2016 SC 2728.

⁷. *M. Nagraj v. Union of India*, (2006) 8 SCC 212.

⁸. *I.R. Coelho v. State of Tamin Nadu*, AIR 2007 SC 861.

⁹. *Firoz Iqbal Khan v. Union of India*, (2021) 2 SCC 591.

¹⁰. Robertlan (Bob) Tricker, *Corporate governance: Principles, Policies and Practices*, Oxford University Press, Fourth Edition, 2019.

¹¹. *Cadbury Report on Corporate Governance*, UK, 1992.

¹². *IFC Corporate Handbook*, 2014.

¹³. *ICSI Study Module, Governance, Risk Management, Compliances and Ethics*, 2021.

¹⁴. *The Diligent Team*, "What is the History of Corporate Governance and How it Changed?", available at: <https://www.diligent.com/resources/blog/what-is-the-history-of-corporate-governance-and-how-has-it-changed> (last accessed on 21 December 2024 at 6:00 AM).

After World War II, the exponential economic growth in the United States resulted in shifting of balance of power and decision-making between board of directors, executives and shareholders. This shift of balance of power necessitated the stock exchange regulators to bring the issue of Corporate Governance to the forefront¹⁵. The term 'Corporate Governance' was first introduced by the Securities and Exchange Commission (USA) in the federal register, an official journal of the federal government of the United States, in 1976¹⁶. Within two decades, the subject of Corporate Governance became a matter of debate worldwide by academics, regulators, executives, and investors¹⁷.

Thus, it is quite evident that the term 'Corporate Governance' might have been coined in the 1970s, but the concept of governing corporations has existed for centuries.

CORPORATE GOVERNANCE IN INDIAN ETHOS

There is a great similarity in the governance structures of a 'Nation' and a 'Corporation'. This similarity can be found in governance of ancient 'Kingdoms' and modern 'Corporations', as is evident from our ancient texts and scriptures like Vedas, Manusmriti etc., which focussed on good governance¹⁸. From *Aporurusheya Veda* to Kautilya's *Arthashastra* to Golwalkar's *Bunch of Thoughts*¹⁹, there seems to be major contributions made to matters relating to law and governance, to corporate social responsibility and standard setting²⁰.

In *Ayodhya Kand of Ramayan*²¹, Lord Ram advises King Bharat to adopt the path of Dharma or righteousness as a cornerstone of good governance²². Thereby emphasised a commitment to ethical principles, justice and welfare of people²³. The lord also reminds the king about his duty to seek advice from the experienced counsellors, respect

the wisdom of elders, to uphold the well-being of the people, and to protect the people. Thereby emphasised on collective decision-making, valuing diverse perspectives in governance²⁴, responsible leadership, accountability, and understanding the needs of the different stakeholders²⁵.

The *Mahabharata*²⁶ emphasises on Dharma or righteousness as a foundation for good governance²⁷. The epic highlights the importance of thoughtful deliberations before crucial decision-making, i.e. importance of collective wisdom rather than impulsive decision-making. It also portrays the devastating consequences of abuse of power, greed, arrogance and bad governance. On the other hand, it also portrays exemplary figures like Yudhishtira, who serve as a model for ethical leadership and righteous principle.

The *Bhagavad Gita*²⁸ advocates *Nishkama Karma* or selfless action, a principle that can be applied to all walks of life, including good governance. Thus, the corporate leaders are expected to act in the best interest of the people, free from personal agendas and interests, else the leaders shall be accountable for their actions and must be prepared to face the consequences of their choice²⁹. The teachings on duty can inspire the businesses to identify and adhere to societal responsibilities. It persuades the organisations to align their actions with moral principles and ethical conduct³⁰. The teachings on stewardship and respect for nature inspire eco-friendly practices in any business organisation. It persuades the organisations to adopt sustainable measures for business operations³¹.

The *Kautilya's Arthashastra*³² provides a comprehensive blueprint for good governance through ethical leadership, justice, and welfare of the people. These principles are relevant in contemporary times and equally applicable to modern corporations. The Kautilya's four-fold duty of the king³³ — *Raksha, Vriddhi, Palana* and *Yogakshema*

¹⁵ Brian R. Cheffins, "The history of corporate governance", *Oxford Handbook of Corporate Governance*, Mike Wright, Donald Siegel, Kevin Keasey and Igor Filatotchev (eds.), Oxford University Press, 2013.

¹⁶ W. Ocasio and J. Joseph, "Cultural Adaptation and Institutional Change: The Evolution of Vocabularies of Corporate Governance, 1972-2003", *Poetics*, Vol. 33, 2005.

¹⁷ Randall K. Morck and Lloyd Steier, "The global history of corporate governance", In *A History of Corporate Governance Around the World: Family Business Groups to Professional Managers*, 2005; Randall K. Morck (ed.), *A History of Corporate Governance Around the World: Family Business Groups to Professional Managers*, University of Chicago Press, 2007; Voicu D. Dragomir, "Highlights for a History of Corporate Governance", *European Journal of Management*, 2008; Eric Hilt, "History of American Corporate Governance: Law, Institutions, and Politics", *Annual Review of Financial Economics*, Vol. 6, 2014.

¹⁸ ICSI Study Module, Governance, Risk Management, Compliances and Ethics, 2021, p. 9.

¹⁹ M.S. Gowalkar, *Bunch of Thoughts*, Sathitya Sindhu Prakashan, 2020.

²⁰ Ritu Parna, "Relevance of Ancient India Ethos in Corporate Governance", *International Journal of Creative Research Thoughts*, Volume 8, Issue 7, July 2020, p. 2851.

²¹ C. Aiyar, *Valmiki Ramayana*, Bharatiya Vidya Bhavan, 1988 and Bhakti Vikas Swami, *The Ramayana: A Complete Ramayana in English with all 7 Kandas*, Bhakti Vikas Trust, 2017.

²² Roshan Boodnah, "Ramayana: The Legacy of Good Governance and Sustainable Peace", available at: https://www.researchgate.net/publication/374414035_Ramayana_The_Legacy_of_Good_Governance_and_Sustainable_Peace#:~:text=When%20it%20comes%20to%20the,the%20value%20of%20ethical%20leadership (last accessed on 23 December 2024 at 11:30 AM).

²³ E. Bryant, "Peace, Justice, and the Ramayana", *The International Journal of Hindu Studies*, Vol. 19(1), 2015.

²⁴ W. Doniger, "Shadows of the Ramayana", Alan D. Hodder and Robert Emmet Meagher (eds.) *In The Epic Voice*, Greenwood Press, 2002.

²⁵ R.K. Rai, "Ramayana: An Ethical Discourse for Leadership and Good Governance", *Journal of Indian Research*, Vol. 6(2), 2018.

²⁶ Purnaprajna Dasa, *Mahabharata in English: An Authentic Presentation*, Sri Sri Sitaram Seva Trust, 2019.

²⁷ Ravindra Shenoy, "Mahabharata Spiritual Model for Good Governance and Sustainability", available at: https://www.researchgate.net/publication/291802068_Mahabharata_Spiritual_Model_for_Good_Governance_and_Sustainability#:~:text=truth.&lines%20of%20dharma%20and%20never%20against%20it.&maintain%20trust%20among%20customers%2C%20shareholders%2C%20authorities%20and%20other%20stakeholders (last accessed on 23 December 2024 at 9:30 AM).

²⁸ A.C. Bhaktivedanta Swami Prabhupad, *Bhagavad Gita As It Is*, Bhaktivedanta Book Trust, 2020.

²⁹ Biswajit Satpathy, "The Bhagavad-Gita is a Good Guide to Responsible Business Practices", *Journal of Informatics Education and Research*, Volume 4, 2024.

³⁰ S. Chakraborty & P. Chakraborty, "Duty as a Managerial Concept: Insights from Bhagavad Gita", *Indian Journal of Industrial Relations*, Vol. 53(2), 2017.

³¹ K.S. Rao, "The Concept of Environmental Stewardship in Bhagavad Gita and Its Implications for Sustainable Business", *International Journal of Environment and Sustainable Development*, Vol. 17(1), 2018 and G. Enderle, *International Business Ethics: Challenges and Approaches*, University of Notre Dame Press, 1999.

³² Shyamesh Kumar Tiwari, *Kautilya Arthasatra*, Chaukhamba Surbharati Prakashan, 2017.

³³ R.P. Kangle, *The Kautilya Arthashastra*, Motilal Banarasisdass Publishers, 2014.

— can be equated with the duties of a CEO of a modern corporation. *Raksha*, meaning protection, can be taken as risk Management. *Vridhhi*, meaning growth, can be equated with value enhancement of stakeholders. *Palana*, meaning compliance, can be taken as compliance to all laws in letter and spirit. *Yogakshema*, meaning well-being, can be equated today to corporate social responsibility.

SCOPE OF THE ARTICLE

The similarity in governance structure between 'Kingdom' in ancient times or 'Nation' in modern times, and a 'Corporation' is established from the study of Indian ethos. Thus, the values or principles or ideals underlying the governance of nations that are contained in the Constitution of India can also be imported as a guide for governance of modern corporations. The present article makes a humble attempt to study some of the selected constitutional values that can act as a guide for corporate governance. The parallels have been drawn with the help of following principles underlying the Constitution of India and considered to be equally important for corporate governance:

1. Rule of Law
2. Separation of Powers
3. Fairness and Equality
4. Transparency and Accountability
5. Social Responsibility

Lastly, the conclusion of the present discussion has been briefed in the last section of this article.

RULE OF LAW

Rule of Law as an explicit concept does not find a place in the Constitution of India³⁴. However, rule of law has been characterised as a basic feature of the constitution that cannot be abrogated or destroyed even by the parliament and in fact binds the parliament³⁵. The essence of the Constitution of India is towards overall development of an individual and ensuring his dignity through rule of law³⁶. The rule of law is not merely a public order. It is a social justice based on public order³⁷. The rule of law pervades over the entire field of administration, and every organ of the state is regulated by the rule of law³⁸. Thus, every instrumentality of the state is duty bound to discharge their functions in a just and fair manner³⁹.

There are three aspects of the rule of law: (i) Formal aspect — making the law rule; (ii) Jurisprudential or Doctrinal aspect — concerned with minimal condition for existence of law in society; and (iii) Substantive aspect — concerned with balancing between the individual and the society⁴⁰. All

three aspects are equally important. The jurisprudential aspect refers to the minimum requirements for existence of a legal system, and how it is different from a system where a leader imposes his will on everyone else. These requirements are known as 'inner morality of law'⁴¹. The substantive aspect refers to the values like morality, justice and human rights and maintaining a proper balance between these values and other needs of society. This is known as 'external morality of law'⁴².

A system governed by rule of law has three basic and fundamental assumptions: (i) law-making in the hands of democratically elected legislature; (ii) even this power of law-making in the hands of legislature is not unfettered; and (iii) existence of an independent judiciary to protect the citizen against excesses of executive or legislative power⁴³. Further, where discretion has been conferred upon any executive authority, then it must be confined within defined limits⁴⁴. As a fundamental principle of good administration, the authority must be used in a manner consistent with the rule of law⁴⁵. Any order passed by the courts while ensuring rule of law must be strictly complied with⁴⁶. This is equally applicable to the interlocutory orders passed by the civil courts as well⁴⁷.

The similarity in governance structure between 'Kingdom' in ancient times or 'Nation' in modern times, and a 'Corporation' is established from the study of Indian ethos.

The other assumptions of rule of law include, *inter alia*, equal applicability of laws, public notice of statutes/rules/regulations, clarity in legal provisions, predictability of administrative decisions and consistent applicability.

The four doctrines — Legal Capital, Constructive Notice, Indoor Management, and Ultra Vires — dealing with the way modern corporations

are governed, are the classic examples of rule of law in corporate governance.

• Legal Capital Rule

Legal Capital rule is a principle in corporate law that requires companies to maintain a minimum level of capital. This amount is equal to the paid-up capital of the company⁴⁸. Any reduction in capital requires regulatory approvals and compliance with specific legal procedures. As per the rule, the paid-up capital of a company cannot be returned to shareholders because that would take away from the fund that the creditors have a right to look at⁴⁹.

The Companies Act, 2013 contains manifestations of this rule of law. The dividends to shareholders can be paid only out of current profits [or] past reserves created out of profits or credit balance in the profit and loss account [or] out of the money provided by the

³⁴ *K.T. Plantation (P) Ltd. v. State of Karnataka*, (2011) 9 SCC 1.

³⁵ *Kesavnanda Bharati v. State of Kerala*, (1973) 4 SCC 225.

³⁶ *Bachan Singh v. State of Punjab*, AIR 1982 SC 1325.

³⁷ *National Legal Services Authority v. Union of India*, AIR 2014 SC 1863.

³⁸ *A.K. Kraipak v. Union of India*, AIR 1970 SC 150.

³⁹ *SBI v. M.J. James*, (2022) 2 SCC 301.

⁴⁰ *K.S. Puttuswamy (Aadhaar-5) v. Union of India*, AIR 2018 SC Supp 1841.

⁴¹ *Lon L. Fuller, The Morality of Law*, Yale University Press, 1964 and *Ronald Dworkin, Law's Empire*, Harvard University Press, 1986.

⁴² *Ibid*.

⁴³ *Bachan Singh v. State of Punjab*, AIR 1982 SC 1325.

⁴⁴ *S.G. Jaisinghani v. Union of India*, AIR 1967 SC 1427.

⁴⁵ *Epuru Sudhakar v. Government of A.P.*, AIR 2006 SC 3385.

⁴⁶ *Maninderjit Singh Bitta v. Union of India*, (2012) 1 SCC 273.

⁴⁷ *Surya Vadanani v. State of Tamil Nadu*, AIR 2015 SC 2243.

⁴⁸ *Trevor v Whitworth*, (1887) 12 App Cas 409 (HL).

⁴⁹ *Guinness v. Land Corporation of Ireland*, (1882) 22 Ch D 349.

Central Government or a State Government⁵⁰. In case of inadequacy or absence of profits in any year, the dividends can be declared out of the surplus only on fulfilment of specified conditions⁵¹. Thus, dividends can never be declared and paid by reducing the paid-up capital of the company.

Any share issue at a discount or for consideration other than cash, is either prohibited or restricted under the Companies Act, 2013. The paid-up capital appearing in the balance sheet should not give an impression to the creditors of an amount that it does not actually represent. The general rule is that any share issued by the company at a discount shall be void⁵². The only two exceptions to this rule are: (1) conversion of debt into equity under a resolution plan⁵³ and (2) issue of sweat equity shares⁵⁴. The conversion of debt into equity should be in accordance with any guideline, directions or regulations specified by the Reserve Bank of India. The issue of sweat equity shares and the value of value addition by the concerned employee for which the sweat equity share is issued should be valued by a Registered Valuer⁵⁵.

The reduction of share capital is permitted only after following the procedure established by law and on the order of the Tribunal⁵⁶. A public company is also prohibited from giving any loan, guarantee or other financial assistance to subscribe or purchase its shares⁵⁷. A liberal approach has been adopted in case of buy-back of its own shares, but it is restricted to ten percent of the paid-up share capital and free reserves. This can go up to a maximum of twenty five percent after passing of a resolution by the company. In both the cases, specified conditions like maintaining debt-equity ratio, period of completion, cooling off period between two successive buy-backs have to be adhered to by the company⁵⁸.

• Doctrine of Constructive Notice

The doctrine of constructive notice is a rule of law that promotes transparency, integrity of corporate actions, and legal certainty. The fundamental principle underlying the doctrine is that the constitutional documents of a company — Memorandum of Association and Articles of Association, are available for public inspection with the office of the Registrar of Companies, which ensures transparency and accountability.

All dealings with the company are based on publicly available information and there is an obligation on third parties to be aware of the constitutional documents of the company⁵⁹. The outsiders cannot claim ignorance.

This protects the company's autonomy and ensures that the dealings remain within the boundaries.

• Doctrine of Indoor Management

The doctrine of indoor management, also called Turquand's Rule⁶⁰ promotes certainty, fairness and efficiency in corporate dealings. The outsiders dealing with the company are expected to presume that the internal procedures of the company have been complied with. This presumption upholds legal certainty as the third parties can rely on the public representations made by the company. Thus, it tends to strike a balance between the internal autonomy of the company and legitimate expectations of external parties.

The doctrine of indoor management prevents unnecessary disruptions in business transactions because the company is refrained from using internal lapses as an excuse to avoid its obligations. Courts have upheld this doctrine in multiple judgements ensuring that the businesses operate under equitable principles. Thus, ensuring fairness, predictability, commercial efficiency, and protecting the outsiders from unforeseen irregularities of a company.

• Doctrine of Ultra-Vires

The doctrine of Ultra-Vires ensures that a company adheres to its constitutional and statutory limits, thereby achieving legal certainty and accountability. It upholds the fundamental principle that no company has unlimited power, thereby maintaining stability and predictability in governance and corporate affairs.

The doctrine enforces the rule of law by invalidating any action of the company taken beyond its legal authority. For example, when a government body exceeds its jurisdiction, courts strike down the action. Similarly, when a company exceeds its legal authority, courts strike down the action by applying this principle. The power of judicial review vested in the courts help is maintaining the rule of law in both the cases.

SEPARATION OF POWERS

The separation of powers and rule of law are distinct concepts and should be treated separately, although they are intimately connected⁶¹. Separation of powers, like rule of law, does not find a place in the Constitution of India as an explicit concept⁶². However, its sweep, operation and visibility are apparent from the Constitution of India. The structure provided in the Constitution leaves no doubt that the separation of powers is entrenched in it. There is clear demarcation between legislature, executive and judiciary under the Constitution, even without drawing formal lines. Any violation of separation of powers results in infringement of Article 14 of the Constitution⁶³. Nevertheless, a strict separation of powers

⁵⁰. Section 123(1) of the Companies Act, 2013.

⁵¹. Rule 3 of Companies (Declaration and Payment of Dividend) Rules, 2014.

⁵². Section 53(2) of the Companies Act, 2013.

⁵³. Section 53(3) of the Companies Act, 2013.

⁵⁴. Section 54 of the Companies Act, 2013.

⁵⁵. Rule 8 of the Companies (Share Capital and Debentures) Rules, 2014.

⁵⁶. Section 66 of the Companies Act, 2013.

⁵⁷. Section 67 of the Companies Act, 2013.

⁵⁸. Section 68 of the Companies Act, 2013.

⁵⁹. Oakbank Oil Co. v. Crum, 20 SLR 244.

⁶⁰. Royal British Bank v. Turquand, (1856) 6 E&B 327.

⁶¹. M. Nagaraj v. Union of India, (2006) 8 SCC 212.

⁶². State of Tamil Nadu v. State of Kerala, AIR 2014 SC 2407.

⁶³. Madras Bar Association v. Union of India, (2022) 12 SCC 455.

is neither desirable nor possible in modern governance. The Constitution of India does not prohibit overlap of functions, in fact what is prohibited is an overlap that results in failure of constitutional accountability⁶⁴. For example, judicial activism cannot degenerate into a mere exercise of subjectivism, rather judicial restraint may be a virtue of constitutional law⁶⁵.

The separation of ownership from control, principle of duality and board composition are the instances of separation of powers in corporate governance.

- **Separation of Ownership from Control**

The ownership of a company vests in the hands of the shareholders whereas the control vests with the directors. The powers, functions and duties of both — shareholders and directors — are clearly defined in the Company Law. The managers act like agents of the company. Vesting of control in the hands of a few directors helps in efficient management of the company's affairs. This separation may result in agency problems, but the oversight of the board on the executive, voting rights with the shareholders and independent auditors ensure accountability, and proper checks and balances.

- **Board Structure and Principle of Duality**

The listed companies in India are mandated to have a prescribed number of Independent Directors on the Company's board. Further, Corporate Governance always promotes the separation of the role of Chairperson of the Board from the Chief Executive Officer of the company. The presence of independent directors and separation of roles under the principle of duality brings neutrality, objectivity and independent oversight in the functioning of the company's board. This fosters transparency, ethical conduct and adherence to statutory duties.

FAIRNESS AND EQUALITY

The doctrine of fairness is a doctrine developed under the Constitution of India and Administrative Law to prevent failure of justice⁶⁶. The applicability of the doctrine of fairness has been discussed by constitutional courts in a plethora of judgements. The doctrine has been held to be inbuilt in every employer and employee relationship, but the doctrine is applied after the relationship comes into being and not at the stage of recruitment⁶⁷. The vigour of applicability of doctrine in the employer-employee relationship increases when it involves an instrumentality of the state. On the other hand, the contractual terms cannot be altered merely based on fairness if the parties had equal bargaining power⁶⁸. The doctrine must be applied keeping in view the circumstances of the case, the statutory framework, the subject-matter, the nature

of inquiry and the consequences thereafter⁶⁹. The principle of legitimate expectation has also been held to be rooted in the fundamental ideas like fairness and reasonableness⁷⁰.

The doctrine of equality has now been turned as synonym of fairness in the concept of justice and accepted as a methodology for any government action⁷¹. The Apex court has recognised two facets of equality under the Constitution of India: (i) Equality before the law; and (ii) Equal protection of law — the first one being the anti-discriminatory aspect and the second one being the positive equality⁷². Equality before the law has been derived from the UK and the equal protection of law has been borrowed from the USA.

The principles of Diversity, Equity and Inclusivity (DEI) in the corporate sector is based on the doctrine of fairness and equality.

- **Diversity**

In a corporate set-up, diversity refers to the representation of different groups of workforces that encompasses numerous dimensions like gender, age, race, religion, ethnicity, socio-economic background. The inclusion of diverse identities into the workforce is based on the justification that all individuals, despite their diverse perspectives and identities, should get equal opportunity to participate and contribute to the corporate environment. This concept promotes fairness and challenges the historical barriers leading to exclusion and underrepresentation of certain groups.

- **Equity**

Equity recognises that all individuals do not start from the same point and may need varying support during their work at the company. Thus, it involves implementing suitable measures to ensure a fair treatment and advancement of access for all individuals.

Equity embodies the principle of fairness as it considers disparities in the society and accounts for the structural disadvantages. The equitable practices adopted by the companies include targeted hiring, mentorship programs for underrepresented groups, and inclusive policy reforms. These reforms help in creating a level playing field.

- **Inclusivity**

Inclusivity refers to creating a welcoming, respectful, supportable, and valuable environment for all the individuals. The scope of inclusivity is beyond engagement and empowerment. It reflects both equality and fairness. It ensures the fostering of a respectful culture for the entire workforce to develop a sense of belonging.

⁶⁴. *Bhim Singh v. Union of India*, (2010) 5 SCC 538 and *Ashwani Kumar v. Union of India*, (2020) 13 SCC 585.

⁶⁵. *Anoop Baranwal v. Union of India [Election Commission Appointments]*, (2023) 6 SCC 161.

⁶⁶. *Tata Iron & Steel Co. Ltd. v. Union of India*, AIR 2000 SC 3706.

⁶⁷. *Union of India v. N. Murugesan*, (2022) 2 SCC 25.

⁶⁸. *Mary v. State of Kerala*, AIR 2014 SC 1.

⁶⁹. *Natwar Singh v. Director of Enforcement*, AIR 2010 SC Supp 9.

⁷⁰. *Augustan Textile Colours Ltd. v. Director of Industries*, (2022) 6 SCC 626.

⁷¹. *Man Singh v. State of Haryana*, AIR 2008 SC 2481.

⁷². *Shayara Bano v. Union of India*, AIR 2017 SC 4609.

The above-mentioned principles of diversity, equity and inclusivity are tied to the doctrine of fairness and equality. The corporate sector upholds the foundational ideals of just treatment, equal opportunity and respect for human dignity by embracing the principles of DEI. These values contribute to a more humane workplace and ethical business environment.

TRANSPARENCY AND ACCOUNTABILITY

Transparency in government functioning is linked with openness in governance⁷³. If the government is transparent in its actions, then it will strengthen democracy as the citizens can contain corruption and hold the government and its instrumentalities accountable to the people of India. The Right to Information Act, 2005⁷⁴ is an example that has gone a long way in fulfilling this objective⁷⁵. The Supreme Court has also exhorted the Parliament to frame a legislation on the lines of US Administrative Procedure Act to subject all the subordinate legislation to a transparent process⁷⁶. The term 'Transparency' does not mean that the government business should be conducted while sitting in public but requires that the way decision is taken should be made known⁷⁷. While ensuring judicial accountability and transparency, the Apex court has commended adoption of live streaming of court proceedings⁷⁸. The access to judicial records by way of inspection by the litigant or his lawyer is also a facet of transparency that instill and inspire confidence in the impartiality of the court proceedings⁷⁹. In *Swapnil Tripathi's* case, the court ordered inclusion of nominees of Accountant General (AG) and Comptroller and Auditor General (CAG) in governing body of State Cricket Associations and BCCI to ensure better financial management and financial prudence in these associations⁸⁰.

The provisions relating to disclosure obligations under corporate laws, securities laws and company regulations assist in maintaining transparency and ensuring accountability of key functionaries in a company.

The disclosure obligations compel the companies to provide accurate and timely information relating to financial position, operational performance, governance structure, and strategic decisions. The key managerial personnel (KMP) and directors are mandated to disclose their interests in any contract, related party transactions and changes in shareholding.

By mandating these disclosures, the law ensures that minority shareholders, members of the public, prospective investors, government, institutions and other stakeholders are not adversely affected. They empower the regulators such as Securities and

Exchange Board of India (SEBI), and administrative mechanisms such as Registrar of Companies (RoC) to monitor corporate conduct and take timely actions for non-compliance.

SOCIAL RESPONSIBILITY

Social responsibility is a fundamental constitutional value that finds its roots in the Preamble, Directive Principles of State Policy, Fundamental Rights, and Fundamental Duties. The Preamble clearly highlights that the aim of the Constitution of India is to achieving social justice, equality, and dignity for all citizens⁸¹. The Directive Principles of State Policy impose a duty on the State to promote economic justice, human dignity and social welfare⁸². In *Gujarat Mazdoor Sabha* case, the Supreme Court has held that the Factories Act, 1948 is an integral element of the vision of the State Policy that seeks to uphold the Directive Principles of State Policy and strikes a balance between the dynamics of management of factories and their workmen⁸³. Rights under Article 21, that is, Right to Life and Personal Liberty includes right to live with human dignity⁸⁴. This is possible only when individuals and institutions act with social responsibility. The other fundamental rights like Freedom of Speech and Expression⁸⁵ are also balanced by reasonable restrictions to ensure that they do not harm public order, morality, or rights of others. Article 51A (Fundamental Duties) explicitly mandates promoting harmony and spirit of common brotherhood⁸⁶; protection of public property and abjure violence⁸⁷; and striving towards excellence for national development⁸⁸. These duties emphasise that the rights come with corresponding obligations and responsibility towards society, environment and national progress.

The statutory recognition of Corporate Social Responsibility, Whistleblower Protection Policies, Prevention of Sexual Harassment at Workplace evidence the increasing recognition of social responsibility within corporate world.

• Corporate Social Responsibility

The Companies Act, 2013 has introduced the statutory framework for Corporate Social Responsibility (CSR) in India. The prescribed companies are mandated to spend at least 2% of their average net profits of the last three years on CSR activities. The statutory recognition of CSR has led to departure from a voluntary philanthropic activity to a legal obligation. Companies are also mandated to disclose their CSR policies and expenditure in the Board's report. A mere reading of permissible expenditure under the

⁷³. *Cellular Operators Association of India v. TRAI*, AIR 2016 SC 2336.

⁷⁴. Act No. 22 of 2005 published on 15 June 2005.

⁷⁵. *CIC v. State of Manipur*, AIR 2012 SC 864.

⁷⁶. *Cellular Operators Association of India v. TRAI*, AIR 2016 SC 2336.

⁷⁷. *Balco Employees Union v. Union of India*, AIR 2002 SC 350.

⁷⁸. *Swapnil Tripathi v. Supreme Court of India*, AIR 2018 SC 4806.

⁷⁹. *State of West Bengal v. Shivanand Pathak*, AIR 1998 SC 2050.

⁸⁰. *BCCI v. Cricket Association of Bihar*, (2016) 8 SCC 535.

⁸¹. *Preamble to the Constitution of India, 1950.*

⁸². *Part IV of the Constitution of India, 1950.*

⁸³. *Gujarat Mazdoor Sabha v. State of Gujarat*, (2020) 10 SCC 459.

⁸⁴. *Bandhua Mukti Morcha v. Union of India*, (1984) 3 SCC 161 and *Bandhua Mukti Morcha v. Union of India*, (1991) 4 SCC 177.

⁸⁵. *Article 19 of the Constitution of India.*

⁸⁶. *Clause (e) of Article 19 of the Constitution of India.*

⁸⁷. *Clause (i) of Article 19 of the Constitution of India.*

⁸⁸. *Clause (j) of Article 19 of the Constitution of India.*



Companies Act, 2013 clearly reveals that the CSR expenditure has been aligned with national priorities such as poverty eradication, education, gender equality and environment sustainability.

- **Whistleblower Protection Policy**

Both the laws — the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 — mandate that listed public companies should establish a vigil mechanism for directors and employees to report concerns about unethical practices, fraud, and violation of company's code of conduct. Further, it is expected that the vigil mechanism shall provide for adequate safeguards against victimisation of any whistleblower who raises concern through such mechanism.

These measures lay strong emphasis on ethical governance, internal accountability, and protection of those who seek to uphold corporate integrity.

- **Prevention of Sexual Harassment at Workplace**

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 obligates all the employers to constitute an Internal

Committee for complaints on sexual harassment, organise awareness programs and training sessions, and submit annual reports mentioning details about the number of cases and their disposal. The legislation recognises the duty of companies to provide a dignified and protective environment for the employees. Thus, affirming the principles of equality and non-discrimination as part of corporate responsibility.

CONCLUSION

From the above discussion, we can conclude that the principles enshrined in the Constitution of India — such as rule of law, separation of powers, fairness, equality, transparency, accountability, and social responsibility — are not limited only to the functioning of the state but have meaningful application in the corporate world. The meeting of constitutional values with corporate governance highlights the synergy between law and commerce in a democratic setup.

The constitutional values should not remain abstract ideals, rather they should inspire the corporate policies and practices. By importing these ideals into corporate governance, the Indian companies or any other institutions can, not only fulfil the legal compliances but also, foster a culture of integrity, justice and human dignity. □



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Desire to learn, listening, perception, retention in memory, elimination of doubt, and determination to know the truth are the qualities of the intellect



Dear Professional Colleagues,

Dynamism and Proactiveness are crucial for strengthening fundamentals, navigating complex & rapidly changing environments and achieving success. These qualities are essential ingredients for organizational success in a world characterized by constant change.

Adapting to a dynamic landscape requires embracing change, maintaining flexibility and most importantly adopting a strategic approach along with a commitment to continuous learning. A learning mindset not only enhances expertise but also fosters adaptability enabling Professionals like us to be better equipped to handle new challenges. We must embrace lifelong learning and

continuously upgrade our skills to remain competitive in a rapidly changing job market.

Amidst global trade offs, evolving legislative framework and emerging regulatory regime, abiding by professional code, enlarging technological sphere, raising the standards of governance are some indicators of evolving a new paradigm. Staying ahead of the curve calls for adaptive approach, innovative practice and clear vision. A steadfast and principled approach will empower us to transform emerging challenges into opportunities.

In our journey towards a developed India, we, as Company Secretaries, play a multifaceted role and our contribution in this new era of development is indispensable. As guardians of corporate governance, compliance and ethical conduct of business, we play a pivotal role in shaping the economic landscape of our nation. We are confronted with a myriad of challenges as well but amidst these challenges lie immense opportunities for innovation, growth and development.

Over the past quarter century, this Conference has provided a platform for Company Secretaries to engage in meaningful discourse on the challenges and opportunities faced by our profession. In line with this, it is indeed a privilege to extend a warm invitation to all my fellow colleagues to the 26th edition of annual congregation of practicing members, i.e. the **26th National Conference of Practicing Company Secretaries** being organized by the Institute on June 14-15, 2025 at Vivanta Guwahati on the theme “**Dynamic Regulatory Landscape: CS@Excelling Strategies**”.

A Souvenir cum Backgrounder containing theme articles, programme details, messages of good wishes and other interesting features will be brought out to commemorate this mega annual event. We look forward to your support for advertising and sponsorship for the event.

I call upon the professional colleagues to register for the Conference in large numbers and join us as we delve into the strategies to seize opportunities and achieve competitive breakthrough. Looking forward to meet you at the 26th National Conference of Practicing Company Secretaries in the largest metropolis in north eastern India!

Yours sincerely,

(CS Dhananjay Shukla)
President, The ICSI

Theme

Dynamic Regulatory Landscape: CS@Excelling Strategies

The Theme embodies the quest inspiring the Practicing Company Secretaries to strive for excellence while augmenting knowledge and delivering value driven propositions. In the words of Henry Wadsworth Longfellow, “*The heights by great men, reached and kept, were not attained by sudden flight, but they, while their companions slept were toiling upward in the night.*” At this juncture, there is a need to redraw the boundaries, revisit the limits, introspect and explore opportunities within the changing regulatory landscape. At the Conference, the esteemed speakers shall take us through various topics designed to inspire professionals to embrace change and serve as catalysts for transformation.

THEMATIC SESSIONS

Secretarial Audit and Annual Secretarial Compliance Report

Corporate actions reflecting good corporate governance are vital for a healthy, vibrant and continuously growing corporate sector. Secretarial Audit is now an established tool ensuring the presence of robust compliance mechanisms and systems within the corporate structures. The learned speakers of the session shall dwell upon recent amendments in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 focusing on the appointment of Secretarial Auditor, the legal and procedural implications, the enhanced obligations of Auditors, the Annual Secretarial Compliance Report and an understanding of the regulatory perspective.



Opportunities under Taxation Regime

The recent legislative reform in the form of Income Tax Bill seeks to redefine the existing tax provisions by furthering the principles of transparency, citizen first, good governance, ease of doing business and inclusive nation-building. The Company Secretaries are well versed with the technicalities and intricacies of taxation, it is the right time to extend the boundaries. This session shall take us through the new and existing opportunities focusing on preparedness, execution and the pursuit of excellence.

Alternative Dispute Resolution

Resolution of disputes by modes alternative to the Court system has become an absolute necessity in the present-day market economy. Alternative Dispute Resolution (ADR) offers an alternate mechanism devised for resolving disputes outside conventional platforms. Company Secretaries, as corporate legal experts, possess a deep commercial understanding that enhances their ability to navigate these situations effectively.





Their expertise allows them to grasp the nuances of underlying commercial transactions and legal frameworks more adeptly. There are several areas where Company Secretaries can facilitate dispute resolution through ADR like Company Law, Commercial Contracts, etc. This session will explore the practical learnings and challenges in this area.

Expanding Horizons: Leveraging various Opportunities

With the growth of the Indian economy, there has been a significant increase in the number of companies being incorporated, leading to a greater array of opportunities for the professionals, regardless of any specific recognition accorded to the profession. There are several avenues which remain relatively untapped as areas of professional practice. This session will focus on leveraging opportunities in areas such as Audit of Capital Market Intermediary, CSR Audit, Internal Audit, Climate Change and the impactful role that a Company Secretary can play in these domains.



CPE CREDITS

- CPE Credits for attending National Conference on both days
- Members: 8 (Eight) Structured CPE Credits

SPEAKERS

- Eminent experts with comprehensive exposure of practical aspects shall address and interact with participants

CS Dhananjay Shukla
President,
The ICSI

CS Pawan G. Chandak
Vice President,
The ICSI

CS Praveen Soni
Council Member,
The ICSI & Chairman,
PCS Committee

CS Sandip Kumar Kejriwal
Council Member,
The ICSI and
Programme Director

CS Asish Mohan
Secretary,
The ICSI

CS Anuj Saraswat
Chairman,
EIRC, The ICSI

CS Lohit Bagaria
Chairman,
Guwahati (North Eastern)
Chapter, The ICSI

Tentative Program Schedule

DAY-1: June 14, 2025 (Saturday)	
Upto 2:30 PM	Registration of Delegates, Check-in and Lunch
2:30 PM – 3:30 PM	Inaugural Session
3:30 PM – 4:30 PM	Technical Session I: Secretarial Audit and Annual Secretarial Compliance Report
4:30 PM – 5:00 PM	Networking Tea
5:00 PM – 6:00 PM	Technical Session II: Opportunities under Taxation Regime
7:30 PM onwards	Cultural Evening & Dinner
DAY-2: June 15, 2025 (Sunday)	
10:00 AM – 11:30 AM	Open House Session
11:30 AM – 12.00 NOON	Networking Tea & B2B
12:00 NOON – 1:00 PM	Technical Session III: Alternative Dispute Resolution
1:00 PM – 2:00 PM	Technical Session IV: Expanding Horizons: Leveraging various Opportunities
2:00 PM onwards	Networking Lunch

Venue: Vivanta Guwahati, Assam

How to reach Venue?

Distance from Lokpriya Gopinath Bordoloi International Airport, Borjhar to Venue

33.0 kms taking approximately 51 mins.

Distance from Nearest Railway Station (Guwahati Railway Station) to Venue

9.3 kms taking approximately 27 mins.

Delegate Fees & Registration Procedure

Delegate Category (Non-Residential)	Early Bird (18 th April, 2025 to 20 th May, 2025)	Registration (on or after 21 st May, 2025 including on the spot registration)
Members of ICSI	INR 4500	INR 5000
Students/Accompanying Spouse/Child (5 years and above)/ Sr. Member (60 years and above)	INR 4000	INR 4500
Non-Members	INR 6000	INR 7000

**Exclusive of GST @18% on non-residential basis.*

- The above fee includes Lunch (2), Dinner (1), Morning / Evening Tea, Coffee, and Conference Kit. The Delegate Fee is payable in advance and is not refundable, & non-transferable.
- The Delegate fee for accompanying Spouse and Children does not include Conference Kit.
- Registration for the Conference shall be through Online Mode only. Please note that payments will not be accepted through demand draft, cheque, cash, etc.
- Delegates are requested to register at the web link: <https://tinyurl.com/26NCPS>

**ICSI reserves all rights to make any change in the programme, in case of any unforeseen situation/restrictions imposed by Government*

Hotel Accomodation

The ICSI has taken best rates from Vivanta Guwahati, 613, Mahapurush Srimanta Sankardeva Road, Khanapara, Guwahati, Assam – 781022 and blocked limited number of rooms at concessional rates for delegates of the 26th National Conference of Practicing Company Secretaries. Delegates may contact the Hotel directly for their individual reservations. Details are available at https://www.icsi.edu/media/webmodules/Announcement_for_Hotel_Booking_28042025.pdf.

Attractions at Guwahati

Guwahati is the largest city of the Indian state of Assam situated on the south bank of Brahmaputra River. Known as Pragjyotishpura in ancient times, Guwahati is mentioned in epics like Mahabharata and during the medieval era, it was a strategic location for Ahom Kingdom. A major riverine port city along with hills and one of the fastest growing cities in India, Guwahati is known as the “Gateway to North East India”. Nineteen traditional products and crafts from Assam have been awarded the prestigious Geographical Indication (GI) tag.

Major Attractions

Kamakhya Temple

It is a revered Shakti Peeth located atop Nilachal Hill dedicated to Goddess Kamakhya. Structurally, the temple is dated to the 8th-9th century with many subsequent rebuildings. Kamakhya temple is considered the most sacred and oldest of the 51 Shaktipeeths on earth and is also famous for its Ambubachi festival which celebrates feminine reproductive energy.



Umananda Temple

It is a Shiva temple located on the Peacock Island and is one of the most important temples of Guwahati. There are plenty of engravings and sculptures that adorn the rock walls of this temple. These engravings and sculptures depict the craftsmanship of the local Assamese artisans. The engravings done on the walls include Hindu gods like Surya, Shiva, Ganesha and Devi.

Panimur Waterfall

A hidden gem in the heart of Dima Hasao district, Assam, it is also known as the "Niagara Falls of Assam". It is a cascading waterfall formed by the Kopili River featuring dynamic water colours, lush surroundings and vibrant flora, making it a popular destination for nature lovers and photographers.



Deepor Beel

It is a perennial freshwater lake located on the outskirts of Guwahati. It was recognised as a Ramsar Site in 2002 and as an Important Bird and Biodiversity Area (IBA) in 2004, in addition to its declaration as a Bird Sanctuary by the Government of Assam in 1989. Covering 4.1 square kilometres, the Beel, which means "lake" in Assamese, is home to residents and migratory birds and a site to spot herds of Asiatic wild elephants, that are attracted to the lake's aquatic vegetation.

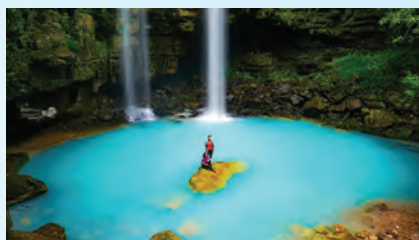
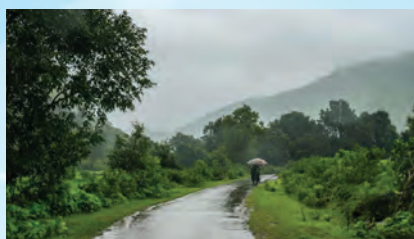


Dawki

Nestled in the East Khasi Hills district of Meghalaya, Dawki is a serene town renowned for its natural beauty and cultural heritage. Dawki has its pristine natural beauty, cultural richness and range of immersive experiences. The Umngot River, also known as the Dawki River is known as the cleanest river of the country, with crystal clear water.

Mawsynram

Nestled amidst the lush green forests of the Khasi Hills, Mawsynram has been crowned the rainiest place in the world. Nohkalikai Waterfalls, the fourth highest waterfall in the world, cascades down the dramatic slope of Khasi Hills, making for a picturesque sight.



Blue Lagoon

The Blue Lagoon in Meghalaya is also known as Labon Falls, a natural wonder located in the East Jaintia Hills. It's known for its crystal clear, vibrant turquoise-coloured water formed by a waterfall, making it a popular spot for nature lovers and swimmers.

Mawlynnong Village

Mawlynnong has earned a reputation for being one of the cleanest villages in Asia, but a nickname that does more justice is that of God's Own Garden. The fruit orchards, the rushing streams, the evergreen surroundings, the swaying palms and the well-preserved traditions of the Khasis provide a picture-perfect stage on the edge of Meghalaya's southern ranges.



Query/Clarification

For any query/clarification, following officials may be contacted:

Query	Name of Official	Email ID
Delegate Registration	Mr. Vineet Sharma	Vineet.Sharma@icsi.edu
Sponsorship/Advertisement	Ms. Pooja Sharma	Pooja.Sharma@icsi.edu

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3

LEGAL WORLD



- SUNDARAM INDUSTRIES LTD v. SUNDARAM INDUSTRIES EMPLOYEE UNION [SC]
- MAHLE ANAND FILTER SYSTEM PVT LTD v. STATE OF HIMACHAL PRADESH & ORS [HP]
- ARUN HASTIMAL FIRODIA v. STATE OF MAHARASHTRA & ANR[BOM]
- JUGAL KISHORE SARAFF v. CFM ASSET RECONSTRUCTION PVT. LTD [NCLAT]
- FIGHT AGAINST CORRUPTION (NGO) & ANR v. AIRPORTS AUTHORITY OF INDIA & ORS [CCI]
- VINISH KHANNA v. M/S A&T EUROPE SPA & ORS [CCI]
- K. GOPI v. THE SUB REGISTRAR [SC]
- GALLANT EQUIPMENT PVT LTD v. RASHMI METALIKS LTD [CAL]
- THE MANAGEMENT OF WORTH TRUST v. THE SECRETARY WORTH TRUST WORKERS UNION[SC]



Corporate Laws

Landmark Judgement

LMJ 05:05:2025

SUNDARAM INDUSTRIES LTD v. SUNDARAM INDUSTRIES EMPLOYEE UNION [SC]

Civil Appeal No. 11016 of 2013 [@ S.L.P. (C) No.22463 of 2011]

T.S. Thakur & Vikramajit Sen, JJ. [Decided on 13/12/2013]

Equivalent citations: AIR ONLINE 2013 SC 183; 2014 (2) SCC 600; (2013) 15 SCALE 264; (2014) 140 FACLR 297.

Industrial Disputes Act, 1948- change in working condition- some workers disobey the change- termination from service- whether tenable- Held, No.

Brief facts:

The appellant-company is engaged in the manufacture of rubber products for various industrial applications. It had, at the relevant point of time, 877 employees in its establishment. As many as 488 of these employees were working as moulders to operate the rubber moulding machines. The moulding work involved placing rubber into the moulding press which would then be pressed into rubber components and marketed for varied industrial and commercial uses.

In March 1999, the management of the appellant-company required the workmen engaged as moulders to place their individual bags of production on the weighing scale at the end of their work shift. That procedure was observed for about a week whereafter 13 out of 488 moulders declined to abide by the instructions issued by the management. The management terminated the services of these delinquent workmen. This resulted in industrial dispute which was adjudicated in favour of the workmen.

The Industrial Tribunal accordingly set aside the order of dismissal passed against the workmen and directed their reinstatement with 50% back wages. The High court also dismissed the challenge made against this award. Hence, the present appeal before the Supreme Court.

Decision: Dismissed.

Reason:

The short question that falls for determination is whether the Tribunal and the High Court were justified

in holding that the penalty of dismissal imposed upon the workmen was disproportionate to the gravity of the misconduct allegedly committed by them. Whether or not the punishment is disproportionate more often than not depends upon the circumstances in which the alleged misconduct was committed, as also the nature of the misconduct.

It is evident from the above that the discord between the workmen and the management arose entirely out of the management requiring the workmen to place the bag of their production on the electronic weighing scale instead of placing them on the floor at the end of the shift as they were doing till the management issued fresh instructions that demanded that the workmen carry their production bags to the electronic weighing scale for weighment. The workmen considered this additional responsibility to be involving not only additional work in carrying the production bag to the weighing machine but also in devoting additional time beyond the shift hours without any additional remuneration for the same.

It is thus evident that the refusal of the workmen to carry out the instructions issued by the management was not without a lawful or reasonable justification. The same could not at any rate be described as contumacious. The essence of the matter was whether the management could, without additional remuneration, ask the workmen who were responsible for attending to the production work alone to do additional work which was hitherto being done by another group of workmen, especially when compliance with the instructions to the workmen would require them to tie their production bags, carry them to the weighing machine, wait in the queue till the process was to be completed and leave only thereafter. In the course of hearing before us, it was fairly conceded by the representative of the appellant that since the number of moulders working in the establishment was fairly large and weighing machines limited in number, the workmen had to wait in a queue for their turn to have their production weighed which was earlier being done by some other workmen who were disbanded. Inasmuch as the workmen concerned had declined to undertake this additional responsibility which was not only consuming additional time but also additional effort they could not be accused of either deliberate defiance or misconduct that could be punished. The Tribunal was in that view wrong in holding that the charge framed against the respondents was proved. Refusal to carry out the instructions requiring workmen to do additional work beyond the shift hours was clearly tantamount to changing the conditions of service of the workmen which was impermissible without complying with the requirements of Section 9-A of the Industrial Disputes Act.

Even assuming that the finding regarding the commission of misconduct is left undisturbed, the circumstances in which the workmen are alleged to have disobeyed the instructions issued to them did not justify the extreme penalty of their dismissal. At any rate, the Labour Court having exercised its discretion in setting aside the dismissal order on the ground that the same was disproportionate, the High Court was justified in refusing

to interfere with that order under Article 226 of the Constitution. There is in any event no compelling reason for us to invoke our extraordinary power under Article 136 of the Constitution or to interfere with what has been done by the two Courts below. But for the fact that there is no appeal or challenge to the denial of full back wages to the workmen, we may have even interfered to award the same to the workmen. Be that as it may, this appeal is destined to be dismissed.

LW 33:05:2025

MAHLE ANAND FILTER SYSTEM PVT LTD v. STATE OF HIMACHAL PRADESH & ORS [HP]

CWP No. 3675 of 2023

Ajay Mohan Goel, J. [Decided on 08/04/2025]

Companies Act, 1956 – merger of companies- petitioner transferee company changed its name post-merger – petitioner owned two MIG flats- petitioner approached the revenue authorities to record the change of name- authorities demanded payment of stamp duty- whether tenable-Held,No.

Brief facts:

The petitioner-Company was initially incorporated in the name and style of Purolator India Limited. It purchased two residential plots i.e. MIG 39 and MIG 40 in Housing Colony Sector-1 Parwanoo from Himachal Pradesh Housing Board. M/s Mahle Filter Systems India Private Limited merged with Purolator India Limited vide an amalgamation scheme duly sanctioned by the Delhi High Court. Post merger, the petitioner changed its name three times. Firstly from Purolator India Ltd to Mahle Filter Systems India Ltd, secondly from Mahle Filter systems India Ltd to Mahle Filter systems India Pvt Ltd and thirdly from Mahle Filter systems India Pvt Ltd to Mahle Anand Filter Systems Pvt Ltd. When the petitioner approached the Revenue authorities to record the change of name in the records, they demanded payment of stamp duty for recording the name change. The petitioner approached the High Court.

Decision: Allowed.

Reason:

Facts as I have narrated hereinabove, are not in dispute. The moot issue which this Court has to determine is as to whether in the given circumstances, for the reflection of the alternation in the name of the petitioner as owner of the MIG flats is it bound to pay the stamp duty as is being demanded by the respondents or not.

This Court is of the considered view that the direction which has been issued by the District Revenue Officer to the effect that the update in the revenue record should be after the deposition of stamp duty and registration fee is not sustainable in law. This is for the reason that the property qua which update is being sought by the petitioner in the revenue record, was not the property originally owned by

M/s Mahle Filter Systems (India) Private Limited, which in terms of the scheme of amalgamation sanctioned by the Delhi High Court on 27.05.2008, amalgamated into the then Purolator India Limited. In other words, the demand of stamp duty would have been justified had this property been originally owned by M/s Mahle Filter Systems (India) Private Limited and had it come in possession of the Purolator India Limited pursuant to the amalgamation scheme sanctioned by the Delhi High Court. Thus, these two flats indeed have got nothing to do with the amalgamation scheme. They were the property of M/s Purolator India Limited and they still continue to be property of M/s Purolator India Limited, which company is now known by the nomenclature of Mahle Anand Filter Systems Private Limited, in terms of the certificate of incorporation pursuant to change of name duly issued by the Ministry of Corporate Affairs, Government of India.

In fact, this Court has no hesitation in holding that the Authorities are completely misreading the scheme of amalgamation and their insistence upon the charging of stamp duty on the ground that there is no exemption for the same in amalgamation scheme is completely misconceived, because the Authorities are not appreciating that the property in issue i.e. the two MIG flats were not part and parcel of the amalgamation scheme. Had they been part of the amalgamation scheme, then, obviously, the contents of the amalgamation scheme would have been read while determining as to whether the stamp duty was payable or not. However, as these two MIG flats have got no concern whatsoever with the amalgamation scheme, therefore, the contents thereof have got nothing to do in determining as to whether on request of the petitioner to update the revenue record whether stamp duty is payable or not.

As far as the provisions of Section 394 of the Companies Act, 1956 are concerned, this Court is of the considered view that this Section has got no application in the facts of this case again for the simple reason that the property qua which update in revenue record is being sought by the petitioner was not a subject matter of the amalgamation.

In the light of the findings returned hereinabove, communications dated 03.08.2022 and 09.01.2023, respectively, are hereby quashed and set aside and the respondents are directed to change and update the revenue record by reflecting the MIG flats in issue in the ownership of Mahle Anand Filter Systems Private Limited as expeditiously as possible and not later than 30.05.2025.

LW 34:05:2025

ARUN HASTIMAL FIRODIA v. STATE OF MAHARASHTRA & ANR[BOM]

Criminal Writ Petition No. 64 of 2023

Y. G. Khobragade, J. [Decided on 27/03/2025]

Industrial dispute- management company failed to implement the judgement of the labour court- criminal process issued against chairman of the company- whether tenable- Held,No.

Brief facts:

The Petitioner is the Chairman of M/s. Kinetic Engineering Ltd which failed to implement the judgement of the Labour Court favouring respondent employee. The labour court issued process against the Petitioner for non-implementation of the judgement. The petitioner challenged the issuance of process before the Industrial Court which upheld the issuance of process. The petitioner challenged the judgement of the Industrial Court before the High Court.

Decision: Dismissed.**Reason:**

In the case in hand it is not in dispute that, the respondent No. 2 filed Criminal Complaint (ULP) No. 9 of 2020 and specifically alleged that, on 29.11.2019, the learned Labour Court passed judgment in Complaint (ULP) No. 57 of 1998 and set aside the order of his dismissal dated 08.05.1998. So also, on 14.12.2021, the learned Member Industrial Court passed the judgment and order in Revision Petition (ULP) No 4 of 2020 and affirmed the judgment dated 29.11.2019 passed by the learned Labour Court in Complaint (ULP) No. 57 of 1998.

It is a matter of record that, the Industrial Establishment filed Writ Petition No. 11899 of 2022 challenging the judgment and order dated 14.12.2021 passed by the learned Member, Industrial Court in Revision corrected-CriWP64-23.odt (ULP) NO. 4 of 2020 arising out of judgment dated 29.11.2019 passed by the learned Labour Court in Complaint (ULP) No. 57 of 1998. However, on 12.01.2023, this Court simply issued Rule but declined to grant interim relief.

No doubt, the Writ Petition No. 11899 of 2022 filed by the Employer of Respondent NO.2 is subjudice before this Court. However, merely the Petition is admitted without granting stay to the effect and operation of the judgment and order dated 14.12.2021 passed by the learned Member, Industrial Court in Revision Petition (ULP) No. 4 of 2020 arising out of judgment dated 29.11.2019 passed by the learned Labour Court in Complaint (ULP) No. 57 of 1998, said judgment does not automatically loose its operation. Therefore, the Respondent No.2/ Employee has every right to get implemented the judgment and order dated 29.11.2019 passed by the learned Labour Court in Complaint (ULP) No. 57 of 1998.

Needless to say that, on 29.11.2019, the learned Labour Court passed the judgment and order declaring that the act of employer while issuing order of dismissal of the Respondent's service on 08.05.1998 amounts to unfair labour practice under item 1(a), (b), (c), (d), (f) and (g) of Schedule IV of the MRTU & PULP Act. It is further declared that the order of dismissal of service of respondent is illegal, improper and bad in law, hence, quashed and set aside the same. It is further held that, the complainant superannuated during pendency of the complaint, therefore, he is deemed to be in the service

w.e.f. 08.05.1998 till the date of his superannuation and he would be entitled for continuity in service with full back wages and all consequential benefits.

The present petitioner is the Chairman of the Industrial Establishment in which the respondent No.2 was employed. Therefore, the petitioner/accused No.3 is responsible for day to day affairs of the Industrial Establishment. It is not the case of the Petitioner/accused No.3 that, he was not having knowledge of passing judgment dated 29.11.2019 passed by the learned Labour Court in Complaint (ULP) No. 57 of 1998 and upheld by the learned Member, Industrial Court in Revision Petition (ULP) No. 4 of 2020 on 14.02.2021. No doubt, the Industrial Establishment filed Writ Petition No.11899 of 2022 before this Court challenging Judgment dated 14.02.2021 passed in Revision Petition (ULP) No. 4 of 2020. On 12.01.2023, this Court issued Rule in said Petition and declined to stay to the judgment passed by the learned Industrial Court in Revision Petition (ULP) No. 4 of 2020.

The Petitioner has not denied about issuance of notice dated 06.01.2020 by the Respondent no. 2 along with Judgments passed by the learned Revision and Labour Court calling for compliance of said judgments, however, the envelope containing notice of petitioner returned back with postal endorsement 'unclaimed'. Therefore, it is deemed to be served within the meaning of Sec. 27 of the General Clauses Act.

Since this Court passed an order on 12.01.2023 in Writ Petition No.11899 of 2022 and issued Rule but declined to stay effect and operation of Judgment passed by the learned Labour Court in Complaint (ULP) No. 57/1998, therefore, it is obligatory on part of the petitioner accused to comply with said Judgment, which is upheld by the learned Industrial Court. The petitioner/accused has not brought any circumstances to show about making effort for compliance of said Judgment. Therefore, considering the averments made in the complaint as well verification statement, the learned Labour Court satisfied that, the Respondent No.2 has made out case for issuance of process under Sec. 48(1) of the MRTU & PULP Act, which is upheld by the learned Member, Industrial Court, on 17.11.2022.

The Petitioner/accused No.3 being the Chairman of the Industrial Establishment having control and supervision over affairs and day to day transaction of the said establishment, therefore, he is responsible to obey the judgment passed the Labour Court but inspite of service of notice with judgment, the petitioner failed to implement the judgment passed by the competent Court. Therefore, considering the scope of Section 48(1) of the MRTU & PULP Act as well as law laid down in the above cited cases, I am of view that, the findings recorded by both the Courts below are just and proper, hence, no interference is called at the hands of this Court.

LW 35:05:2025**JUGAL KISHORE SARAFF v. CFM ASSET RECONSTRUCTION PVT. LTD [NCLAT]****Company Appeal (AT) (Insolvency) No. 374 of 2025 & 211 of 2025****Ashok Bhushan & Arun Baroka. [Decided on 17/04/2025]****Insolvency and Bankruptcy Code, 2016- CIRP against corporate guarantors- NCLT admitted the petition- objections raised as to its invocation to set aside the admission - whether tenable- Held,No.****Brief facts:**

These two appeals have been filed by the suspended director of the Corporate Guarantors Machine Works (International) Ltd and Motijug Agencies Ltd, challenging the order admitting the CIRP petitions filed by the Respondent against them. The CDs are corporate guarantors to the Principal Debtor M/s Ural India Ltd.

Decision: Dismissed.**Reason:**

When the Financial Creditor came with specific pleading that guarantee has been invoked on 31.07.2014 and Corporate Debtor has also made statement in its reply, accepting that guarantee was invoked on 31.07.2014, we fail to see any scope for submission of the Appellant that guarantee was never invoked. The judgment of this Tribunal relied by the Appellant in *State Bank of India vs. Deepak Kumar Singhania* in no manner can help the Appellant where this Appellate Tribunal has held that invocation has to be in terms of the Guarantee Deed. The issue which came up for consideration in the above case was whether the demand notice issued under Rule 7(1) in Form-B of Insolvency and Bankruptcy (Application to Adjudicating Authority for Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Rules, 2019 can be treated as notice invoking guarantee or there has to be notice or invocation prior to issuance of notice under Rule 7(1) in Form B. Thus, the above judgment in no manner help the Appellant in facts of the present case.

Now coming to the submission of the Appellant that the application has been barred by limitation, the Adjudicating Authority in Para 3.3 has noticed sequence of events, details of balance sheet and OTS proposals received. The balance sheet from 2014-15, 2016-17, 2018-19 has been noticed of the Principal Borrower where acknowledgment of debt is there. OTS proposal submitted on 17.07.2020, 06.09.2020 have also been noticed which have been brought on record by the Respondent in the IA. After 31.07.2014 i.e. issuance of invocation notice when acknowledgment is there in the balance sheet of the Principal Borrower, the application filed against the Corporate Guarantor cannot be said to be barred by time. The Adjudicating Authority has considered the said submission and have returned finding holding that

application under Section 7 is not barred by time. We fully concur with the view taken by the Adjudicating Authority that application is not barred by time.

Learned counsel for the Respondent has also relied on judgment of Hon'ble Supreme Court in *Laxmi Pat Surana vs. Union of India & Anr.*, (2021) 8 SCC 481, which fully support the submission made by the Respondent. In view of the aforesaid, we do not find any substance in the any of the submissions raised by learned counsel for the Appellant. Appeal is dismissed.

**LW 36:05:2025****FIGHT AGAINST CORRUPTION (NGO) & ANR v. AIRPORTS AUTHORITY OF INDIA & ORS [CCI]****Case No. 12 of 2024****Ravneet Kaur, Anil Agrawal, Sweta Kakkad & Deepak Anurag [Decided on 20/03/ 2025]****Competition Act, 2002- Section 4- abuse of dominance- airport parking services- rigging alleged - whether tenable - Held,No.****Brief facts:**

The present Information has been filed against Airports Authority of India ('OP-1/'AAI'), Ministry of Civil Aviation ('OP-2/'MoCA'), Delhi International Airport Limited ('OP-3/'DIAL'), GMR Airports Limited ('OP-4/'formerly known as GMR Airports Infrastructure Limited or 'GIL') and Fraport AG Frankfurt Airport Services Worldwide ('OP-5/'Fraport AG') (collectively referred herein as 'Opposite Parties') alleging contravention of the provisions of Section 4 of the Act.

The primary grievance of the Informants appears to be related with irregular awarding of parking services to DAPSL, which is alleged to be a collaboration between OP-4 with TPSPL, for the purpose of meeting the criteria set by the OP-4 itself and leveraging the name and experience of TPSPL. In its letter dated 16.12.2023 to the PMO, Informant No.1 made a similar complaint about Encalm, the entity responsible for providing lounges at the Delhi Airport, being purportedly owned and operated by individuals who concurrently hold positions on the board of directors in OP-4.

Decision: Dismissed.**Reason:**

Thus, the Commission, in relation to the allegation under Section 4(2)(a)(i), is of the view that the imposition of 13%

fee on tenders is a continuation of the charges previously levied by AAI, a statutory body, and notes that the same is being levied uniformly on all the service providers, with no further increase. In view of generic and wide nature of allegations related to creation of monopolistic environment which could lead to imposition of exorbitant charges on customers in future, the Commission is of the view that in absence of any evidence, it may not be prudent to deal with the allegation/apprehension at this juncture.

The allegations under 4(2)(b), 4(2)(c) and 4(2)(e) of the Act, appear to be emanating from the alleged conduct of OP-3 of selectively awarding contracts/tenders to companies, in which it is one of the majority stakeholders.

The Commission is of the view that, as per the OMDA Agreement, OP-3 has the right to sub-contract third party entities for providing services such as parking and lounge services and also have the right to acquire ownership of such entities. It is also noted that OP-3, in its submissions, gave details of the bidding process adopted for both parking and lounge services through which DAPSL and Encalm were awarded their respective contracts. OP-3 has stated that in each of the processes involving award of contract for parking facility and lounge facility, multiple third-parties participated in the bid process and none of the bidders were related parties to OP-3 or OP-4.

With regard to the allegation pertaining to parking services, the Commission observes that the entity for parking services was selected through a competitive bidding process, in compliance with the OMDA agreement. Thus, the allegation raised in the Information, under Section 4(2)(b), 4(2)(c) and 4(2)(e) of the Act, in relation to the award of parking services to entities allegedly under significant control of OP-3 is unsubstantiated.

Similarly, with regard to the allegation pertaining to lounge services, the contract for operating and managing lounge facility at IGI Airport was awarded to Encalm on 17.11.2021, by way of competitive bidding process. Thus, similar allegations, under the above-mentioned provisions of the Act, raised in relation to Encalm's selection process are unsubstantiated.

In view of the above, the allegations pertaining to parking and lounge services, under Section 4(2)(b), 4(2)(c) and 4(2)(e) of the Act, are based on misplaced facts. Therefore, the Commission is of the view, that there is no requirement of delineating the relevant market, in the facts of the case.

The Commission finds that no prima facie case of contravention of the provisions of Section 4 of the Act is made out against the Opposite Party. Accordingly, the information is ordered to be closed forthwith.

LW 37:05:2025

VINISH KHANNA v. M/S A&T EUROPE SPA & ORS [CCI]

Case No. 15 of 2024

Ravneet Kaur, Anil Agrawal & Deepak Anurag. [Decided on 21/03/2025]

Competition Act, 2002- Section 4- abuse of dominance- construction of swimming pool of world class standard- specification of materials- specification of suppliers of materials- whether abuse of dominance- Held, No.

Brief facts:

The present Information has been filed against (i) M/s A&T Europe SpA ('OP-1'), (ii) M/s Myrtha Pools India Private Limited ('OP-2'), and (iii) Public Works Division Akola, Maharashtra ('OP-3') (collectively, referred to as 'Opposite Parties/OPs'), alleging contravention of provisions of Section 3 and 4 of the Act in a tender floated for inviting bids for construction of swimming pool by the OPs.

The Informant has alleged abuse of dominant position by OP-3, in contravention of Section 4 of the Act, by specifying brand product/technology of OP-1 rather than specifications for the material and/or project which has foreclosed competition for other players to participate in the Impugned Tender. The Informant has also alleged existence of an anti-competitive agreement between OP-1 and OP-3 due to which OP-1 is having monopoly over supply of material and technology in the Impugned Tender and resultantly, charging exorbitant money for carrying out the project under the Impugned Tender in contravention of Section 3 of the Act. This conduct of OPs is allegedly causing Appreciable Adverse Effect on Competition ('AAEC') in markets in India in the form of loss of public money as well as denial of participation to potential bidder in the Impugned Tender.

Decision: Dismissed.

Reason:

Neither the Informant nor OP-3 has provided any detail in this regard despite ample opportunity being provided by the Commission. The Commission notes that every State has a PWD and may be floating tenders for construction of swimming pool for their respective district or city or area on need basis. There may be various tenders across various States within the country. Besides, the construction of swimming pool for hospitality, training etc. is also undertaken on demand from hotels, clubs, housing societies etc. and therefore, there may be various procurers for such services. In these circumstances, a district PWD may not be the only entity procuring the services for construction of swimming pool. As such, the Commission is of the view that OP-3 does not appear to be dominant within the relevant market delineated above. In the absence of dominance, there arises no occasion to examine abuse of dominance.

With respect to Section 3 of the Act, the Commission notes that the Informant has alleged existence of anti-competitive agreement between OP-1 and OP-3 due to which OP-3 is stated to have prescribed the brand/technology of OP-1 in the Impugned Tender. In its response dated 04.01.2025, the Informant has stated that data relating to market share in procurement of Olympic standard swimming pool is not available with him. Informant further stated that OP-1 is a sponsor of World Aquatics (FINA), but FINA does not endorse/ recommend any specific brand/company to build Olympic standard swimming pools. The Informant also stated that apart from OP-1 and OP-2, entities such as Natre Pools (USA), Industrial Services Italia, (Italy), Skypool System, Fluidra Swimming Pools (Spain), Steela Pools (Italy) etc. are engaged in construction services for World Aquatics compliant Olympic standard swimming pools.

With regard to rationale for specifying name of only one technology material supplier, the Commission notes the submissions of OP-3 that it is committed to an open and competitive tendering process that allows multiple qualified firms to participate. It is further stated that as per tender documents and subsequent modifications viz. common set of deviations, all companies having similar specifications/work done as well as technology and material for building the swimming pool taken from A&T Europe SpA or agencies having similar technology were eligible to compete in tender process. OP-3 stated to have given all the opportunities to the prospective bidders to compete and stated to have adhered to all applicable laws and regulations governing fair competition and has not favoured a single company. The Commission also notes from the tender assessment documents provided by the Informant that the bidder who has been technically disqualified appears to be on grounds other than the requirement of MOU with OP-1.

In view of the foregoing, the Commission notes that there is no material available on record to substantiate the allegations of anti-competitive conduct by the OPs in contravention of provisions of Section 3 of the Act.



General Laws

LW 38:05:2025

K. GOPI v. THE SUB REGISTRAR [SC]

Civil Appeal No. 3954 of 2025

Abhay S. Oka & Ujjal Bhuyan, JJ. [Decided on 07/04/2025]

Registration Act, 1908 - Tamil Nadu Registration Rules – Rule 55A registration of sale deed-

Requirement of establishing the title of the seller-whether valid- Held, No.

Brief facts:

The Appellant produced a sale deed for registration, which was executed by one Jayaraman Mudaliyar in favour of the appellant in respect of the property mentioned therein. The Sub- Registrar refused to register the sale deed on the ground that the title of the executant was not proved. On challenge under a writ, the Division Bench of the Madras High Court held that under Rule 55A of the Registration Rules under the Registration Act, 1908 (for short 'the 1908 Act') framed by the Government of Tamil Nadu, the Sub-Registrar was entitled to refuse the registration of the sale deed on the ground that the appellant's vendor has not established his title and ownership. This is challenged in the present appeal before the Supreme Court.

Decision: Allowed.

Reason:

In short, Rule 55A provides that unless documents are produced to prove that the executant has a right in respect of the property subject matter of the instrument, the registration of the same shall be refused. Thus, if a sale deed is presented for registration, documents must be produced to demonstrate that the executant has acquired ownership of the property. In a sense, power has been conferred on the registering officer to verify the title of the executant. Unless documents are produced evidencing title as required by Rule 55A(i), registration of the sale deed shall be refused.

The registering officer is not concerned with the title held by the executant. He has no adjudicatory power to decide whether the executant has any title. Even if an executant executes a sale deed or a lease in respect of a land in respect of which he has no title, the registering officer cannot refuse to register the document if all the procedural compliances are made and the necessary stamp duty as well as registration charges/fee are paid. We may note here that under the scheme of the 1908 Act, it is not the function of the Sub-Registrar or Registering Authority to ascertain whether the vendor has title to the property which he is seeking to transfer. Once the registering authority is satisfied that the parties to the document are present before him and the parties admit execution thereof before him, subject to making procedural compliances as narrated above, the document must be registered. The execution and registration of a document have the effect of transferring only those rights, if any, that the executant possesses. If the executant has no right, title, or interest in the property, the registered document cannot effect any transfer.

Therefore, assuming that there is a power under Section 69 of the 1908 Act to frame the Rules, Rule 55A(i) is inconsistent with the provisions of the 1908 Act. Due to the inconsistency, Rule 55A(i) will have to be declared ultra vires the 1908 Act. The rule- making

power under Section 69 cannot be exercised to make a Rule that is inconsistent with the provisions of the 1908 Act. Rule 55A(i) is accordingly declared as ultra vires the 1908 Act.

As the writ petition filed by the appellant was dismissed by the High Court, relying on Rule 55A(i), and since Rule 55A(i) is held to be invalid, the impugned judgments must be quashed and set aside. Ordered accordingly.

We, therefore, permit the appellant to lodge the sale deed for registration within a period of one month from today. On procedural compliances being made, the concerned registering officer shall proceed to register the sale deed.

LW 39:05:2025

GALLANT EQUIPMENT PVT LTD v. RASHMI METALIKS LTD [CAL]

AP-COM/277/2025

Shampa Saran, JJ. [Decided on 16/04/2025]

Arbitration and Conciliation Act, 1996 – Section 9 – interim relief- respondent failed to take delivery of the oven – petitioner feared encashment of bank guarantee by the respondent- petitioner approached the court for restraining the respondent from encashing the bank guarantee – whether injunction can be given- Held, Yes.

Brief facts:

The Petitioner is the manufacturer and seller and the Respondent is the purchaser. Respondent placed a purchase order[PO] for the manufacture and sale of oven on the petitioner. As per the terms of the PO 50% advance will be paid by the Respondent to the petitioner and an Advance Bank Guarantee [ABG] of equal amount will be given by the Petitioner to the Respondent. Upon taking delivery of the oven. The balance 50% will be paid after inspection by Respondent and prior to despatch.

When the oven was manufactured, the Respondent did not take delivery of the same and disputes arose between the parties. In order to prevent the Respondent from encashing the ABG, the Petitioner approached the court for interim relief against encashment of the ABG.

Decision: Allowed.

Reason:

There is no quarrel with the proposition of law that, injunction against invocation of bank guarantee should not ordinarily be issued. The parties before this Court had entered into an agreement which contains an arbitration clause. There are live disputes. As such, an application under Section 9 of the Arbitration and Conciliation

Act for interim protection, is maintainable before the Court. The question is what kind of interim relief can be granted by this Court, in the facts and circumstances of this case.

This Court cannot ignore the fact that some kind of protection is to be given to the petitioner in aid of the final relief. The reliefs claimed herein are more or less in the nature of final relief, but the petitioner cannot be expected to suffer losses at the whims of the respondent. A purchase order was placed by the respondent. Specifications and drawings were approved by the respondent. The petitioner manufactured the oven, but the respondent did not take delivery of the same. The respondent failed to assign reasons as to why the oven was not taken by the respondent. The advance payment of 50% was made subject to the petitioner furnishing a bank guarantee of a similar amount. The ABG is to remain valid till delivery of the product. Thus, delay in taking delivery will keep the ABG alive and the petitioner will be at a risk of invocation, and at the mercy of the respondent.

It is now well settled that principles of Order 39 Rules 1 and 2 and Order 38 Rule 5 of the Code of Civil Procedure are not strictly applicable to applications under Section 9 of the Arbitration and Conciliation Act, 1996. As long as the petitioner makes out a case for interim protection, till the issues are decided by the learned Arbitrator, this Court should not hesitate to grant such reliefs and protection.

It is not in dispute that the drawing and specifications was approved by the respondent sometime in July, 2023. It is also the specific case of the petitioner that the oven was ready for delivery sometime in October, 2023 which is within the period of 60 days from the date of receipt of advance payment. The fact that the purchase order contained a clause for advance payment, itself, prima facie, indicates that the investment to be made by the petitioner in the manufacture of oven, was subject to an advance payment and the petitioner was required to furnish an advance bank guarantee as a security, so that the money paid in advance is utilized for the right purpose and not squandered around by the petitioner. Innumerable e-mails annexed to the application clearly indicate that time and again the respondent was requested to inspect the product and take delivery thereof. There is not a single e-mail from the respondent's end, refusing to take delivery of the goods on any ground whatsoever. The respondent remained silent. Sometime in 2023, had also asked the bank to invoke the guarantee. However, the bank guarantee was not invoked as it was extended by the petitioner. The conduct of the respondent gives rise to an apprehensive that the bank guarantee can be invoked at any point of time. The bank guarantee expires on May 15, 2025.

The conduct of the respondent, as discussed hereinabove, prima facie, indicates that the respondent is not inclined to fulfil its obligations under the purchase order. It would have been a different case altogether,

in the event a single document was produced by the respondent, indicating that the petitioner had been cautioned or warned that there was either delay in manufacture of the product or that the end product was not as per the drawing and specification approved by the respondent.

Under such circumstances, a strong, prima facie, case has been made out. The Court directs that, in the event the respondent invokes the bank guarantee of Rs.50 lakhs, the amount of Rs.50 lakhs shall be deposited with the learned Registrar, Original Side, High Court, Calcutta for a period of three months. In the meantime, the petitioner shall invoke the arbitration clause and thereafter the parties will be at liberty to approach the learned Arbitrator for further interim reliefs. The fate of the money, if deposited upon invocation of bank guarantee as directed herein above, shall be decided by the learned Arbitrator.



LW 40:05:2025

THE MANAGEMENT OF WORTH TRUST v. THE SECRETARY WORTH TRUST WORKERS UNION[SC]

Civil Appeal No. _____ of 2025 [@ SLP (C) No. 20474 of 2019]

Sudhanshu Dhulia & K. Vinod Chandran, JJ.[Decided on 02/04/2025]

Payment of Bonus Act, 1965- Section 32- exempted establishments- charitable trust- running manufacturing units for profit- whether exempted from the Act- Held, No.

Brief facts:

The appellant trust is also engaged in many industrial activities which are in the nature of commercial activities, such as the manufacture of automobile parts and parts for industrial machineries. From the manufacturing and sale of these parts, which is done in its factories, profits are being generated. The appellant contended that being a charitable trust the provisions of the Payment of Bonus Act, 1965 is not applicable to it.

Decision: Dismissed.

Reason:

The appellant's contention that it is exempted under Section 32(v) of the Bonus Act is without any merit, and the Tribunal rightly observed that there

is no evidence to show that the appellant-trust is run by Indian Red Cross Society or that the appellant is an institution similar to Indian Red Cross Society. Nor can it be said that appellant is an institution exempted under section 32(v)(c) of the Bonus Act. The learned Single Judge of the High Court also noted that since the year 1985, appellant has been engaged in commercial activities, and it is not dependent upon the Red Cross Society.

The Division Bench of the High Court, in its well-reasoned order, has elaborated on this aspect. The Division Bench rightly observed that the appellant had severed all its links with the Swedish Red Cross Society by deleting all references to Swedish Red Cross Society from the trust deed via an amendment in 1989. Further, there is nothing on record to show that the appellant is akin to the Indian Red Cross Society, which was established by an Act of Parliament. Some objects and activities of the appellant might match with that of the Indian Red Cross Society but that would not be enough to hold that the appellant is an institution like the Indian Red Cross Society. Moreover, when it is established that the appellant is running factories, then there can be no doubt regarding the applicability of the Bonus Act. Just because such factories come under the broad umbrella of the appellant-trust, which is also involved in some charitable work, the workers cannot be deprived of the benefit of the Bonus Act. In our view, workmen of the respondent-Union, who are presently before us, are liable to receive their bonus under the Payment of Bonus Act.

The Appellant has submitted that it has already been paying some amount, which is called ex-gratia, as a measure of charity to the workmen and this fact has also been admitted by the respondent-union. However, by no stretch of argument can this be a ground to avoid paying a bonus, which is a statutory duty and right of the appellant and workmen respectively.

The Tribunal had awarded the minimum bonus to the workmen i.e., 8.33 % of the annual earnings and when this award was challenged by the appellant before the High Court, the learned Single Judge dismissed the challenge with a slight modification that bonus shall be paid after deducting the amount of ex-gratia already paid to workmen. This order of the Single Judge directing adjustment of the amount of ex gratia against the bonus was never challenged by the workmen.

We hold that the appellant is not exempted under section 32(v)(a) or (c) of the Bonus Act, and the workmen of the respondent-Union, who are engaged by the appellant in its factories, are entitled to get the bonus in accordance with law. Therefore, the appellant is directed to pay bonus to its workmen, as per provisions of the Bonus Act, from the year 1996-1997 till date. This must be done within a month of this order.



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4

FROM THE GOVERNMENT



- AMENDMENT IN COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016 [CAA RULES]
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■	MASTER CIRCULAR ON SHG-BANK LINKAGE PROGRAMME



Corporate Laws

Ministry of Corporate Affairs

01 Amendment in Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 [CAA Rules]

[Issued by the Ministry of Corporate Affairs [File No.:2/31/CAA/2013CL-VPART] dated 04.04.2025.]

Section 233 of the Companies Act 2013 (CA-13) provides for merger or amalgamation of certain companies (Fast Track Merger) through approval of Central Government [Delegated to Regional Director (RDs)].

Budget announcement (2025-2026), Para 101, inter alia, states that the scope for fasttrack mergers will also be widened and the process made simpler. Accordingly, a notification proposing amendments to the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 proposing inclusion of more classes of companies under section 233 of Companies Act 2013 has been drafted and is available, along with an Explanatory note, on the online portal of the Ministry, www.mca.gov.in.

It has been decided to invite suggestions/comments on such draft amendment from stakeholders. Comments/suggestions on the draft rules along with justifications in brief may be sent latest by 05th May, 2025 through e-Consultation Module on the website of Ministry of Corporate Affairs. The Explanatory Note on the matter is enclosed.

Complete details are not published here for want of space. For complete notification readers may log on to www.mca.gov.in

Securities and Exchange Board of India

02 Clarificatory and Procedural changes to aid and strengthen ESG Rating Providers (ERPs)

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/DDHS/DDHS-PoD-2/P/CIR/2025/59 dated 29.04.2025]

1. The Master Circular for ESG Rating Providers (ERPs) SEBI/HO/DDHS/DDHS-POD3/P/CIR/2024/45 dated May 16, 2024 ("Master Circular") specifies various procedural/ disclosure requirements and obligations for ERPs. Based on representation received from ERPs and feedback from various stakeholders through

public consultation, the following clarifications/ guidelines in respect of provisions of the Master Circular are being specified:

1.1. Withdrawal of ESG ratings

1.1.1. Para 13.1 of the Master Circular provides as under:

"Regulation 28M of CRA regulations prescribe, inter-alia, that an ERP shall not withdraw an ESG rating except in cases where the rated issuer, or the issuer whose security is rated, is wound up or merged or amalgamated with another company, or except in cases as may be specified by SEBI from time to time. Further, subject to CRA Regulations, ERP shall withdraw an ESG rating as per its documented policies which shall also be disclosed on its website. In this regard, an ERP shall adhere to the provisions of this circular in withdrawal of any ESG rating."

- 1.1.2. In this regard, considering the challenges faced by ERPs and in order to align the requirements with the withdrawal norms laid down for credit rating, in addition to the cases specified in Regulation 28M of the SEBI (Credit Rating Agencies) Regulations, 1999, the following is being specified:

For ERPs following a Subscriber-Pays business model:

- i. The ERP may withdraw a rating provided that there are no subscribers for the rating as on the date of withdrawal.
- ii. However, where the rated entity/ instrument is part of a rating package (e.g. Nifty 50), which continues to have subscribers, such rating may not be withdrawn.
- iii. Once withdrawn, the ERP shall ensure that such withdrawn rating is not made available to any subscriber in future.
- iv. The ERP may withdraw the rating for an issuer/ rated entity in case of non-availability of the Business Responsibility and Sustainability Report (BRSR) for such issuer/ rated entity.

For ERPs following an Issuer-Pays business model:

- i. In case of rating of a security, the ERP may withdraw the rating subject to the ERP having rated the security continuously for 3 years or 50 % of the tenure of the security, whichever is higher, and having received NOC from 75% of the bondholders by value.
- ii. In case of rating of an issuer/ entity, the ERP may withdraw the rating subject to the ERP having rated the issuer/ entity continuously for 3 years.

RITESH NANDWANI
Deputy General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.sebi.gov.in

03 Extension of timeline for implementation of provisions of SEBI Circular dated December 10, 2024, on optional T+0 settlement cycle for Qualified Stock Brokers (QSBs)

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MRD/MRD-PoD-3/P/CIR/2025/58 dated 29.04.2025]

- SEBI vide Circular No. SEBI/HO/MRD/MRD-PoD-3/P/CIR/2024/172 dated December 10, 2024, enhanced the scope of optional T+0 rolling settlement cycle in addition to the existing T+1 settlement cycle in Equity Cash Markets.
- As per paragraphs 3.3.1 and 6.2 of the aforesaid circular:

“3.3.1. Stock brokers who are designated as QSBs and meet the parameter of minimum number of active clients for qualification as QSB as on December 31, 2024 shall put in place necessary systems and processes for enabling seamless participation of investors in optional T+0 settlement cycle.

6.2. The provision at paragraphs 3.3, 3.4 and 3.5 above shall be applicable with effect from May 01, 2025.”
- Based on the feedback received from QSBs; subsequent discussions with Stock Exchanges, Clearing Corporations, Depositories and QSBs; and in order to ensure smooth implementation of the same, it has been decided to extend the timeline for QSBs for putting in place the necessary systems and processes for enabling seamless participation of investors in optional T+0 settlement cycle, to November 01, 2025.
- All other provisions of SEBI Circular dated December 10, 2024 shall remain unchanged.
- All MIIs are advised to:
 - take necessary steps and put in place necessary systems for implementation of the above.
 - make necessary amendments to the relevant byelaws, rules and regulations, wherever required, for the implementation of the above; and
 - bring the provisions of this circular to the notice of the market participants (including investors) and disseminate the same on their website.
- 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 Exchanges and Clearing Corporations) Regulations, 2018 and section 26(3) of the Depositories Act, 1996 read with Regulation 97 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
- This circular is available on SEBI website at www.sebi.gov.in at “Legal Framework - Circulars.”

HRUDA RANJAN SAHOO
Deputy General Manager

04 Timelines for collection of Margins other than Upfront Margins – Alignment to settlement cycle

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/57 dated 28.04.2025]

- The Master Circular for Stock Brokers dated August 09, 2024 (“Master Circular”), requires the Trading Members (TMs)/ Clearing Members (CMs) to collect margins from their clients in cash segment (Para 39.1)
- TMs / CMs are required to mandatorily collect upfront VaR margins and ELM from their clients. TMs/CMs have time till ‘T+2’ working days to collect margins (except VaR margins and ELM) from their clients (Para 39.1.2).
- With effect from January 27, 2023, settlement cycle has been reduced from T+2 to T+1 across all scrips in cash market. In this regard, based on representation received from the Brokers’ Industry Standards Forum (ISF) and to ensure a more robust risk management framework, it has been decided that keeping in view the change in the settlement cycles, the TMs/ CMs shall be required to collect margins (except VaR margins and ELM) from their clients by the settlement day.
- Accordingly, the below given paras of the Master Circular shall be modified as follows:

Para 39.1.2: “Henceforth, like in derivatives segment, the TMs/CMs in cash segment are also required to mandatorily collect upfront VaR margins and ELM from their clients. The TMs/CMs will have time till settlement day to collect margins (except VaR margins and ELM) from their clients. (The clients must ensure that the VaR margins and ELM are paid in advance of trade and other margins are paid as soon as margin calls are made by the Stock Exchanges/TMs/CMs. The period till settlement has been allowed to TMs/CMs to collect margin from clients taking into account the practical difficulties often faced by them only for the purpose of levy of penalty and it should not be construed that clients have been allowed time till settlement day to pay margin due from them).”

Para 39.1.3: “If pay-in (both funds and securities) is made by settlement day, the other margins would deemed to have been collected and penalty for short / non collection of other margins shall not arise.”

Para 39.1.5: “If client fails to make pay-in by settlement day and TM / CM do not collect other margins from the client by settlement day, the same shall also result in levy of penalty as applicable.”

- The circular shall come into force from the date of its issuance.
- The Stock Exchanges and Clearing Corporations are advised to:
 - Make necessary amendments to the relevant byelaws, rules and regulations for the implementation

of the above decision, as may be necessary/ applicable.

- 6.2. Bring the provisions of this circular to the notice of the market Participants and to disseminate the same on their website.
7. This circular is issued in exercise of powers conferred under Section 11(1) of Chapter IV of the Securities and Exchange Board of India Act, 1992 read with Regulation 30 of Chapter VII of SEBI (Stock Brokers) Regulations, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities markets.
8. This circular is available on SEBI website at www.sebi.gov.in under the category "Legal → Circulars".

ARADHANA VERMA
General Manager

05 **Change in cut-off timings to determine applicable NAV with respect to repurchase/ redemption of units in overnight schemes of Mutual Funds**

[Issued by the Securities and Exchange Board of India vide Circular SEBI/ HO/IMD/PoD2/P/CIR/2025/56 dated 22.04.2025]

1. With a view to safeguard clients' funds placed with Stock Brokers (SBs) / Clearing Members (CMs), SEBI vide circular "Upstreaming of clients' funds by Stock Brokers (SBs)/ Clearing Members (CMs) to Clearing Corporations (CCs)" dated December 12, 2023 ("upstreaming circular") has specified the framework requiring SB/CMs to upstream (i.e. place with) all the clients' clear credit balances to CCs on End of Day basis. The clients' funds shall be upstreamed by SB/ CMs to CCs only in the form of either cash, lien on Fixed Deposit Receipts created out of clients' funds, or pledge of units of Mutual Fund Overnight Schemes (MFOS) created out of clients' funds.
2. In order to operationalize the upstreaming of clients' funds in the form of pledge of units of MFOS, a Working Group of industry participants, AMFI and members of the Mutual Funds Advisory Committee (MFAC) recommended a change in cut-off timings to determine applicable NAV with respect to repurchase of units in overnight fund schemes. Thereafter, the proposal was placed for public consultation.
3. Based on the analysis of public feedback, para 8.4.5.4 of the Master Circular for Mutual Funds dated June 27, 2024 stands modified as under:

8.4.5.4

The following Cut-off Timings shall be observed by AMCs with respect to repurchase of units in liquid fund & overnight fund schemes and plans and the following NAVs shall be applied for such repurchase:

- a. *Where the application is received up to 3.00 pm – the closing NAV of day immediately preceding the next business day; and*

- b. *Where the application is received after 3.00 pm – the closing NAV of the next business day.*

Provided that in case application is received through online mode, the cut-off timing of 7 PM shall be applicable for overnight fund schemes.

Explanation: "Business Day" does not include a day on which the Money Markets are closed or otherwise not accessible.

4. The provisions of this circular shall come into force from June 01, 2025.
5. This circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, read with the provisions of regulation 49 of SEBI (Mutual Funds) Regulations, 1996, to protect the interest of investors in securities and to promote the development of, and to regulate the securities market.
6. This circular is available at www.sebi.gov.in under the link "Legal > Circulars".

LAKSHAYA CHAWLA
Deputy General Manager

06 **Trading Window closure period under Clause 4 of Schedule B read with Regulation 9 of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ("PIT Regulations") – Extension of automated implementation of trading window closure to Immediate Relatives of Designated Persons, on account of declaration of financial results**

[Issued by the Securities and Exchange Board of India vide Circular SEBI/ HO/ISD/ISD-PoD-2/P/CIR/2025/55 dated 21.04.2025]

1. Clause 4 (1) of Schedule B read with Regulation 9 of PIT Regulations, inter alia, states that "Designated persons may execute trades subject to compliance with these regulations. Towards this end, a notional trading window shall be used as an instrument of monitoring the trading by the designated persons. The trading window shall be closed when the compliance officer determines that a designated person or class of designated persons can reasonably be expected to have possession of UPSI. Such closure shall be imposed in relation to such securities to which such UPSI relates. Designated persons and their immediate relatives shall not trade in securities when the trading window is closed".
2. One of the instances of closure of trading window is provided in clause 4 (2) of Schedule B read with regulation 9 of PIT Regulations, which inter alia states that "trading restriction period shall be made applicable from the end of every quarter till 48 hours after the declaration of financial results.....".
3. In order to ease the compliance with Clause 4 of Schedule B read with Regulation 9 of PIT Regulations and to prevent inadvertent non-compliances of provisions of PIT Regulations by designated persons

("DPs"), clause 3.4.2 of the Master Circular on Surveillance of Securities Market¹ dated September 23, 2024 requires the Stock Exchanges and Depositories to develop a system to restrict trading by DPs of listed companies during trading window closure period by freezing of PAN of DPs at security level. The Circular provides the procedure for implementation of the system and flow chart depicting the process to be followed by the listed companies, Depositories and the Stock Exchanges.

4. Considering the effective implementation of the framework to DPs of listed companies and the consultations held with the Stock Exchanges and Depositories, the above framework is hereby extended to immediate relatives of DPs for listed companies.
5. The procedure for implementation of the system is enclosed at Annexure- A. The flowchart for the same is enclosed at Annexure- B.

A VIJAYAN

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

07 Specialized Investment Funds ('SIF') – Application and Investment Strategy Information Document (ISID) formats

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/IMD/IMD-RAC/P/CIR/2025/54 dated 11.04.2025]

1. As stipulated in Regulation 49Y(1) of the SEBI (Mutual Funds) Regulations 1996 ('MF Regulations') for launching of investment strategies, Mutual Funds are required to launch Investment Strategies in accordance with the procedure applicable to the schemes of the Mutual Funds, as laid down in Regulation 28 of the MF Regulations.
2. SEBI vide Circulars dated February 27, 2025 ('SIF Circular') and April 09, 2025 specified the Regulatory Framework for Specialized Investment Funds, which, inter-alia, provides the eligibility criteria for a registered Mutual Fund to establish Specialized Investment Fund, including disclosures in Investment Strategy Information Document ('ISID').
3. Pursuant to the above and to ensure uniformity and efficient processing of applications, it has been decided that registered Mutual Funds intending to establish Specialized Investment Funds are required to submit their applications as per the format provided at Annexure I to this Circular.
4. In terms of Clause 11 of Annexure A of the SIF Circular, the format of ISID is provided at Annexure II to this Circular.
5. This Circular shall come into force with effect from the date of this Circular.
6. This Circular is issued in exercise of the powers conferred by Section 11(1) of the Securities and

Exchange Board of India Act, 1992 read with Chapter VI-C of the SEBI (Mutual Funds) Regulations 1996 to protect the interest of investors in securities and to promote the development of, and to regulate the securities market.

7. This Circular is available at www.sebi.gov.in under the link "Legal ->Circulars".

ANUPMA CHADHA

General Manager

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08 Clarification on Regulatory framework for Specialized Investment Funds ('SIF')

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/IMD/IMD-PoD-1/P/CIR/2025/53 dated 09.04.2025]

1. SEBI Circular dated February 27, 2025 ('SIF Circular') specified Regulatory Framework for Specialized Investment Funds.
2. In this regard, based on queries raised by the industry participants and AMFI, the following has been decided:
 - 2.1. The provisions under paragraph 12.27.2.4 of the Master Circular for Mutual Funds dated June 27, 2024 ('MF Master Circular'), regarding maturity of securities in interval schemes, shall not be applicable to Interval Investment Strategies under SIF.
 - 2.2. The paragraph 4.1.1 of the SIF Circular, regarding minimum investment threshold, shall stand modified as under:

"The AMC shall ensure that an aggregate investment by an investor across all investment strategies offered by the SIF, at the Permanent Account Number ('PAN') level, is not less than INR 10 lakh (hereinafter referred to as the 'Minimum Investment Threshold').

Provided that, the above provisions shall not be applicable for mandatory investments made by AMCs for designated employees under paragraph 6.10 of the Master Circular for Mutual Funds dated June 27, 2024."
3. The provisions of this circular shall come into force with effect from the date of this circular.
4. This circular is issued in exercise of the powers conferred by Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Chapter VI-C of the SEBI (Mutual Funds) Regulations 1996 to protect the interest of investors in securities and to promote the development of, and to regulate the securities market.
5. This circular is available at www.sebi.gov.in under the link "Legal ->Circulars".

PETER MARDI

Deputy General Manager

09 Amendment to Circular for mandating additional disclosures by FPIs that fulfil certain objective criteria

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/AFD/AFD-POD-3/P/CIR/2025/52 dated 09.04.2025]

1. SEBI vide “Master Circular for Foreign Portfolio Investors, Designated Depository Participants and Eligible Foreign Investors” No. SEBI/HO/AFD/AFD-PoD-2/P/CIR/P/2024/70 dated May 30, 2024, as amended from time to time (hereinafter referred to as the ‘FPI Master Circular’) has, inter alia, mandated additional disclosures, inter alia, for FPIs that individually, or along with their investor group (in terms of Regulation 22(3) of the FPI Regulations), hold more than INR 25,000 crore of equity AUM in the Indian markets (hereinafter referred to as “size criteria”). Similar requirements were also specified for subscribers of Offshore Derivative Instruments (ODIs) through SEBI circular dated December 17, 2024.
2. In this regard, it has been decided to increase the threshold under size criteria from INR 25,000 crore to INR 50,000 crore. In view of the above, the following paragraphs of the FPI Master Circular stand modified accordingly:
 - 2.1. sub-para (xiii)(b) of Para 1 of Part C
 - 2.2. sub-para (xv) of Para 1 of Part C
 - 2.3. sub-para (xx)(b) of Para 1 of Part C
 - 2.4. sub-para (i)(b) of Para 4 of Part D
 - 2.5. sub-para (iv) of Para 4 of Part D
 - 2.6. sub-para (ix)(b) of Para 4 of Part D
3. The provisions of this circular shall come into force with immediate effect.
4. 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 Regulations 22(1), 22(6), 22(7) and 44 of SEBI (FPI) Regulations, 2019 to protect the interest of investors in securities and to promote the development of, and to regulate the securities market.
5. This circular is available on SEBI website at www.sebi.gov.in under the link “LEGAL > Circulars”.

MANISH KUMAR JHA
Deputy General Manager

10 Standardized format for System and Network audit report of Market Infrastructure Institutions(MIIs)

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MRD/TPD/CIR/P/2025/50 dated 04.04.2025]

1. SEBI has stipulated the guidelines for System and Network audit for MIIs as mentioned below: -
 - 1.1 Clause 8.1 of Chapter 2 of Master Circular No. SEBI/HO/MRD2/PoD-2/CIR/P/2024/181 dated December 30, 2024 for Stock Exchanges and Clearing Corporations.

1.2 Clause 4.29 of SEBI Master Circular No. SEBI/HO/MRD/MRD-PoD-1/P/CIR/2024/168 dated December 03, 2024 for Depositories.

1.3 Clause No. 16.3 of SEBI Master Circular No. SEBI/HO/MRD/MRD-PoD-1/P/CIR/2023/136 dated August 04, 2023 for Commodity Derivatives Segment.

2. Presently, all MIIs are required to conduct System and Network audit as per the aforesaid framework and each MII has adopted different template for System and Network audit report. In view of the same, the format of report adopted by MIIs for System and Network audit was reviewed by SEBI in consultation with the Technology Advisory Committee (TAC) of SEBI. Based on the recommendations of the Committee and in consultation with MIIs, a standardized format for System and Network Audit report for MIIs has been prepared and the same is enclosed as Annexure A.
3. The standardized format for System and Network Audit report would help to increase the data quality, capture of relevant information as per regulatory requirements in a streamlined and standardized manner across MIIs, monitor compliance requirements in a more focused manner, ease of traceability of current/historical open observations found during audit at the end of MII and SEBI by assigning a unique ID to each observation.
4. The Circular shall become applicable for audit period FY 2024-25 or second half of FY 2024-25 as per the frequency of System and Network audit required to be conducted by the MII.
5. MIIs are required to take necessary steps to put in place systems for implementation of the Circular, including necessary amendments to the relevant bye-laws, rules and regulations, if any.
6. This Circular is being issued in exercise of the powers conferred by Section 11(1) of Securities and Exchange Board of India Act, 1992 read with Regulation 51 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 and Section 19 of the Depositories Act, 1996 read with Regulation 97 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 to protect the interest of investors in securities market and to promote the development of, and to regulate the securities market.
7. The Circular is issued with the approval of Competent Authority.
8. This Circular is available on SEBI website at www.sebi.gov.in under the categories “Legal Framework” and “Circulars”.

ANSUMAN DEV PRADHAN
General Manager

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11

Recognition and operationalization of Past Risk and Return Verification Agency (PaRRVA)

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MIRSD/MIRSD-POD/P/CIR/2025/51 dated 04.04.2025]

Background

1. Regulation 16D and 16E of the 'Securities and Exchange Board of India (Intermediaries) Regulations, 2008' ("Intermediaries Regulations"), provide for verification of risk and return metrics by a Past Risk and Return Verification Agency ("PaRRVA"). Accordingly, in terms of the aforesaid regulations, claims may be made by IAs, RAs, Algo providers on-boarded by Stock Brokers and empaneled with a recognized Stock Exchange ("SE"), and intermediaries permitted to provide the services of IA, RA and Algorithmic Trading ("regulated persons"), in terms of risk and return metrics verified by PaRRVA.
2. A CRA may be recognized as a PaRRVA, in terms of Regulation 12A of the 'SEBI (Credit Rating Agencies) Regulations, 1999' ("CRA Regulations") read with Regulation 16E of the Intermediaries Regulations. Such CRA shall engage with a recognized SE which will serve as PaRRVA Data Centre ("PDC"). Suitable enablement has been made in Regulation 38B of the 'Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018' ("SECC Regulations").
3. PaRRVA-PDC shall have principal and agent relationship wherein PaRRVA will avail the services of PDC for verification of risk-return metrics. However, the complete responsibility for the verification work shall lie with PaRRVA.

Eligibility Criteria for PaRRVA

4. The eligibility criteria for a CRA for recognition as PaRRVA shall be as under (as on the date of application for recognition as PaRRVA):
 - (i) Number of years of existence of the CRA should be minimum 15 years;
 - (ii) Minimum net worth of the CRA should be INR 100 crores;
 - (iii) Number of issuers which have obtained ratings of listed or proposed to be listed debt securities from the CRA should be 250 or more; and
 - (iv) CRA should have Investor grievance redressal mechanism including Online Dispute Resolution ("ODR") Mechanism;

Eligibility Criteria for PDC

5. The eligibility criteria for a SE to act as PaRRVA Data Centre ("PDC") shall be as under (as on the date of agreement with associated CRA for acting as PDC):
 - (i) Number of years of existence of the SE should be minimum 15 years;

- (ii) Minimum net worth of the SE should be INR 200 crores;
- (iii) The SE should have nation-wide terminals;
- (iv) SE should have Investor grievance redressal mechanism including Online Dispute Resolution ("ODR") Mechanism.

ARADHANA VERMA

General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.sebi.gov.in

12

Relaxation of provision of advance fee restrictions in case of Investment Advisers and Research Analysts

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MIRSD/ MIRSD-PoD/P/CIR/2025/48 dated 02.04.2025]

1. Pursuant to the changes in SEBI (Research Analysts) Regulations, 2014 in December 2024, Securities and Exchange Board of India (SEBI), received representations regarding the restriction on advance fee for three months only which was allowed to be charged by Research Analysts (RAs). It had been represented that three months provision inter alia disincentivized RAs from offering long term recommendations. Similar representations were received by SEBI from Investment Advisers (IAs) regarding the restriction on advance fee for two quarters only which was allowed to be charged by IAs.
2. SEBI considered this feedback and floated a consultation paper to increase the period of advance fee for one year by both IAs and RAs.
3. It has now been decided to relax this particular provision. IAs and RAs shall now ensure compliance with the following fee related provisions:
 - i. If agreed by the client, IAs and RAs may charge fees in advance, however, such advance shall not exceed fees for a period of one year.
 - ii. The fee related provisions such as fee limit, modes of payment of fees, refund of fees, advance fee, breakage fees shall only be applicable in case of their individual and Hindu Undivided Family (HUF) clients (provided these clients are not accredited investors). These provisions shall not be applicable in case of non-individual clients, accredited investors, and in case of institutional investors seeking recommendation of proxy adviser.
 - iii. In case of non-individual clients, accredited investors, and in case of institutional investors seeking recommendation of proxy adviser, fee related terms and conditions shall be governed through bilaterally negotiated contractual terms.
4. The provisions of this circular shall come into effect from the date of issuance of this circular.

5. IAASB/RAASB (BSE Limited) is hereby directed to bring the provisions of this circular to the notice of the IAs and RAs.
6. 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 15A of SEBI (Investment Advisers) Regulations, 2013 and regulation 15A of SEBI (Research Analysts) Regulations, 2014, to protect the interests of investors in securities market and to promote the development of, and to regulate the securities market.
7. This circular is available on the SEBI website at www.sebi.gov.in under the category "Legal →Circulars".

ARADHANA VERMA
General Manager

13 **Clarification on the position of Compliance Officer in terms of regulation 6 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/CFD/PoD2/CIR/P/2025/47 dated 01.04.2025]

1. The proviso to regulation 6(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations") inter-alia requires the Compliance Officer of a listed entity to be in whole-time employment of the listed entity, not more than one level below the board of directors, and designated as a Key Managerial Personnel. The said provision was inserted vide SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment Regulations), 2024 dated December 12, 2024 (link).
2. SEBI has received queries seeking clarity on the term 'level' used in regulation 6(1) of the LODR Regulations.
3. After examination, it is clarified that the term 'level' used in regulation 6(1) refers to the position of the Compliance Officer in the organization structure of the listed entity. Therefore, 'one-level below the board of directors' means one-level below the Managing Director or Whole-time Director(s) who are part of the Board of Directors of the listed entity. This will be in line with regulation 2(1)(o) of the LODR Regulations read with section 2(51) of the Companies Act, 2013.
4. In case a listed entity does not have a Managing Director or a Whole-Time Director, then the Compliance Officer shall not be more than one-level below the Chief Executive Officer or Manager or any other person heading the day-to-day affairs of the listed entity.
5. The 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 101 of the LODR Regulations.
6. This Circular is available at www.sebi.gov.in under the link "Legal→Circulars".

RAJ KUMAR DAS
Deputy General Manager

14 **Extension of timeline for formulation of implementation standards pertaining to SEBI Circular on "Safer participation of retail investors in Algorithmic trading"**

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/46 dated 01.04.2025]

1. SEBI had issued a circular on "Safer participation of retail investors in Algorithmic trading" on February 04, 2025.
2. In this regard, the implementation standards were to be issued by the Broker's Industry Standards Forum (ISF), under the aegis of the Stock Exchanges and in consultation with SEBI by April 01, 2025.
3. SEBI has received a representation from the Stock Exchanges requesting for an extension of timeline to finalise the implementation standards, as certain issues require further deliberation with the Brokers' ISF. Accordingly, in order to ensure smooth implementation of the framework, without any disruption to the market players and investors, it has been decided that:
 - a) The implementation standards shall come into effect from May 01, 2025.
 - b) The provisions of the circular shall be applicable with effect from August 01, 2025.
4. Exchanges, are hereby, directed to:
 - a) take necessary steps and put in place necessary systems and procedures for implementation of the above.
 - b) make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above provisions.
 - c) bring the provisions of this circular to the notice of their brokers and disseminate the same on their website.
5. This circular is issued in exercise of powers conferred under Section 11(1) of Chapter IV of the Securities and Exchange Board of India Act, 1992, read with Section 30 of the Securities and Exchange Board of India (Stock Brokers) Regulations, 1992 to protect the interests of investors in securities, to promote the development of and to regulate the securities market.
6. This circular is available on SEBI website at www.sebi.gov.in under the category: 'Legal→Circulars'.

ARADHANA VERMA
General Manager

Reserve Bank of India

15 Processing of Regulatory Authorisations/ Licenses/ Approvals through PRAVAAH

[Issued by the Reserve Bank of India vide RBI/2025-26/34 DIT. CO.No.S-106/07.71.039/2025-26 dated 28.04.2025]

In terms of the various Statutes/Master Circulars/ Directions/Instructions etc. issued by the Reserve Bank from time to time, the Regulated Entities are required to submit applications/requests for seeking authorisations/licenses/approvals from different Departments of the Reserve Bank. On May 28, 2024, the Reserve Bank launched PRAVAAH (Platform for Regulatory Application, Validation And Authorisation) as a secure and centralised web-based portal for any entity or individual to seek authorisation, license or regulatory approval on any reference made by it to the Reserve Bank. PRAVAAH has since facilitated receipt of nearly 4,000 applications/requests. However, some applications/requests are still being submitted by the Regulated Entities outside PRAVAAH.

2. As announced in the Press Release dated April 11, 2025, with effect from May 01, 2025, Regulated Entities are advised to use PRAVAAH for submitting applications for regulatory authorisations, licenses, approvals to the Reserve Bank using the application forms already available in the portal.
3. All Regulated Entities are advised to adhere to the above instructions. Instructions related to accessing the portal, submission and tracking of applications etc. are available on the portal itself. Further, for the convenience of users, the user manual, FAQs and videos are also available on the portal. PRAVAAH portal can be accessed at <https://pravaah.rbi.org.in>.

SHAILENDRA TRIVEDI
Chief General Manager

16 Dispensation of ₹100 and ₹200 denomination banknotes through ATMs

[Issued by the Reserve Bank of India vide RBI/2025-26/33 DCM.RMMT. No.S312/20-02-001/2025-2026 dated 28.04.2025]

As part of an endeavour towards enhancing public access to frequently used denominations of banknotes, it has been decided that all banks and White Label ATM Operators (WLAOs) shall ensure that their ATMs dispense ₹100 and ₹200 denomination banknotes on a regular basis as per following milestones:

- i. By September 30, 2025: 75% of all ATMs shall dispense either ₹100 or ₹200 denomination banknotes from at least one cassette.
- ii. By March 31, 2026: 90% of all ATMs shall dispense either ₹100 or ₹200 denomination banknotes from at least one cassette.

SUMAN NATH
Chief General Manager

17 Master Direction on Framework of incentives for Currency Distribution & Exchange Scheme for bank branches including currency chests

[Issued by the Reserve Bank of India vide RBI/DCM/2025-26/136 DCM (CC) No. G-3/03.41.01/2025-26 dated 24.04.2025]

In terms of the Preamble to and Section 45 of the Reserve Bank of India Act, 1934 (RBI Act) and Section 35A of the Banking Regulation Act, 1949, Reserve Bank of India issues guidelines / instructions for realising the objectives of Clean Note Policy as part of currency management. With a view to furthering these objectives, the Bank has formulated a framework of incentives titled Currency Distribution and Exchange Scheme (CDES) to encourage all the bank branches to provide better customer services to the members of public.

2. The Master Direction incorporating the updated guidelines / circulars on the subject is at Annex-I. The Frequently Asked Questions (FAQs) and few Illustrations are at Annex-II and III respectively.

SANJEEV PRAKASH
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

18 Amendments to Directions - Compounding of Contraventions under FEMA, 1999

[Issued by the Reserve Bank of India vide RBI/FED/2025-26/32 A.P. (DIR Series) Circular. No 04/2025-26 dated 24.04.2025]

Attention of Authorised Dealer (AD) Category - I banks is invited to

- i. Directions for compounding of contraventions under FEMA, 1999, issued vide A.P. (DIR Series) Circular No. 17/2024-25 dated October 1, 2024 and
- ii. Master Directions on compounding of contraventions under FEMA, 1999, dated April 22, 2025
2. On a review, it is decided that the following clause shall be inserted as Para 5.4.II.vi in aforementioned Master Directions.

“vi. Subject to satisfaction of the compounding authority, based on the nature of contravention, exceptional circumstances/facts involved in case, and in wider public interest, the maximum compounding amount imposed may be capped at INR 2,00,000/- for contravention of each regulation/ rule (applied in a compounding application) with respect to contraventions under row 5 of the above computation matrix.”
3. The aforesaid Master Directions shall accordingly be updated to reflect the above change.
4. All AD Category-I banks and Authorised banks may bring the guidelines contained in this circular to the notice of their constituents.

5. 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/or without prejudice to permissions/approval, if any, required under any other law.

DR. ADITYA GAIHA

Chief General Manager-in-Charge

19 **Note Sorting Machines: Standards issued by the Bureau of Indian Standards -Revised Timeline for Implementation**

[Issued by the Reserve Bank of India vide RBI/2025-26/31 DCM (NPD) No.S287/18.00.014/2025-26 dated 24.04.2025]

Reference is invited to our circular DCM (NPD) No. S2193/09.45.000/2024-25 dated October 30, 2024 on "Note Sorting Machines - Standards issued by the Bureau of Indian Standards".

2. In view of representations received from various banks citing implementation challenges, it has been decided to extend the timeline for implementation of the instructions by six months i.e., up to November 01, 2025. The banks shall however, endeavour to comply with the instructions at the earliest.
3. All other provisions prescribed in the circular dated October 30, 2024, remain unchanged.

SANJEEV PRAKASH

Chief General Manager-in-Charge

20 **Exports through warehouses in 'Bharat Mart' in UAE – relaxations**

[Issued by the Reserve Bank of India vide RBI/2025-26/30 A.P. (DIR Series) Circular No. 03 dated 23.04.2025]

Attention of Authorised Dealer Category – I banks (AD banks) is invited to Clause (a) of Sub regulation 1 of Regulation 9 of Foreign Exchange Management (Export of Goods & Services) Regulations, 2015 {Notification No. FEMA 23(R)/2015-RB} and Para C.6 and C.13 of Master Direction – Export of Goods & Services.

2. To facilitate export through warehouses in 'Bharat Mart', a multimodal logistics network based marketplace in United Arab Emirates (UAE) that will provide Indian traders, exporters, and manufacturers access to the markets in UAE as well as worldwide, it has been decided to provide the following relaxations:
 - a) AD banks may allow exporters to realise and repatriate full export value of goods exported to 'Bharat Mart' within nine months from the date of sale of the goods from the warehouse.
 - b) AD banks may allow the following without any pre-conditions, after verifying the reasonableness of the same:
 - (i) Opening/hiring of a warehouse in 'Bharat Mart' by an Indian exporter with a valid Importer Exporter Code.

- (ii) Remittances by the Indian exporter for initial as well as recurring expenses for setup and continuing business operations of its offices.

3. The above instructions shall come into force with immediate effect. AD Category-I banks may bring the contents of this circular to the notice of their constituents concerned.

4. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

N. SENTHIL KUMAR

Chief General Manager

21 **Master Directions - Compounding of Contraventions under FEMA, 1999**

[Issued by the Reserve Bank of India vide RBI/FED/2025-26/135 FED Master Direction No.04/2025-26 dated 22.04.2025]

The provisions of section 15 of Foreign Exchange Management Act, 1999 (42 of 1999) [hereinafter referred to as 'FEMA, 1999'], enable compounding of contraventions and, empowers the Reserve Bank to compound any contravention as defined under section 13 of the FEMA, 1999, except the contraventions under section 3 (a) of FEMA, 1999, on an application made by the person committing such contravention. Government of India vide Notification G.S.R. 566 (E). dated September 12, 2024, has notified the Foreign Exchange (Compounding Proceedings) Rules, 2024 in supersession of the Foreign Exchange (Compounding Proceedings) Rules, 2000.

2. Instructions issued on "Compounding of Contraventions under FEMA, 1999" have been compiled in this Master Direction. The list of underlying circulars/ notifications which form the basis of this Master Direction is furnished in the Appendix.
3. Further, in terms of Section 11 (2) of FEMA, 1999, the Reserve Bank may, for the purpose of ensuring the compliance with the provisions of the Act or of any rule, regulation, notification, direction or order made thereunder, direct any authorized person to furnish such information, in such manner, as it deems fit. Authorised Dealers are therefore, advised to take necessary steps to ensure that checks and balances are incorporated in systems relating to dealing with and reporting of foreign exchange transactions so that contraventions of provisions of FEMA, 1999, attributable to the Authorised Dealers do not occur. In this connection, it is reiterated that in terms of Section 11(3) of FEMA, 1999, the Reserve Bank may impose on the authorized person a penalty for contravening any direction given by the Reserve Bank under this Act or failing to file any return as directed by the Reserve Bank.

4. All AD Category – I banks and Authorised banks may bring the guidelines contained in this circular to the notice of their constituents.

DR. ADITYA GAIHA

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

22 Amendments to Directions - Compounding of Contraventions under FEMA, 1999

[Issued by the Reserve Bank of India vide RBI/FED/2025-26/29 A.P. (DIR Series) Circular No 02/2025-26 dated 22.04.2025]

Attention of Authorised Dealer (AD) Category - I banks is invited to the Guidelines for compounding of contraventions under FEMA, 1999, issued vide A.P. (DIR Series) Circular No. 17/2024-25 dated October 1, 2024.

- The provision contained at Paragraph 5.4.II.v of the aforesaid Circular, to link the Sum for which contravention is compounded ('compounding amount') payable to earlier compounding order, has been reviewed. In such cases, the applicant shall be deemed to have made a fresh application, and the compounding amount payable shall not be linked to the earlier compounding order. Accordingly, Paragraph 5.4.II.v of the A.P. (DIR Series) Circular No. 17/2024-25 dated October 1, 2024, stands deleted.
- Further, as per the instructions laid down in Part B of Annexure I to the aforesaid Circular, when making payment through electronic mode, applicants are required to send an email communication to the concerned office of the Reserve Bank to reconcile the application fee/compounding amount received against the compounding applications submitted.
- However, it has been observed that in some cases applicants do not make payment to the correct office of the Reserve Bank, and/or there is a delay in submitting the compounding application after making the application fee payment. These issues create difficulties in reconciling the received amounts and lead to delays in processing compounding applications. To address these challenges and improve turnaround time for processing compounding applications, it has been decided to include the following additional details in Part B of Annexure I of the above-referred circular:
 - Mobile number of the applicant/ authorised representative.
 - Office of the Reserve Bank (i.e., Central Office, Regional Office or FED CO Cell) to which the payment was made.
 - Mode of submission of application (through PRAVAAH/ Physical).
- The 'Directions on Compounding of Contraventions under FEMA, 1999' issued vide A.P. (DIR Series)

Circular No. 17/2024-25 dated October 1, 2024, shall accordingly be updated to reflect the above changes.

6. All AD Category-I banks and Authorised banks may bring the guidelines contained in this circular to the notice of their constituents.

DR. ADITYA GAIHA

Chief General Manager-in-Charge

23 Circular - Migration to '.bank.in' domain

[Issued by the Reserve Bank of India vide RBI/2025-26/28 CO.DIT.DCD. No.S81/01-71-110/2025-26 dated 22.04.2025]

Please refer to para 4 of the Statement on Developmental and Regulatory Policies dated February 7, 2025, on "Enhancing Trust in the Financial Sector through 'bank.in' and 'fin.in' domains" wherein the introduction of exclusive Internet Domain, 'bank.in' for banks to combat the increased instances of fraud in digital payments was announced. This initiative is aimed at strengthening the cybersecurity framework and enhancing public confidence in digital banking and payment systems.

- It has now been decided to operationalise the 'bank.in' domain for banks through the Institute for Development and Research in Banking Technology (IDRBT), which has been authorised by National Internet Exchange of India (NIXI), under the aegis of the Ministry of Electronics and Information Technology (MeitY), to serve as the exclusive registrar for this domain. Banks may contact IDRBT at sahyog@idrbt.ac.in to initiate the registration process. IDRBT shall guide the banks on various aspects related to application process and migration to new domain.
- All banks are advised to commence the migration of their existing domains to the 'bank.in' domain and complete the process at the earliest and in any case, not later than October 31, 2025.

SHAILENDRA TRIVEDI

Chief General Manager-in-Charge

24 Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR) – Review of haircuts on High Quality Liquid Assets (HQLA) and review of composition and run-off rates on certain categories of deposits

[Issued by the Reserve Bank of India vide RBI/2025-26/27 DOR.LRG. REC.18/03.10.001/2025-26 dated 21.04.2025]

Please refer to circular DBOD.BP.BC. No.120/21.04.098/2013-14 dated June 09, 2014 on 'Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and LCR Disclosure Standards' and associated guidelines. Reference is also invited to the draft circular on the subject issued on July 25, 2024, inviting feedback from all stakeholders.

2. The feedback received has been carefully analysed and it has been decided to issue final guidelines as under:

- i. A bank shall assign an additional 2.5 per cent run-off factor for retail deposits which are enabled with internet and mobile banking facilities (IMB)¹ i.e., stable retail deposits enabled with IMB shall have 7.5 per cent run-off factor and less stable deposits enabled with IMB shall have 12.5 per cent run-off factor (as against 5 and 10 per cent respectively, prescribed currently).
 - ii. Unsecured wholesale funding provided by non-financial small business customers (SBCs) shall be treated in accordance with the treatment of retail deposits as at (i) above.
 - iii. Level 1 HQLA in the form of Government securities shall be valued at an amount not greater than their current market value, adjusted for applicable haircuts in line with the margin requirements under the Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) as described in RBI circular FMOD.MAOG No.125/01.01.001/2017-18 dated June 06, 2018, as amended from time to time.
 - iv. In case a deposit, hitherto excluded from LCR computation (for instance, a non-callable fixed deposit), is contractually pledged as collateral to secure a credit facility or loan, such deposit shall be treated as callable for LCR purposes and provisions of Sl. No. 9 of annexure to the circular DBR.BP.BC.No.86/21.04.098/2015-16 dated March 23, 2016, shall apply.
3. Reference is also invited to Sl. No. 10 of annexure to circular DBR.BP.BC.No.86/21.04.098/2015-16 on 'Liquidity Risk Management & Basel III Framework 1 Internet and Mobile Banking facilities (IMB) includes all facilities such as but not limited to internet banking, mobile banking and Unified Payments Interface (UPI) which enables a customer to digitally transfer funds from their account/s on Liquidity Standards – Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and LCR Disclosure Standards' dated March 23, 2016 which provides that deposits from entities such as Hindu Undivided Families (HUFs), partnerships, Association of Persons (AoPs), trusts etc., shall be treated as deposit from 'other legal entities (OLEs)' under unsecured wholesale funding category and shall attract run-off rate of 100 per cent, provided they are not treated as SBC for LCR purpose.
4. Based on a review, it has now been decided that OLE category shall consist of all deposits and other funding from banks/insurance companies & financial

institutions² and entities in the 'business of financial services'³. Thus, funding from non-financial entities such as trusts (educational/religious/charitable), Association of Persons (AoPs), partnerships, proprietorships, Limited Liability Partnerships and other incorporated entities etc., shall be categorised as funding from 'non-financial corporates' and attract a run-off rate of 40 per cent (as against 100 per cent currently prescribed⁴), unless the above entities are treated as SBCs under LCR framework.

5. These amendments would help improve the liquidity resilience of banks in India and would further align the guidelines with global standards while ensuring that such an enhancement is done in a non-disruptive manner.
6. Accordingly, the amendments to extant instructions in the circular dated June 09, 2014, *ibid* and circular DBR.BP.BC.No.86/21.04.098/2015-16 on 'Liquidity Risk Management & Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and LCR Disclosure Standards' dated March 23, 2016 are provided in Annex.
7. This circular shall be applicable to all Commercial Banks (excluding Payments Banks, Regional Rural Banks and Local Area Banks).
8. These amendments shall come into force with effect from April 01, 2026.

USHA JANAKIRAMAN

Chief General Manager-in-Charge

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25

Opening of and operation in deposit accounts of minors

[Issued by the Reserve Bank of India vide RBI/2025-26/26 DOR.MCS.REC.17/01.01.003/2025-26 dated 21.04.2025]

Reserve Bank of India has issued guidelines in the past to banks on opening of and operations in the deposit accounts of minors. A review of the existing guidelines has been made with a view to rationalise and harmonise the extant guidelines.

2. Based on the review, the revised instructions on opening and operation in the deposit accounts of minors are given below:
 - (a) Minors of any age may be allowed to open and operate savings and term deposit accounts through his/ her natural or legal guardian. They may also be allowed to open such accounts with mother as guardian in terms of RBI's Circular DBOD.Leg.BC.158/C.90(H)-76 dated December 29, 1976.
 - (b) Minors above such an age limit not less than 10 years and up to such amount and such terms as may be fixed by the banks keeping in view their risk management policy, may be allowed to open and operate savings/ term deposit accounts

independently, if they so desire, and such terms shall be duly conveyed to the account holder.

- (c) On attaining the age of majority, fresh operating instructions and specimen signature of the account holder shall be obtained and kept on record. Moreover, if the account is operated by the guardian, the balance shall be got confirmed. The banks shall take advance action, including communicating these requirements to minor account holders attaining the age of majority, to ensure fulfilment of these requirements.
 - (d) The banks are free to offer additional banking facilities like internet banking, ATM/ debit cards, cheque book facility, etc., to the minor account holders basis their risk management policy, product suitability and customer appropriateness.
 - (e) The banks shall ensure that accounts of minors, whether operated independently or through a guardian, are not allowed to be overdrawn and that these always remain in credit balance.
 - (f) The banks shall perform customer due diligence for opening of deposit accounts of minors and undertake ongoing due diligence, as per the provisions of Master Direction on Know Your Customer (KYC) Direction, 2016 dated February 25, 2016, as amended from time to time.
3. The above guidelines are issued under sections 35A and 56 of the Banking Regulation Act, 1949. Banks are advised to make new and/ or amend existing policies to align them with these guidelines, latest by July 01, 2025. In the meanwhile, existing policies may continue.
 4. The circulars tabulated in the Annex shall stand repealed from the effective date of this circular.

VEENA SRIVASTAVA
Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

26 Reorganisation of Districts in the State of Rajasthan – Review of Lead Bank Responsibility

[Issued by the Reserve Bank of India vide RBI/2025-26/25 FIDD.CO.LBS. BC.No.05/02.08.001/2025-26 dated 11.04.2025]

The Government of Rajasthan had notified reorganisation of districts in the State vide Gazette Notifications Sr.P.9(21)Raj-1/2024-(1 to 9), all dated December 29, 2024.

2. As nine districts have been merged into 12 existing districts, the lead bank responsibility notified in respect of these nine districts vide circular FIDD.CO.LBS.BC.No.11 /02.08.001/2023-24 dated November 10, 2023 as follows, stands revoked:

Sr. No.	Districts (Erstwhile)	LeadBank	District Working Code
1	Kekri	Bank of Baroda	01Z
2	Shahpura	Bank of Baroda	02M
3	Anupgarh	Punjab National Bank	01W
4	Santhore	State Bank of India	02L
5	Neemka Thana	State Bank of India	02J
6	Gangapur City	Bank of Baroda	02E
7	Dudu	UCO Bank	02C
8	Jaipur (Rural)	State Bank of India	02D
9	Jodhpur (Rural)	ICICI Bank	02G

3. The Lead Bank responsibilities of the following districts, which have been affected as a result of the reorganisation, have been reviewed and have been retained/modified as follows:

Sr. No	Present District	Lead Bank	District Working Code	Remarks
1	Ajmer	Bank of Baroda	510	Retained
2	Tonk	Bank of Baroda	507	Retained
3	Bhilwara	Bank of Baroda	508	Retained
4	Bikaner	State Bank of India	520	Retained
5	Sri Ganga nagar	Punjab National Bank	518	Retained
6	Jalore	State Bank of India	525	Retained
7	Jhunjhunu	Bank of Baroda	515	Retained
8	Sikar	Punjab National Bank	513	Retained
9	Karauli	Bank of Baroda	519	Retained
10	Sawai Madhopur	Bank of Baroda	506	Retained
11	Jaipur	State Bank of India	500	Modified
12	Jodhpur	ICICI Bank	530	Modified

4. There is no change in the Lead Banks of other districts in the state of Rajasthan.

NISHA NAMBIAR
Chief General Manager-in-Charge

27 Standing Liquidity Facility for Primary Dealers

[Issued by the Reserve Bank of India vide RBI/2025-26/24 REENo.MPD. BC.399/07.01.279/2025-26 dated 09.04.2025]

As announced in today's bi-monthly Monetary Policy Resolution, the Monetary Policy Committee (MPC) has decided to reduce the policy repo rate under the Liquidity Adjustment Facility (LAF) by 25 basis points from 6.25 per cent to 6.00 per cent, with immediate effect.

2. Accordingly, the Standing Liquidity Facility provided to Primary Dealers (PDs) (collateralised liquidity support) from the Reserve Bank would be available at the revised repo rate of 6.00 per cent, with immediate effect.

ANUPAM PRAKASH
Adviser-in-Charge

28 Penal Interest on shortfall in CRR and SLR requirements-Change in Bank Rate

[Issued by the Reserve Bank of India vide RBI/2025-26/23 DoR.RET.REC.16/12.01.001/2025-26 dated 09.04.2025]

Please refer to Chapter VIII of Master Direction - Reserve Bank of India [Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)] Directions – 2021 as well as our circular DoR.RET.REC.57/12.01.001/2024-25 dated February 07, 2025 on the captioned subject.

- As announced in the Monetary Policy Statement 2025-26 dated April 09, 2025, the Bank Rate is revised downwards by 25 basis points from 6.50 per cent to 6.25 per cent with immediate effect. Accordingly, all penal interest rates on shortfall in CRR and SLR requirements, which are specifically linked to the Bank Rate, also stand revised as under:

Penal Interest Rates which are linked to the Bank Rate

Item	Existing Rate	Revised Rate (With immediate effect)
Penal interest rates on shortfalls in reserve requirements (depending on duration of shortfall).	Bank Rate plus 3.0 percentage points (9.50 per cent) or Bank Rate plus 5.0 percentage points (11.50 per cent).	Bank Rate plus 3.0 percentage points (9.25 per cent) or Bank Rate plus 5.0 percentage points (11.25 per cent).

LATHA VISHWANATH
Chief General Manager

29 Liquidity Adjustment Facility - Change in rates

[Issued by the Reserve Bank of India vide RBI/2025-26/22 FMOD.MAOG.No.151/01.01.001/2025-26 dated 09.04.2025]

As announced in the Monetary Policy Statement dated April 09, 2025, it has been decided by the Monetary Policy Committee (MPC) to reduce the policy repo rate under the Liquidity Adjustment Facility (LAF) by 25 basis points from 6.25 per cent to 6.00 per cent with immediate effect.

- Consequently, the standing deposit facility (SDF) rate and marginal standing facility (MSF) rate stand adjusted to 5.75 per cent and 6.25 per cent respectively, with immediate effect.
- All other terms and conditions of the extant LAF Scheme will remain unchanged.

G. SESHAYEE
Chief General Manager

30 Review of Regulatory Guidelines – Withdrawal of Circulars

[Issued by the Reserve Bank of India vide RBI/2025-26/21 DOR.CO.SOG(Leg) No.15/09.08.024/2025-26 dated 08.04.2025]

As a sequel to the recommendations of Regulation Review Authority (RRA) 2.0, a further review has been

undertaken on the existing regulatory guidelines on cheques. Accordingly, the circulars listed in 'Annex' are withdrawn with immediate effect.

SUNIL T S NAIR
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

31 Limits for investment in debt and sale of Credit Default Swaps by Foreign Portfolio Investors (FPIs)

[Issued by the Reserve Bank of India vide RBI/2025-26/20 A.P. (DIR Series) Circular No. 01 dated 03.04.2025]

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to Schedule 1 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 and the relevant Directions issued thereunder.

- Reference is also invited to the following directions issued by the Reserve Bank:
 - A.P. (DIR Series) Circular No. 23 dated February 10, 2022;
 - A.P. (DIR Series) Circular No. 03 dated April 26, 2024; and
 - Master Direction - Reserve Bank of India (Non-resident Investment in Debt Instruments) Directions, 2025 dated January 07, 2025.
- Investment Limits for the financial year 2025-26:
 - The limits for FPI investment in Government Securities (G-Secs), State Government Securities (SGSs) and corporate bonds shall remain unchanged at 6 per cent, 2 per cent and 15 per cent respectively, of the outstanding stocks of securities for 2025-26.
 - As hitherto, all investments by eligible investors in the 'specified securities' shall be reckoned under the Fully Accessible Route (FAR) in terms of Master Direction - Reserve Bank of India (Non-resident Investment in Debt Instruments) Directions, 2025 dated January 07, 2025.
 - The allocation of incremental changes in the G-Sec limit (in absolute terms) over the two sub-categories – 'General' and 'Long-term' – shall be retained at 50:50 for 2025-26.
 - The entire increase in limits for SGSs (in absolute terms) has been added to the 'General' sub-category of SGSs.

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

32 Master Circular - Exposure Norms and Statutory / Other Restrictions - UCBs

[Issued by the Reserve Bank of India vide RBI/2025-26/19 DoR.CRE.REC.14/07.10.002/2025-26 dated 01.04.2025]

Please refer to RBI Master Circular DoR.CRE.REC.71/07.10.002/2023-24 dated January 16, 2024 on the captioned subject consolidating the instructions / guidelines issued to UCBs till January 15, 2024. Attached is the revised Master Circular, updated to reflect all instructions issued upto March 31, 2025 on the above matter, as listed in the Annex. It may be noted that this Master Circular only consolidates all instructions on the above matter issued up to March 31, 2025 and does not contain any new instructions/guidelines.

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

33 Master Circular - Management of Advances - UCBs

[Issued by the Reserve Bank of India vide RBI/2025-26/18 DOR.CRE.REC.No.13/07.10.002/2025-26 dated 01.04.2025]

Please refer to the Master Circular DOR.CRE.REC.No.27/07.10.002/2023-24 dated July 25, 2023 on the captioned subject, consolidating the instructions / guidelines issued to UCBs till July 24, 2023. Attached is the revised Master Circular, updated to reflect all instructions issued upto March 31, 2025 on the above matter, as listed in the Appendix. It may be noted that this Master Circular only consolidates all instructions on the above matter issued up to March 31, 2025 and does not contain any new instructions/guidelines.

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

34 Master Circular - Housing Finance for UCBs

[Issued by the Reserve Bank of India vide RBI/2025-26/17 DOR.CRE.REC.No.11/07.10.002/2025-26 dated 01.04.2025]

Please refer to the Master Circular DOR.CRE.REC.No.6/07.10.002/2024-25 dated April 2, 2024 on the captioned subject, consolidating the instructions / guidelines issued to UCBs till April 01, 2024. Attached is the revised Master Circular, updated to reflect all instructions issued upto March 31, 2025 on the above matter, as listed in Annex - 3. It may be noted that this Master Circular only consolidates all instructions on the above matter issued up to March 31, 2025 and does not contain any new instructions/guidelines.

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 Master Direction - Reserve Bank of India (Interest Rate on Deposits) Directions, 2025

[Issued by the Reserve Bank of India vide RBI/2025-26/134 DOR.SOG(SPE).REC.8/13.03.00/2025-26 dated 01.04.2025]

Please refer to Master Direction - Reserve Bank of India (Interest Rate on Deposits) Directions, 2016 dated March 3, 2016, and Master Direction - Reserve Bank of India (Co-operative Banks - Interest Rate on Deposits) Directions, 2016 dated May 12, 2016.

- In order to have all instructions related to Interest Rate on Deposits applicable to banks in one place, it has been decided to issue a comprehensive Master Direction. The Master Direction - Reserve Bank of India (Interest Rate on Deposits) Directions, 2025, is being issued in exercise of the powers conferred upon the Reserve Bank of India under Sections 21 and 35A read with Section 56 of the Banking Regulation Act, 1949.

LATHA VISHWANATH
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

36 Master Circular – Housing Finance

[Issued by the Reserve Bank of India vide RBI/2025-26/16 DOR.CRE.REC.No.12/08.12.001/2025-26 dated 01.04.2025]

Please refer to the Master Circular DOR.CRE.REC.No.07/08.12.001/2024-25 dated April 02, 2024 consolidating the instructions / guidelines issued to banks till April 01, 2024 relating to Housing Finance. Attached is the revised Master Circular, updated to reflect all instructions issued upto March 31, 2025 on the above matter, as listed in the Annex. It may be noted that this Master Circular only consolidates all instructions on the above matter issued up to March 31, 2025 and does not contain any new instructions/guidelines.

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

37 Master Circular - Bank Finance to Non-Banking Financial Companies (NBFCs)

[Issued by the Reserve Bank of India vide RBI/2025-26/15 DOR.CRE.REC.No.05/21.04.172/2025-26 April 01, 2025 dated 01.04.2025]

Please refer to our Master Circular DOR.CRE.REC.No.17/21.04.172/2024-25 dated April 24, 2024 on the captioned subject. Attached is the revised Master Circular, updated to reflect all instructions issued as on date on the above matter, as listed in the Annex. It may be noted that this Master Circular only consolidates all instructions on the above matter issued up to March 31, 2025 and does not contain any new instructions/guidelines.

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

38 Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances

[Issued by the Reserve Bank of India vide RBI/2025-26/13 DOR.STR. REC.9/21.04.048/2025-26 dated 01.04.2025]

Please refer to the Master Circular DOR.STR. REC.8/21.04.048/2024-25 dated April 2, 2024 consolidating instructions / guidelines issued to banks till March 31, 2024 on matters relating to prudential norms on income recognition, asset classification and provisioning pertaining to advances.

- Attached is the revised Master Circular, updated to reflect all instructions issued upto March 31, 2025 on the above matter, as listed in Annex 5. It may be noted that this Master Circular only consolidates all instructions on the above matter issued up to March 31, 2025 and does not contain any new instructions/guidelines.

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

39 Master Circular - Income Recognition, Asset Classification, Provisioning and Other Related Matters - UCBs

[Issued by the Reserve Bank of India vide RBI/2025-26/14 DOR.STR. REC.10/21.04.048/2025-26 dated 01.04.2025]

Please refer to our Master Circular DOR.STR. REC.9/21.04.048/2024-25 dated April 02, 2024 consolidating instructions / guidelines issued to banks till March 31, 2024 on matters relating to prudential norms on income recognition, asset classification and provisioning pertaining to advances.

- Attached is the revised Master Circular, updated to reflect all instructions issued upto March 31, 2025 on the above matter, as listed in Annex 9. It may be noted that this Master Circular only consolidates all instructions on the above matter issued up to March 31, 2025 and does not contain any new instructions/guidelines.

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

40 Master Circular - Guarantees and Co-acceptances

[Issued by the Reserve Bank of India vide RBI/2025-26/12 DOR.STR. REC.06/13.07.010/2025-26 dated 01.04.2025]

Please refer to the Master Circular DOR.STR. REC.2/13.07.010/2024-25 dated April 01, 2024 consolidating the instructions / guidelines issued to banks till March 31, 2024, relating to Guarantees and Co-acceptances. Attached is the revised Master Circular, updated to reflect all instructions issued up to March 31, 2025 on the above matter, as listed in the Annex 2. It may be noted that this Master Circular only consolidates all instructions on the above matter issued up to

March 31, 2025 and does not contain any new instructions/guidelines.

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

41 Master Circular - Guarantees, Co-acceptances & Letters of Credit - UCBs

[Issued by the Reserve Bank of India vide RBI/2025-26/11 DoR.STR.REC 07/09.27.000/2025-26 dated 01.04.2025]

Please refer to our Master Circular DoR.STR. REC.3/09.27.000/2024-25 dated April 01, 2024 on the captioned subject. Attached is the revised Master Circular, updated to reflect all instructions issued up to March 31, 2025 on the above matter, as listed in the Annex. It may be noted that this Master Circular only consolidates all instructions on the above matter issued up to March 31, 2025 and does not contain any new instructions/guidelines.

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

42 Master Direction – Facility for Exchange of Notes and Coins

[Issued by the Reserve Bank of India vide RBI/2025-26/133 DCM (NE) No.G-5/08.07.18/2025-26 dated 01.04.2025]

In exercise of the powers conferred under Section 35A of the Banking Regulation Act, 1949, read with sections 28, 38, 39, 58(1) and 58(2)(q) of the Reserve Bank of India Act, 1934, Reserve Bank of India (RBI), from time-to-time issues guidelines / instructions / directives to the banks on provision of Facility for Exchange of Notes and Coins to members of public.

- A Master Direction incorporating and updating the extant guidelines / instructions / directives on Facility for Exchange of Notes and Coins has been prepared to enable banks to have all current instructions on the subject at one place for reference and the same is enclosed.

SUMAN NATH
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

43 Reserve Bank of India (Classification, Valuation and Operation of the Investment Portfolio of Commercial Banks) Directions, 2023

[Issued by the Reserve Bank of India vide RBI/2025-26/10 DOR.MRG. No.4/21.04.141/2025-26 dated 01.04.2025]

The Reserve Bank of India (Classification, Valuation and Operation of the Investment Portfolio of Commercial Banks) Directions, 2023 were issued on September 12, 2023. Based on the market experience and practices by banks, clarifications on a few important aspects of the Directions, ibid are being issued in the form of Frequently Asked Questions (FAQs)¹, as provided in the Annex.

USHA JANAKIRAMAN
Chief General Manager-in-Charge

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

44 Master Circular - Prudential Norms on Capital Adequacy - Primary (Urban) Co-operative Banks (UCBs)

[Issued by the Reserve Bank of India vide RBI/2025-26/09 DOR.CAP.REC.03/09.18.201/2025-26 dated 01.04.2025]

Please refer to our Master Circular DOR.CAP.REC.5/09.18.201/2024-25 dated April 01, 2024 on the captioned subject.

- The enclosed Master Circular consolidates and updates all the instructions / guidelines on the subject issued up to March 31, 2025 as listed in the Appendix.

USHA JANAKIRAMAN

Chief General Manager-in-Charge

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

45 Master Circular – Basel III Capital Regulations

[Issued by the Reserve Bank of India vide RBI/2025-26/08 DOR.CAP.REC.2/21.06.201/2025-26 dated 01.04.2025]

Please refer to the Master Circular No. DOR.CAP.REC.4/21.06.201/2024-25 dated April 01, 2024, consolidating therein the prudential guidelines on Basel III capital adequacy issued to banks till that date.

- The instructions contained in the aforesaid Master Circular have been suitably updated / amended by incorporating relevant guidelines, issued as on date. A list of circulars consolidated in this Master Circular is contained in Annex 26.
- Small Finance Banks and Payments Banks may refer to their respective licensing guidelines and operating guidelines issued by Reserve Bank, for prudential guidelines on capital adequacy.

USHA JANAKIRAMAN

Chief General Manager-in-Charge

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

46 Master Direction on Counterfeit Notes, 2025 – Detection, Reporting and Monitoring

[Issued by the Reserve Bank of India vide RBI/2025-26/132 DCM (FNVD)/G4/16.01.05/2025-26 dated 01.04.2025]

In exercise of powers conferred under Section 35A and Section 56 of the Banking Regulation Act, 1949, Reserve Bank of India (RBI), from time-to-time issues guidelines/ instructions / directives to the banks on detection, reporting and monitoring of Counterfeit Notes.

- A Master Direction incorporating and updating the extant guidelines / instructions / directives on the subject has been prepared to enable banks to have all

current instructions on Counterfeit Notes at one place for reference and the same is enclosed.

SUMAN NATH

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

47 Master Circular on Board of Directors - UCBs

[Issued by the Reserve Bank of India vide RBI/2025-26/07 DoR.HGG.GOV.No.1/18.10.010/2025-26 dated 01.04.2025]

Please refer to our Master Circular DoR.HGG.GOV.No.1/18.10.010/2024-25 dated April 1, 2024 on the captioned subject (available at RBI website www.rbi.org.in). The enclosed Master Circular consolidates and updates all the instructions / guidelines on the subject issued till date.

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

48 Master Circular on Conduct of Government Business by Agency Banks - Payment of Agency Commission

[Issued by the Reserve Bank of India vide RBI/2025-26/06 CO.DGBA.GBD.No.S2/31-12-010/2025-2026 dated 01.04.2025]

Please refer to our Master Circular RBI/2024-25/07; CO.DGBA.GBD.No.S2/31-12-010/2024-2025 dated April 1, 2024 on the above subject. We have now revised and updated the Master Circular which consolidates important instructions on the subject issued by the Reserve Bank of India till March 31, 2025.

- A copy of the revised Master Circular is enclosed for your information. This Circular may also be downloaded from our website <https://mastercirculars.rbi.org.in>.

INDRANIL CHAKRABORTY

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

49 Master Circular - Disbursement of Government Pension by Agency Banks

[Issued by the Reserve Bank of India vide RBI/2025-26/05 CO.DGBA.GBD.No.S1/31.02.007/2025-26 dated 01.04.2025]

Please refer to our Master Circular RBI/2024-25/06 dated April 01, 2024 on the above subject. We have revised and updated the Master Circular which consolidates important instructions on the subject issued by the Reserve Bank of India till March 31, 2025.

- A copy of the revised Master Circular is enclosed for your information. This circular may also be downloaded from our website <https://mastercirculars.rbi.org.in>.

INDRANIL CHAKRABORTY

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

50 Master Direction – Scheme of Penalties for bank branches and currency chests for deficiency in rendering customer service to the members of public

[Issued by the Reserve Bank of India vide RBI/DCM/2025-26/131 DCM (CC) No.G-1/03.44.001/2025-26 dated 01.04.2025]

In terms of the Preamble to and Section 45 of the Reserve Bank of India Act, 1934 (RBI Act) and Section 35A of the Banking Regulation Act, 1949, Reserve Bank of India issues guidelines / instructions for realising the objectives of Clean Note Policy and enhancing the operational efficiency of currency management. In order to ensure that all bank branches provide proper customer service, the Bank has formulated a Scheme of Penalties for bank branches including currency chests, for deficiency in rendering customer service to the members of public.

- The Master Direction incorporating the updated guidelines / circulars on the subject is at Annex-I. The Frequently Asked Questions (FAQs) and few Illustrations are at Annexes II and III respectively.

SANJEEV PRAKASH

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

51 Master Direction on Penal Provisions in reporting of transactions / balances at Currency Chests

[Issued by the Reserve Bank of India vide RBI/DCM/2025-26/130 DCM (CC) No.G-2/03.35.01/2025-26 dated 01.04.2025]

In terms of the Preamble to and Section 45 of the Reserve Bank of India Act, 1934 (RBI Act) and Section 35A of the Banking Regulation Act, 1949, Reserve Bank of India issues guidelines / instructions for realising the objectives of Clean Note Policy as part of currency management. With a view to sustain these efforts and to ensure timely and accurate reporting of currency chest transactions, instructions on the subject have been issued from time to time.

- The enclosed Master Direction incorporates updated guidelines / circulars on the subject.

SANJEEV PRAKASH

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

52 Master Circular – Lead Bank Scheme

[Issued by the Reserve Bank of India vide RBI/2025-26/04 FIDD.CO.LBS. BC.No.03/02.01.001/2025-26 dated 01.04.2025]

The Reserve Bank of India has issued a number of guidelines/ instructions on Lead Bank Scheme from time to time. This Master Circular consolidates the relevant guidelines/ instructions issued by Reserve Bank of India on Lead Bank Scheme up to March 31, 2025 as listed in the Appendix I.

- This Master Circular has been placed on the RBI website <https://www.rbi.org.in>

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

53 Master Circular - Credit facilities to Scheduled Castes (SCs) & Scheduled Tribes (STs)

[Issued by the Reserve Bank of India vide RBI/2025-26/03 FIDD.CO.GSSD. BC.No.02/09.09.001/2025-26 dated 01.04.2025]

The Reserve Bank of India has, from time to time, issued a number of guidelines/instructions to banks on credit facilities to Scheduled Castes (SCs) & Scheduled Tribes (STs). The enclosed Master Circular consolidates the circulars issued by Reserve Bank on the subject till date, as listed in the Appendix.

R. GIRIDHARAN

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

54 Master Circular – Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM)

[Issued by the Reserve Bank of India vide RBI/2025-26/02 FIDD.GSSD. CO.BC.No.01/09.01.003/2025-26 dated 01.04.2025]

Please refer to the Master Circular FIDD.GSSD.CO.BC. No.03/09.01.003/2024-25 dated April 16, 2024 on Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM).

- The enclosed Master Circular consolidates and updates all the instructions/guidelines on the subject issued till date and replaces the earlier Master Circular issued on the subject.

R GIRIDHARAN

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

55 Master Circular on SHG-Bank Linkage Programme

[Issued by the Reserve Bank of India vide RBI/2025-26/01 FIDD.CO.FID. BC.No.4/12.01.033/2025-26 April 01, 2025 dated 01.04.2025]

The Reserve Bank of India has, from time to time, issued a number of guidelines/instructions to banks on SHG-Bank Linkage Programme. The enclosed Master Circular consolidates the circulars issued by Reserve Bank on the subject up to March 31, 2025, as indicated in the Appendix.

NISHA NAMBIAR

Chief General Manager-in-Charge

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

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

सत्यं वद। धर्मं चर।

Motto
इष्टार्थं कृते तप्यते, ब्रह्मैवेत्यु कृते कृत्वा

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

PREVENTION OF MONEY-LAUNDERING ACT, 2002

Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) Guidelines

Prevention of Money-laundering Act, 2002 casts certain obligations on the reporting entities and Financial Intelligence Unit- INDIA have implemented AML & CFT Guidelines effective from June 19, 2023 for Professionals including Company Secretaries in Practice to establish an efficient reporting mechanism to prevent money laundering, terrorist financing and proliferation financing.

Reporting Entity

(As notified by Ministry of Finance vide its notification dated May 03, 2023)

Company Secretaries in Practice, carrying out the following Financial Transactions in the course of his/her profession would be termed as 'Reporting entity' under PMLA and Rules made thereunder:

- buying and selling of any immovable property
- managing of client money, securities or other assets
- management of bank, savings or securities accounts
- organisation of contributions for the creation, operation or management of companies
- creation, operation or management of companies, limited liability partnerships or trusts, and buying and selling of business entities



Applicable Laws/Rules/Regulations

- Prevention of Money-Laundering Act, 2002 (PMLA, 2002)
- Recommendations 24 to 26 & 28 of Financial Action Task Force
- PML (Maintenance of Records) Rules, 2005
- AML & CFT Guidelines For Professionals with Certificates of Practice from ICAI, ICSI and ICMAI
- Section 12A of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 [applicable to all Company Secretaries]

Registration of Reporting Entities

Company Secretaries in Practice falling under the definition of Reporting Entity as per AML/CFT Guidelines need to register as "Reporting Entity".

Do's for Reporting Entities

- Appointment of Designated Director and Principal Officer
- Reporting of Suspicious Transaction Reports to Financial Intelligence Unit- INDIA
- Maintenance of Records
- Adoption of appropriate policies and procedures to prevent money laundering, terrorist financing and proliferation financing
- Performing Client Due Diligence (CDD) / Enhanced Due diligence (EDD)
- Appropriate training to its employees on the procedures for KYC, CDD, sanction screening and record keeping

ICSI PMLA Portal

ICSI PMLA Portal accessible at <https://www.icsi.edu/home/money-laundering-prevention/> and consists of following: -

- FAQs on AML & CFT Guidelines for Professionals
- Designated List (Amendments): Section 12A of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005:
- List of individuals, designated as terrorist, under UAPA, 1967
- Notifications of Ministry of Finance
- Weblinks of Documents related to Targeted Financial Sanctions Related to Terror Financing and Proliferation Financing

Steps to Register

- Click on the URL: <https://stimulate.icsi.edu/>
- Click on the tab "Reporting Entity"
- Click on the option "Register as a Reporting Entity"

For queries e-mail at: pmla@icsi.edu

CS Dhananjay Shukla
President, The ICSI

CS Pawan G Chandak
Vice President, The ICSI

CS Asish Mohan
Secretary, The ICSI

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Online Helpdesk : <http://support.icsi.edu>

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NEWS FROM THE INSTITUTE



- MEMBERS RESTORED DURING THE MONTH OF MARCH 2025
- CERTIFICATE OF PRACTICE SURRENDERED DURING THE MONTH OF MARCH 2025
- NEW ADMISSIONS
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- OBITUARIES
- CHANGE / UPDATION OF ADDRESS
- PAYMENT OF ANNUAL MEMBERSHIP AND CERTIFICATE OF PRACTICE FEE FOR FY 2025-2026
- PAYMENT OF ANNUAL LICENTIATE SUBSCRIPTION FOR THE YEAR 2025-2026



Institute News

MEMBERS RESTORED DURING THE MONTH OF MARCH 2025

SL. NO.	NAME	MEMB NO.	REGION
1	CS MINAL MUKESH GOYAL	ACS - 39825	WIRC
2	CS AYUSHI GODAWAT	ACS - 56100	NIRC
3	CS DEEPA KAPOOR	ACS - 22568	NIRC
4	CS DEEPANSHI DINESH LAL	ACS - 57595	WIRC
5	CS J SRIDEVI	ACS - 12048	SIRC
6	CS MUKTI SHANTILAL JAIN	ACS - 58291	WIRC
7	CS AINUL RASHID KHAN	ACS - 68228	WIRC
8	CS MADHURI VIJAY VYAS	ACS - 56570	WIRC
9	CS SATISH KUMAR BHARGAVA	FCS - 3610	NIRC
10	CS AYUSHEE AGARWAL	ACS - 27375	NIRC
11	CS KAMLESH K SETHI	ACS - 9837	WIRC
12	CS DRISHTI SHARMA	ACS - 40359	NIRC
13	CS DIVYA MURALI	ACS - 48966	SIRC
14	CS NIDHI AGRAWAL	ACS - 31591	WIRC
15	CS VARSHA JALORA	ACS - 33719	NIRC
16	CS SHAUNAKBHAI ASHOKKUMAR SONI	ACS - 39845	WIRC
17	CS RUCHI GUPTA	FCS - 8501	NIRC
18	CS JIGNASHA NARENDRA GOHIL	ACS - 51157	WIRC
19	CS ANAMIKA	ACS - 41114	NIRC
20	CS HARISH AITHAPPA SHETTY	ACS - 50208	WIRC
21	CS RAJESH KEDIA	ACS - 11282	WIRC
22	CS SONAL SRIVASTAVA	ACS - 20522	NIRC
23	CS PRADEEPTO DE	ACS - 40111	WIRC
24	CS MANOJ MAHESHWARI	ACS - 8042	NIRC
25	CS OSTWAL HEMANT	ACS - 35398	WIRC
26	CS MAHIMA VIJAY SHARMA	ACS - 26992	WIRC
27	CS SAUMYA SINGH SISODIA	ACS - 52129	NIRC
28	CS PURVA MEHRA	ACS - 33796	NIRC

29	CS SUNAKSHI VILENDRA JAGGA	ACS - 45573	WIRC
30	CS KAMAL SINGH CHOPRA	ACS - 17098	SIRC
31	CS VISHNU AGARWAL	ACS - 54106	EIRC
32	CS AMIT SINGH	ACS - 59155	NIRC
33	CS SALONI VIJAY PAREKH	ACS - 59931	WIRC
34	CS APURVA RAJENDRA MEHTA	ACS - 30732	NIRC
35	CS NEETU MURARKA	ACS - 60926	EIRC
36	CS ANKIT KUMAR JAIN	ACS - 33115	WIRC
37	CS ROBIN PARASHAR	ACS - 48752	NIRC

CERTIFICATE OF PRACTICE SURRENDERED DURING THE MONTH OF MARCH 2025

SL. NO.	NAME	MEMB NO	COP NO.	REGION
1	CS RAVI SHANKARLAL AHUJA	ACS - 56380	21112	WIRC
2	CS MENAKA RICHPAL MEEL	ACS - 62805	24805	WIRC
3	CS POOJA GARG	ACS - 51037	25195	NIRC
4	CS RAHUL GOYAL	ACS - 55279	20486	EIRC
5	CS ANAND AYYAPPAN	FCS - 13090	24424	SIRC
6	CS CHINTAN UMESHBHAI BHATT	ACS - 58629	23504	WIRC
7	CS MOKSHA UMESH KOTIAN	FCS - 9603	21124	WIRC
8	CS PANKHURI MITTAL	ACS - 45697	21178	WIRC
9	CS MOHD NAZIM KHAN	FCS - 6529	8245	NIRC
10	CS ANIL KUMAR RUSTOGI	ACS - 13831	26892	NIRC
11	CS BISWAJIT DATTA	ACS - 48597	22080	EIRC
12	CS KHUSHBU KRUNAL DESAI	ACS - 69203	26949	WIRC
13	CS SAURABH KAPOOR	FCS - 10348	12667	NIRC
14	CS B SRINIVASA RAO	ACS - 26628	26702	SIRC
15	CS FIRDOS KHAN	ACS - 31469	24361	NIRC
16	CS RAHUL INDERSINGH RATHORE	ACS - 50710	23166	WIRC
17	CS SAVITA LILADHAR VASWANI	ACS - 31015	11445	WIRC
18	CS MADHU SHARMA	ACS - 65135	24573	NIRC
19	CS PARUL MAHESHWARI	ACS - 69657	26548	NIRC
20	CS ASHISH BANSAL	ACS - 46890	19101	NIRC
21	CS KARAN SINGHANIA	ACS - 62581	25505	NIRC
22	CS YOSHITA TULSHAN	ACS - 37756	25555	NIRC
23	CS ANMOL SUNIL AGARWAL	ACS - 72187	26832	NIRC

24	CS HIMANSHU BANSAL	FCS - 13491	22907	NIRC
25	CS PRIYADARSHINI JAIN	ACS - 69012	25745	WIRC
26	CS AJAY NAGA CHOWDARY VEMURI	FCS - 11106	15460	SIRC
27	CS AJIT KUMAR SINGH	FCS - 12015	24075	EIRC
28	CS POOJA TIWARI	ACS - 62783	23597	WIRC
29	CS MEGHNA MITESH SHAH	ACS - 62464	23284	WIRC
30	CS PRAKASH SINGH	ACS - 39563	25968	NIRC
31	CS DIVYA AGARWAL	ACS - 69521	25967	NIRC
32	CS MADHAVI VISHAL DAMMANI	ACS - 58358	25259	WIRC
33	CS SANJEEV KUMAR JHA	FCS - 8690	9870	NIRC
34	CS SHIVANI SINGH	ACS - 37694	26221	EIRC

35	CS HEERAVATHI	ACS - 15718	8715	SIRC
36	CS ADITI PATNAIK	ACS - 45308	18186	WIRC
37	CS DEVESH BANSILAL KHANDELWAL	FCS - 6897	4202	WIRC
38	CS LAVANG ARORA	ACS - 33274	12655	NIRC
39	CS MEENU GUPTA	ACS - 34932	20713	NIRC
40	CS AKANKSHA ARORA	ACS - 61294	27848	NIRC
41	CS BHUMIKA UMANG DESAI	ACS - 35550	22202	WIRC
42	CS ISHWAR LOHIA	FCS - 11126	16173	EIRC
43	CS PRASHANT SIPANI	FCS - 5635	4902	NIRC
44	CS RAGHOTHAMAN ARAVIND SHRINIVAS	ACS - 56160	24495	SIRC
45	CS SHIVASHANKAR REDDY GOPAVARAPU	ACS - 75071	27685	SIRC
46	CS VENKATA NARAYANA PULLELA	ACS - 21805	26897	SIRC

NEW ADMISSIONS

For latest admission of Associate and Fellow Members, Life Members of Company Secretaries Benevolent Fund (CSBF), Licentiates and issuance of Certificate of Practice, kindly refer to the link <https://www.icsi.edu/member>



UPLOADING OF PHOTOGRAPH AND SIGNATURE

Members are requested to ensure that their latest scanned passport size front-facing colour photograph (in formal wear) and signature in .jpg format (each on light-colored background of not more than 200 kb file size) are uploaded on the online portal of the Institute.

Online Steps for Uploading of photo and signature.

- Use ONLINE SERVICES tab on www.icsi.edu
- Select Member Portal from dropdown
- Login using your membership number e.g. A1234/F1234
- Enter your password
- Under My Profile --- Click on View and Update
- Upload/update the photo and signature as required
- Press Save button

OBITUARIES

Chartered Secretary deeply regrets to record the sad demise of the following member(s):

CS KAUSHAL KUMAR AGRAWAL (10.03.1968 – 05.11.2024), a Fellow Member of the Institute from Indore.

May the Almighty give sufficient fortitude to the bereaved family members to withstand the irreparable loss.

May the departed souls rest in peace.

CHANGE / UPDATION OF ADDRESS

The members are requested to check and update (if required) your professional and residential addresses ONLINE only through Member Login. Please indicate your correspondence address too.

The steps to see your details in the records of the Institute:

1. Go to www.icsi.edu
2. Click on **MEMBER** in the menu
3. Click on **Member Search** on the member home page
4. Enter your membership number and check
5. The address displayed is your Professional address (Residential if Professional is missing)

The steps for online change of address are as under:

1. Go to www.icsi.edu
2. On the Online Services ----select **Member Portal** from dropdown menu
3. Login using your membership number e.g. A1234/F1234
4. Under **My Profile** --- Click on View and update option and check all the details and make the changes required and save
5. To change the mobile number and email id click the side option "**Click Here to update Mobile Number and E-mail Id**"
6. Check the residential address and link the Country-State-District-City and check your address in the fields Add. Line1/Add. Line2 & Add. Line3 (Click Here to change residential address)
 - a) Select the Country[#]
 - b) Select the State
 - c) Select the City
 - d) Submit the Pincode which should be 6 digits without space.
 - e) Then click on "Save" button.
7. Select the appropriate radio button for Employment Status and check your address in the fields Add. Line1/ Add. Line2 & Add. Line3 click the link on the right (Click Here to change Professional address)
 - a) Select the Country[#]
 - b) Select the State
 - c) Select the City
 - d) Submit the Pincode which should be 6 digits without space.
 - e) Then click on "Save" button.
8. Go back to the Dashboard and check if the new address is being displayed.

[#]in case of Foreign Country and State is not available in options then Select "**Overseas**" – A pop-up will open and you can add the "City, District, State" of that Country alongwith Zipcode

Members are required to verify and update their address and contact details as required under Regulation 3 of the CS Regulations, 1982 amended till date

For any further assistance, we are available to help you at <http://support.icsi.edu>

PAYMENT OF ANNUAL MEMBERSHIP AND CERTIFICATE OF PRACTICE FEE FOR FY 2025-2026

The Annual Membership Fee and Certificate of Practice Fee for the Financial Year 2025-26 have become due for payment w.e.f. 1st April, 2025. The last date for payment of Annual Membership Fee and Certificate of Practice Fee is **30th June, 2025**.

Details of fee payable are as under:

Fee* Particulars	ACS	FCS
Annual Membership fee	Rs. 2950/-	Rs. 3540/-
Annual Membership fee. (Opting out to receive physical copy of Chartered Secretary Journal)	Rs. 2360/-	Rs. 2950/-
Annual Fee for Certificate of Practice	Rs. 2360/-	Rs. 2360/-

* All Fee inclusive of 18% GST.

A Member who is of the age of Seventy years and above is eligible for 75% concession in Annual Membership Fee.

A Member, who is Divyangjan, can avail 50% concession in Annual Membership Fee subject to submission of medical certificate issued by competent authority.

Mode of Remittance of Fee:

Fee can be remitted through **ONLINE** mode only as per steps given below :

1. Use ONLINE SERVICES tab on www.icsi.edu
2. Select Member Portal from dropdown
3. Login using membership number e.g. A1234/F1234
4. Enter password
5. Click on renew link under “Announcements”
6. Fill the KYM Form and proceed to pay the fee

The online KYM (Know Your Member) Form is required to be filled before making online payment of Annual Membership Fee.

For more information, kindly refer **FAQs** available on home page of www.icsi.edu or write at <http://support.icsi.edu>

Team ICSI

PAYMENT OF ANNUAL LICENTIATE SUBSCRIPTION FOR THE YEAR 2025-2026

The annual Licentiate subscription for the year 2025-2026 has become due for payment w.e.f. 1st April, 2025. The last date of making payment is 30th June, 2025. The Licentiate subscription payable is Rs.1180/- inclusive of applicable GST@18%. The subscription will be paid ONLINE only using the link - <http://stimulate.icsi.edu/> with your student login credentials.

Log in to the link - <http://stimulate.icsi.edu/> with your student credentials.

Username – Will be your registration number.

You may reset the new password at <https://smash.icsi.in/Scripts/GetPassword.aspx> and login at <https://smash.icsi.in/Scripts/login.aspx> and <https://stimulate.icsi.edu/>.

Click Renew option and make the payment.

For any further queries, please write to member@icsi.edu or raise query at <http://support.icsi.edu>



Integrated MBA
in Maritime Regulations
and Compliance
Management
(Exclusively for the students of ICSI)

Two Year
Program at
Gujarat Maritime
University



About Integrated MBA in
Maritime Regulations and
Compliance Management

MBA in Maritime Regulations and Compliance Management is a two-year program. This program offers a distinct approach from the existing CS Executive and CS Professional courses provided by ICSI, providing a distinctive blend of theoretical knowledge and practical insights, specifically designed for individuals seeking to expand their expertise in maritime regulations and secure a competitive advantage within the maritime and shipping industries.

The curriculum is rigorously structured to impart a comprehensive understanding of

the legal frameworks and regulatory practices governing maritime activities, while also encompassing the full spectrum of subjects integral to the CS qualification. This program aims to navigate the complex legal landscape of maritime activities and pursue careers in areas such as maritime law practice, shipping management, marine insurance, and international trade. The combined expertise of GMU and ICSI ensures high-quality education. GMU provides state-of-the-art facilities to enhance students' understanding of maritime industry.

For Whom?

The program is specifically structured for those who are aiming to cultivate advanced knowledge and competencies in maritime regulatory frameworks, with a focus on preparing individuals for roles as compliance professionals in this specialized field. The program is suited for fresh graduates, postgraduates, and experienced candidates who are enrolled in the CS executive or CS Professional program.



Eligibility to Apply

- A registered student of ICSI; and
- The candidate must hold a Bachelor's Degree in any discipline with at least 50% marks or equivalent CGPA (45% marks in case of SC/ST/SEBC/EWS Category candidates)

Selection Process

Candidates will undergo an online test and an online interview conducted by the Gujarat Maritime University (GMU). However, candidates who possess a valid CMAT, CAT, or MAT score for the corresponding academic year are exempt from participating in the remotely proctored entrance test. These candidates may submit their valid scores for consideration, which will be duly evaluated during the admission process.

Please note that, in accordance with the Notification issued by the Education Department on 24th June 2020, candidates with a valid CMAT score will be given preference in the preparation of the merit

list. This will be followed by CAT and MAT scores, with the GMU entrance test scores being considered thereafter.

Shortlisting: Based on the online test results, the top 180 candidates will be shortlisted.

Online Interview: Shortlisted candidates will be eligible for online interview.

Final Selection: The final selection for the top 60 candidates will be determined based on the candidates' performance in the interview.

How to apply?

Candidates are required to register themselves online at <https://gmu.edu.in/>

Application process

Candidates are required to log in to GMU's website and complete the application process by paying the registration fee. After making the payment of the application fee of Rs.1000 /- the candidates are allowed to submit their application.

Registration

Upon successful registration, a registration ID and number will be sent to the registered email ID of the candidate for further correspondence.

Important dates:

Particulars	Date
Availability of online forms	25th April, 2025
Last Date for Application	31st May, 2025
Date of Online Entrance Examination	16th June, 2025
Date of Online Interview	17th June, 2025
Declaration of Merit List	20th June, 2025
Commencement of Program	1st July, 2025

Address

THE INSTITUTE OF COMPANY SECRETARIES OF INDIA

ICSI OFFICE

22, ICSI HOUSE, Institutional Area, Lodhi Road,

New Delhi 110003, India

Contact: 0120-4522000

www.icsi.edu/home/

GUJARAT MARITIME UNIVERSITY

Transitory Campus at GNLU Campus

Koba, Gandhinagar - 382426 (Gujarat), INDIA

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www.icsi.edu www.gmu.edu.in





**THE INSTITUTE OF
Company Secretaries of India**

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

(Under the jurisdiction of Ministry of Corporate Affairs)

Documents downloadable from the DigiLocker Platform

The National Digital Locker System, launched by Govt. of India, is a secure cloud based platform for storage, sharing and verification of documents and certificates. In the wake of digitization and in an attempt to issue documents to all the members in a standard format and make them electronically available on real-time basis, the Institute of Company Secretaries of India had connected itself with the DigiLocker platform of the Government of India. The initiative was launched on 5th October, 2019 in the presence of the Hon'ble President of India.

In addition to their identity cards and Associate certificates, members can also now access and download their Fellow certificates and Certificates of Practice from the Digilocker anytime, anywhere.



How to Access:

- Go to <https://digilocker.gov.in> and click on Sign Up
- You may download the Digilocker mobile app from mobile store (Android/iOS)

How to Login:

- Signing up for DigiLocker with your mobile number.
- Your mobile number is authenticated by an OTP (one-time password).
- Select a username & password. This will create your DigiLocker account.
- After your DigiLocker account is successfully created, you can voluntarily provide your Aadhaar number (issued by UIDAI) to avail additional services.

How to Access your Documents digitally:

Members can download their digital ID Card / ACS / FCS / COP certificate(s) by following the steps given below:

1. Log in to <https://www.digilocker.gov.in> website
2. Go to Central Government and select Institute of Company Secretaries of India
3. Select the option of ID card / Membership Certificate / Practice Certificate
4. For ID Card, enter your membership number e.g. ACS 12345 / FCS 12345.
5. For membership certificate, Enter your membership and select ACS / FCS from drop down.
6. For COP certificate enter your COP number e.g. 12345 and select COP.
7. Click download / generate.
8. The ID Card / Membership certificate / Practice Certificate can be downloaded every year after making payment of Annual Membership fees.

6

MISCELLANEOUS CORNER



- GST CORNER
- ETHICS IN PROFESSION
- CG CORNER
- MARITIME CORNER
- ESG CORNER
- GIST OF ROC & RD ADJUDICATION ORDERS

ADVISORY FOR BIOMETRIC-BASED AADHAAR AUTHENTICATION AND DOCUMENT VERIFICATION FOR GST REGISTRATION APPLICANTS OF ASSAM

This advisory informs applicants about recent developments in the GST registration process in Assam.

1. Rule 8 of the CGST Rules, 2017 has been amended to provide that an applicant can be identified on the common portal, based on data analysis and risk parameters for Biometric-based Aadhaar Authentication and taking a photograph of the applicant along with the verification of the original copy of the documents uploaded with the application.
2. This functionality has been developed by GSTN and implemented in Assam effective **April 1, 2025**.
3. Following submission of Form GST REG-01, applicants will receive one of these links *via* email:
 - (a) A link for OTP-based Aadhaar Authentication, OR
 - (b) A link for booking an appointment at a GST Suvidha Kendra (GSK) for biometric-based Aadhaar authentication and document verification, including GSK location and jurisdictional details.
4. Applicants receiving the link mentioned in 3(a) may proceed with the existing application process.
5. Applicants receiving the link mentioned in 3(b) must book an appointment at the designated GSK using the provided link.
6. The appointment booking feature is available for Assam applicants effective **April 1, 2025**.
7. Upon booking, applicants will receive an appointment confirmation email and should visit the designated GSK as scheduled.
8. When visiting the GSK, applicants must bring:
 - (a) A copy (hard/soft) of the appointment confirmation email
 - (b) Jurisdictional details as specified in the initial email
 - (c) Original Aadhaar and PAN cards

(d) Original copies of all documents uploaded with the application

9. Biometric authentication and document verification will be conducted at the GSK for all individuals required in the GST application Form REG-01.
10. Applicants must schedule their biometric verification appointment within the maximum permissible period indicated in the email. Application Reference Numbers (ARNs) will be generated only after completion of biometric authentication and document verification.
11. GSK operating days and hours will follow state administration guidelines.

Source: <https://services.gst.gov.in/services/advisoryand-releases/read/591>

ADVISORY ON CASE INSENSITIVITY IN IRN GENERATION

- Effective June 1, 2025, the Invoice Reporting Portal (IRP) will implement case-insensitive processing of invoice/document numbers for IRN generation purposes.
- To ensure consistency and prevent duplication, all invoice numbers will be automatically converted to uppercase prior to IRN generation, regardless of their submitted format (e.g., “abc”, “ABC”, or “Abc”). This change harmonizes the IRN generation process with GSTR-1 reporting, which already employs case-insensitive treatment of invoice numbers.

Source: <https://services.gst.gov.in/services/advisoryand-releases/read/592>

ADVISORY ON REPORTING VALUES IN TABLE 3.2 OF GSTR-3B

1. Table 3.2 of Form GSTR-3B captures inter-state supplies made to unregistered persons, composition taxpayers, and UIN holders from the supplies declared in Tables 3.1 & 3.1.1 of GSTR-3B. The values in Table 3.2 of GSTR-3B auto-populate from corresponding inter-state supplies declared in GSTR-1, GSTR-1A, and IFF in the requisite tables.
2. Effective from the **April 2025 tax period**, inter-state supplies auto-populated in Table 3.2 of GSTR-3B will be **non-editable**. The GSTR-3B must be filed with the auto-populated values as generated by the system only.

3. Therefore, if any modification/amendment is required in auto-populated values of Table 3.2 of GSTR-3B, such changes can only be made by amending the corresponding values in respective tables of GSTR-1A or through Form GSTR-1/IFF filed for subsequent tax periods.
4. To ensure that GSTR-3B is filed accurately with the correct values of inter-state supplies, taxpayers are advised to report the correct values in GSTR-1, GSTR-1A, or IFF. This will ensure the auto-populated values in Table 3.2 of GSTR-3B are accurate and compliant with GST regulations.

FAQs

1. **What are the changes related to reporting supplies in Table 3.2?**

Starting from the April 2025 tax period, the auto-populated values in Table 3.2 of GSTR-3B for inter-state supplies made to unregistered persons, composition taxpayers, and UIN holders will be non-editable, and taxpayers will need to file GSTR-3B with the auto-populated values generated by the system only.

2. **How can I rectify values in Table 3.2 of GSTR-3B if incorrect values have been auto-populated**

after April 2025 period onwards due to incorrect reporting of the same through GSTR-1?

If incorrect values are auto-populated in Table 3.2 after April 2025, taxpayers need to correct the values by making amendments through Form GSTR-1A or through Form GSTR-1/IFF filed for subsequent tax periods.

3. **What should I do to ensure accurate reporting in Table 3.2 of GSTR-3B?**

Taxpayers should ensure that the inter-state supplies are reported correctly in their GSTR-1, GSTR-1A, or IFF. This will ensure that the accurate values are auto-populated in Table 3.2 of GSTR-3B.

4. **Till what time/date can I amend values furnished in GSTR-1 through Form GSTR-1A?**

There is no cut-off date for filing Form GSTR-1A before GSTR-3B, which means Form GSTR-1A can be filed after filing Form GSTR-1 and until the time of filing Form GSTR-3B. Hence, any amendment required in auto-populated values of table 3.2 can be carried out through Form GSTR-1A up to the moment of filing GSTR-3B.

Source: <https://services.gst.gov.in/services/advisoryand-releases/read/594>



Due Diligence regarding receipt of shares subscription amount

As per Section 22 of the Company Secretaries Act, 1980, “*professional and other misconduct*” shall be deemed to include any act or omission provided in any of the Schedules, but nothing in this section shall be construed to limit or abridge in any way the power conferred or duty cast on the Director (Discipline) under sub-section (1) of Section 21 to inquire into the conduct of any member of the Institute under any other circumstances.

Company Secretaries in Practice while undertaking assignments related to incorporation of a company are expected to check and confirm the receipt of shares subscription money in consonance with the Memorandum of Association of the proposed company.

A member of the Institute in practice shall be deemed to be guilty of professional misconduct under Clause (7) of Part I of the Second Schedule to the Company Secretaries Act, 1980, if he does not exercise due diligence, or is grossly negligent in the conduct of his professional duties.

CASE STUDY:

1. A complaint of professional or other misconduct was received against one Practicing Company Secretary (hereinafter referred to as ‘the Respondent’). The Complainant has disputed certification of form INC-20A of one (OPC) private limited company (hereinafter referred to as ‘the company’) by the Respondent and stated that the company is involved in a scam.
2. The Respondent has received Form INC-20A of the company from a Consultancy firm, which was signed digitally by the director of the company. There was an attachment with the signature of the director that the subscription money of Rs.10,000/- was received in cash. The Respondent has further stated that she directly or indirectly does not have any relation or knowledge with respect to the involvement of the said company in the scam.
3. The Complainant stated that on scrutiny of form INC-20A, it is clearly visible that the subscriber has paid only Rs.10,000/- as subscription amount, but in SPICe Form, agreed for Rs.1,00,000/- (10,000 shares @ Rs.10/- each). As mentioned in the attachment to the form Rs.10,000/- was paid in cash, which cannot be treated as valid proof of payment for value of shares.
4. The Respondent denied the allegations and stated that Consultancy firm engaged in providing services related to incorporation of companies as well as compliances under the Companies Act, 2013. The Respondent used to get forms for certification from a Company Secretary working in the said firm and was under belief that it is a CS firm. After receipt of documents relating to the complaint, the Respondent enquired about the said firm and found that it is registered as a private limited company.
5. The Respondent has received the impugned INC 20A from the said consultants, and was informed that the sole subscriber of the company had agreed to subscribe Rs. 10,000/- as subscription money. SPICe form was not sent to the Respondent. The Respondent did not suspect any foul play and believed the information provided by the said Consultants. The Respondent checked the applicable provisions of the Companies Act, 2013 and found that there is no prohibition/restriction for receiving the subscription money in cash. Since under the provisions of the Income Tax, a sum to the extent of Rs.10,000/- is allowed to be paid in cash, so the Respondent was under the Bonafide belief that subscription money upto Rs.10000/- could be paid in cash.
6. The Respondent has certified INC 20A and on the date of certification of the impugned form INC-20A, the Director was shown on MCA website and his Form DIR-12 for resignation was not filed with the Registrar of Companies till that date. On scrutiny of Form DIR-12, it is evident that the said Director digitally signed the form on 3rd June, 2021 and his resignation was effective from 2nd June, 2021.
7. The Complainant reiterated the allegations and stated that on scrutiny of INC 20A of the company it is clearly visible that subscriber has paid Rs.10000/- as subscription amount but as per Spice form agreed to pay Rs.100000/- (10000 shares at Rs.10/- each) and Rs.10000/- was paid in cash which cannot be treated as valid proof of payment for value of shares. The Respondent should have scrutinized the form before certification carefully.
8. The Respondent pleaded not guilty to the charges and stated to have missed verifying the subscription amount from the SPICe form and certified the form under Bonafide belief that the subscription amount is correct.
9. The Disciplinary Committee observed that the Respondent has not verified the subscription amount from Form INC-33 (SPICe+ MoA) which shows that subscriber has agreed to Rs.1,00,000/- (10000 shares at Rs.10/- each), but the company has declared receipt of Rs.10,000/- as subscription money on which the Respondent has relied and certified form INC 20A.
10. The Disciplinary Committee held the Respondent ‘Guilty’ of Professional Misconduct under Clause (7) of Part I of the Second Schedule to the Company Secretaries Act, 1980. After giving an opportunity of being heard to the Respondent, the Disciplinary Committee passed an order of ‘Reprimand’ and Fine of ₹10000/- (Rupees Ten Thousand) under Section 21B (3) of the Company Secretaries Act, 1980.

Irish Corporate Governance Code, 2024

The Irish Corporate Governance Code is applicable to the entities incorporated in Ireland with an equity listing on Euronext Dublin. It is applicable for the financial years commencing on or after 1st January, 2025. Companies that report on a calendar year basis will be expected to comply with the new code for the year ending 31st December 2025.

The Code introduces a set of Principles such as board leadership, independence of directors and remuneration that highlight the importance of good corporate governance for achieving long-term sustainable success.

The Code encompasses provisions that provide detailed guidelines and support the application of the principles. They provide a flexible framework, allowing companies to either comply with the guidelines or explain their alternative approaches. This flexibility ensures that companies can tailor their governance practices to meet their specific circumstances, while still maintaining transparency and accountability.

1. Board Leadership and Company purpose

- A. A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society. The board should ensure that the necessary resources, policies and practices are in place for the company to meet its objectives and measure performance against them.
- B. The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are all aligned. All directors must act with integrity, lead by example and promote the desired culture.
- C. Governance reporting should focus on board decisions and their outcomes in the context of the company's strategy and objectives. Where the board reports on departures from the Code's provisions, it should provide a clear explanation.
- D. In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.
- E. The board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.

2. Division of Responsibilities

- F. The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive relevant, accurate, timely and clear information before the meetings and, where necessary, between meetings so that they can make a knowledgeable and informed contribution to board discussions.
- G. The board should include an appropriate combination of executive and non-executive (and, in particular, independent non-executive) directors, such that no one individual or small group of individuals dominates the board's decision-making. There should be a clear division of responsibilities between the leadership of the board and the executive leadership of the company's business.

- H. All directors should have sufficient time to meet their board responsibilities. Non-executive directors should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.

- I. The board, supported by the Company Secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.

3. Composition, Succession and Evaluation

- J. Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan for the board and senior management should be maintained. Both appointments and succession plans should be based on merit and objective criteria. They should promote diversity, inclusion and equal opportunity.
- K. The board and its committees should have a combination of relevant skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.
- L. Annual evaluation of the board should consider its performance, composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.

4. Audit, Risk and Internal Control

- M. The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements.
- N. The board should present a fair, balanced and understandable assessment of the company's position and prospects.
- O. The board should establish an effective risk management and internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.

5. Remuneration

- P. Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to company purpose and values, and be clearly linked to the successful delivery of the company's long-term strategy.
- Q. A formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration should be established. No director should be involved in deciding their own remuneration outcome.
- R. Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.

Good corporate governance serves as a roadmap for companies to navigate the complex landscape of modern business while upholding the highest standards of integrity, transparency, and accountability. It is essential for the long-term performance, success and sustainability of any organisation.

For details: file:///C:/Users/HP/Downloads/ENX_Irish-Corporate-Governance-Code%202024.pdf



The ICSI has always committed to explore new areas of opportunity for professionals and to undertake initiatives for their capacity building. The increase in maritime trade over the past three years has significantly boosted employment opportunities across the sector. Growth in cargo handling, expansion of port infrastructure, and rising coastal and inland waterway operations have led to the creation of jobs in logistics, shipping, port operations, shipbuilding, and related industries. In order to create more awareness about the maritime sector amongst the professional fraternity, this “Maritime Corner” is published by the ICSI comprising of key terms and developments in the maritime industry. We hope that this initiative will be useful for professionals in exploring areas of interest and professional opportunities in maritime sector.

TERMINOLOGY

COASTAL STATE

A coastal State, though not expressly defined in United Nations Convention on the Law of the Sea (UNCLOS), 1982, refers to a State possessing a coastline, which thereby exercises sovereign rights and jurisdiction over various maritime zones, including the territorial sea (up to 12 NM), exclusive economic zone (up to 200 NM), and the continental shelf, in accordance with the provisions laid out in Parts II, V, and VI of UNCLOS. These rights extend to resource exploration, environmental protection, and regulation of navigation and marine activities.

RIGHT OF INNOCENT PASSAGE

The right of innocent passage, as enshrined under Articles 17 to 19 of the UNCLOS, entitles foreign ships to navigate through the territorial sea of a coastal State without prior

authorization, provided such passage is not prejudicial to the peace, good order, or security of the coastal State.

RIGHT OF TRANSIT PASSAGE

The right of transit passage, mentioned under Articles 37 to 44 of UNCLOS, pertains to the freedom of navigation and overflight through straits used for international navigation, connecting one part of the high seas or exclusive economic zone to another. Transit passage shall be continuous and expeditious, and cannot be impeded by the bordering States, although such States retain the right to regulate for safety and environmental protection under specific conditions.

FREEDOM OF NAVIGATION

Every State, whether coastal or land-locked, has the right to sail ships flying its flag on the high seas. This right is based on the principle of law of the sea known as Freedom of Navigation (FON).

FON ensures that all States, whether coastal or land-locked, enjoy the right to navigate freely beyond the limits of national jurisdiction, without interference by any other State.

FLAG STATE

Flag state is a state where a ship is registered and granted the right to fly its flag. The flag state shall bear international responsibility for any loss or damage to the coastal state resulting from the non-compliance by a warship or other government ship operated for non-commercial purposes with the laws of the coastal state concerning passage through the territorial sea or with the provisions of UNCLOS or other rules of international law.

MARITIME NEWS

VIZHINJAM INTERNATIONAL SEAPORT DEDICATED TO THE NATION

On 2nd May, 2025 Hon'ble Prime Minister Shri Narendra Modi inaugurated the Vizhinjam International Seaport in Kerala, marking a major step in putting the southern state on the global maritime map. Vizhinjam Port, which is strategically important, has been identified as a key priority project that will contribute to strengthening India's position in global trade, enhancing logistics efficiency, and reducing reliance on foreign ports for cargo transshipment. The Vizhinjam International Deepwater Multipurpose Seaport in Kerala is a significant advancement in India's maritime infrastructure. Its natural deep draft of nearly 20 meters and location near one of the world's busiest sea trade routes further strengthen India's position in global trade. The port has already demonstrated its operational capabilities, with trial runs beginning in July 2024 and over 285 vessels docking before its formal inauguration.

Until now, 75 per cent of India's transshipment activities were conducted at foreign ports, resulting in significant revenue loss. According to a Bloomberg report, Vizhinjam port is expected to facilitate the movement of transshipment traffic into India as well as on the major routes between the US, Europe, Africa and East Asia,

The port has been built by Adani Ports and Special Economic Zone Ltd (APSEZ), India's biggest port developer and part of the Adani Group, in partnership with the government under a public-private model. It is designed to accommodate large cargo ships, addressing a critical need. With this new port, Kerala envisioned as a major center for global maritime trade, leading to the creation of thousands of new jobs.

Source: www.economictimes.indiatimes.com

INDIA MARKS 62nd NATIONAL MARITIME DAY

The Ministry of Ports, Shipping and Waterways (MoPSW) celebrated the 62nd National Maritime Day across the country with great enthusiasm and reverence, honouring India's rich maritime heritage and the exceptional contribution of seafarers to the nation's growth and global connectivity.

This year's theme, *"Prosperous Seas – Developed India and Youth for Blue Economy and Green Growth,"* reflected the importance of sustainable growth in the maritime sector and the critical role of youth in driving innovation and environmental stewardship.

The 62nd National Maritime Day not only honoured the legacy of India's maritime pioneers but also reaffirmed the nation's commitment to a greener, more inclusive, and innovation-driven maritime future. National Maritime Day commemorates the historic voyage of 'S.S. Loyalty', the first Indian-owned steamship, which sailed from Mumbai to London on April 5, 1919. This momentous

event marked India's foray into international shipping and laid the foundation for the nation's proud maritime journey.

Week-long celebrations were also held across the maritime sector under the banner of "National Maritime Week", including flag pinning ceremonies for the Hon'ble Prime Minister and Governors of maritime states, blood donation camps, wreath-laying ceremonies to honour fallen seafarers, and national-level seminars on maritime development and the future of the Blue Economy.

On 5th April, 2025 a central event celebrating 62nd National Maritime Day was organised at New Delhi which was graced by the Union Cabinet Minister for Ports, Shipping and Waterways, Shri Sarbananda Sonowal, as the Chief Guest. The event was also attended by the Secretary (Shipping), Joint Secretary (Ports), Directors, and Under Secretaries from the Ministry, reflecting the strong institutional presence and commitment to maritime advancement. Around 510 trainees and faculty members participated in the event.

Source: <https://tinyurl.com/pibrelease>

LOK SABHA PASSES THE COASTAL SHIPPING BILL, 2024

The Lok Sabha passed the Coastal Shipping Bill, 2024, paving the way for a dedicated legal framework for coastal trade as the maritime sector aims to provide an economical, reliable and sustainable mode of transportation as well as to decongests road and rail network. With its manifold forward looking provisions, the bill provides a future ready legal framework while upgrading the outdated provision of earlier legislations like Merchant Shipping Act, 1958.

The Coastal Shipping Bill, 2024 was introduced in Lok Sabha on December 2, 2024 and it was passed on 3rd April, 2025. The proposed bill introduces key provisions for licensing and regulating foreign vessels in India's coasting trade. It mandates the formulation of a National Coastal and Inland Shipping Strategic Plan and establishes a National Database for Coastal Shipping. The bill also regulates foreign vessels chartered by Indian entities and outlines penalties for violations, aligning with the government's push for decriminalising laws. Additionally, it grants the Director General of Shipping authority to seek information, issue directions, and enforce compliance, while empowering the Central Government to provide exemptions and regulatory oversight, ensuring streamlined and efficient coastal shipping operations in India.

The Coastal Shipping Bill, 2024 builds on key reforms, including prioritised berthing, green clearance channels, and GST reduction on bunker fuel. Coastal cargo traffic has surged 119% in the last decade, from 74 million tonnes in 2014-15 to 162 million tonnes in 2023-24, with a target of 230 million tonnes by 2030. The Bill ensures legal clarity, regulatory stability, and investment-friendly policies, strengthening India's maritime security and advancing the vision of Atmanirbhar Bharat.

Source: <https://pib.gov.in/PressReleasePage.aspx?PRID=2118487>

IMO APPROVES NET-ZERO REGULATIONS FOR GLOBAL SHIPPING

The International Maritime Organization (IMO) has achieved another important step towards establishing a legally binding framework to reduce greenhouse gas (GHG) emissions from ships globally, aiming for net-zero emissions close to 2050.

The IMO Net-zero Framework is the first in the world to combine mandatory emissions limits and GHG pricing across the entire industry sector.

Approved by the Marine Environment Protection Committee during its 83rd session held on 7–11 April 2025, the measures include a new fuel standard for ships and a global pricing mechanism for emissions. These measures, set to be formally adopted in October 2025 before entry into force in 2027, will become mandatory for large ocean-going ships over 5,000 gross tonnage, which emit 85% of the total CO₂ emissions from international shipping.

Under the draft regulations, ships will be required to comply with:

1. **Global fuel standard:** Ships must reduce, over time, their annual greenhouse gas fuel intensity (GFI) – that is, how much GHG is emitted for each unit of energy used. This is calculated using a well-to-wake approach.
2. **Global economic measure:** Ships emitting above GFI thresholds will have to acquire remedial units to balance its deficit emissions, while those using zero or near-zero GHG technologies will be eligible for financial rewards.

There will be two levels of compliance with GHG Fuel Intensity targets: a Base Target and a Direct Compliance Target at which ships would be eligible to earn “surplus units”. Ships that emit above the set thresholds can balance their emissions deficit by transferring surplus units from other ships; using surplus units they have already banked; using remedial units acquired through contributions to the IMO Net-Zero Fund.

Source: <https://www.imo.org/en/MediaCentre/PressBriefings/pages/IMO-approves-netzero-regulations.aspx>

REVISED SHIPS ACT TO REVITALIZE U.S. MARITIME INDUSTRY

A bipartisan group of U.S. Senators and Representatives reintroduced the broad “SHIPS for America Act” which is designed to present a comprehensive legislative approach to revitalize the U.S. merchant marine, commercial shipbuilding, and maritime industries. Elements of the legislation, which was introduced originally in December 2024, have also been worked into the Executive Order on shipbuilding signed by Donald Trump earlier in April as well as the U.S. Trade Representative’s

proposed fees on Chinese-built ships calling at U.S. ports.

The Bill calls for 250 U.S. flagged ships within 10 years with the creation of a Strategic Commercial Fleet program. To drive this expansion of U.S. merchant shipping, it requires a portion of U.S. imports from China to be moved on U.S. flagged ships starting in 2030. Key elements of the proposed legislation also call for a White House-based advisor to lead an interagency Maritime Security Board and implement a National Maritime Strategy. Trump incorporated some of these concepts into his order calling for a White House office of shipbuilding.

Financing for the new fleet is addressed by establishing a Maritime Security Fund that would reinvest duties and fees as well as revising the current Title XI Federal Ship Financing Program into a revolving fund. It would also establish a 25 percent investment tax credit for shipbuilding investments. Additional financial incentives would be provided for shipbuilding and ship repair. It calls for the creation of a U.S. Center for Maritime Innovation as well as investments in training and credential programs. It proposed streamlining and modernizing the U.S. Coast Guard credential system and making investments in the U.S. Merchant Marine Academy as well as the state-run maritime academies.

Despite strong support, the bill failed to gain traction and issues became clouded with similar concerns to expand naval shipbuilding and to address a shortage of navy personnel and delays in warship construction. The bill has been revised to address issues and will now be presented in two pieces to the U.S. Senate. One piece is the SHIPS for America Act and the second element is the Building SHIPS in America Act.

Source: <https://www.maritime-executive.com/article/revised-ships-act-introduced-to-revitalize-u-s-merchant-marine>

ANNOUNCEMENT

Introduction of New Elective Paper ‘Advanced Direct Tax Laws and Practice’ under Syllabus 2022

The Council in its 317th Meeting held on April 14, 2025 approved the introduction of new elective paper titled “**Advanced Direct Tax Laws and Practice**” and its Course contents in ICSI Syllabus 2022. Accordingly, the said paper has been added under Elective 1 category as Paper 4.5. The detailed course contents and other details are available at <https://www.icsi.edu/media/webmodules/ICSI%20New%20Syllabus%202022.pdf>

INDIA TO SUBMIT CLIMATE ADAPTATION FRAMEWORK TO UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE (UNFCCC) BY SEPTEMBER, 2025

National Adaptation Plans (NAPs) are country-driven processes designed to reduce vulnerability to climate change and integrate adaptation into policies and programs. They are developed under the Cancun Adaptation Framework (CAF) and guided by the Paris Agreement and the latest climate science.

NAPs are key for developing countries to identify their resilience-building needs and access the necessary funding to implement adaptation action. Climate adaptation means taking action to prepare for and adjust to the current and projected impacts of climate change.

United Nations Framework Convention on Climate Change (UNFCCC) countries that are preparing NAPs voluntarily have been asked to submit those by September, 2025.

UNFCCC has membership of 198 Parties and is the parent treaty of the Paris Agreement & the Kyoto Protocol. The ultimate objective of the convention is to stabilize greenhouse gas concentrations in the atmosphere at a level that will prevent dangerous human interference with the climate system, in a time frame which allows ecosystems to adapt naturally and enables sustainable development.

India will submit its NAP 1.0 to UNFCCC by September, 2025. Being spearheaded by Ministry of Environment, Forest & Climate Change (MoEFCC), the draft on the new plan focuses on 9 thematic areas – agriculture, water resources, health, gender issues, poverty, traditional knowledge, finance, resilient infrastructure and biodiversity & forestry. NAP 2.0 will come after 5 years along with NDC (nationally determined contribution) cycle and it will be refined based on the next assessment report of the Intergovernmental Panel on Climate Change and the outcomes of COP30 which is being termed as “adaptation COP”.

The NAP also aims at facilitating the integration of climate change adaptation with relevant upcoming and existing policies, programmes, development planning processes, and strategies.

Source: https://www.business-standard.com/india-news/india-to-submit-climate-adaptation-framework-to-unfccc-by-september-125042301126_1.html

MINISTRY OF ENVIRONMENT, FOREST, AND CLIMATE CHANGE (MoEFCC) ISSUED DRAFT NOTIFICATION ON “GREENHOUSE GASES EMISSION INTENSITY (GEI) TARGET RULES, 2025”

The MoEFCC has come out with a draft notification on “Greenhouse Gases Emission Intensity (GEI) Target Rules, 2025.” These rules will be finalised after analysing objections or suggestions of stakeholders who are expected to send their comments latest by June 16, 2025. The draft proposal seeks emission cuts through either carbon-credit trading or by setting company-specific emission reduction targets within each sector.

The main objectives of these rules are:

- To contribute to the attainment of the Nationally Determined Contribution by reducing GEI through the reduction or removal or avoidance of greenhouse gases emissions.

- To promote the adoption of sustainable, cutting-edge technologies across traditionally high emission industries, for addressing climate change.

In case an obligated entity fails to comply with GEI target or fails to submit the carbon credit certificates equivalent to the shortfall for compliance, Central Pollution Control Board (CPCB) will impose Environmental Compensation on such obligated entity for the shortfall in the respective compliance year which will be equal to twice of the average price at which carbon credit certificate is traded during the trading cycle of that compliance year. The average price shall be determined by the Bureau of Energy Efficiency (BEE).

Source: <https://moef.gov.in/storage/tender/1745395105.pdf>

MINISTRY OF NEW & RENEWABLE ENERGY (MNRE) LAUNCHED GREEN HYDROGEN CERTIFICATE SCHEME OF INDIA

MNRE launched the Green Hydrogen Certification Scheme of India (GHCI) for creating a framework for certifying green hydrogen production and ensuring transparency, traceability, and market credibility.

GHCI aims to provide a holistic framework for the measurement, monitoring, and certification of Green Hydrogen production in India. It emphasizes transparency, accountability, aligning with national energy transition and climate goals, contributing to the overall success of the National Green Hydrogen Mission.

National Green Hydrogen Mission was launched by MNRE in January, 2023 to facilitate demand creation, production, utilization and export of Green Hydrogen.

Green Hydrogen can replace fossil fuel derived feedstocks in petroleum refining, fertilizer production, steel manufacturing etc. Green Hydrogen can be particularly useful as a versatile energy carrier for meeting energy requirements of remote geographies, including islands, in a sustainable manner.

Source: <https://pib.gov.in/PressReleasePage.aspx?PRID=2125231>

EUROPEAN COMMISSION ROLLS OUT PLAN TO BOOST CIRCULAR AND EFFICIENT PRODUCTS IN THE EUROPEAN UNION

The European Commission has adopted a 2025–2030 work plan under the Ecodesign for Sustainable Products Regulation (ESPR) and Energy Labelling Regulation, setting the stage for sweeping sustainability rules across key product sectors in the EU. The plan provides a list of products that should be prioritised to introduce eco-design requirements and energy labelling over the next five years. The priority products for eco-design and energy labelling requirements are steel and aluminium, textiles (with a focus on apparel), furniture, tyres and mattresses.

In addition, the Commission will introduce horizontal measures to requirements on reparability for products such as consumer electronics and small household appliances. This will include the introduction of a reparability score for products with the most potential, and requirements on recyclability of electrical and electronic equipment.

Future ecodesign and energy labelling requirements for the selected products will cover two elements:

- **product performance**, such as minimum durability, minimum energy and resource-efficiency, availability of spare parts or minimum recycled content;
- and/or **product information**, including key product features such as the products' carbon and environmental footprint.

Ecodesign for Sustainable Products Regulation (ESPR) is the legal framework for setting ecodesign requirements. Together with the Energy Labelling Framework Regulation (ELFR) it facilitates consumer choice and encourages the take-up of more sustainable and energy-efficient products.

Source: https://environment.ec.europa.eu/document/download/5f7ff5e2-eb9-4bd4-a139-db881bd6398f_en?filename=FAQ-UPDATE-4th-Iteration_clean.pdf

ISSB HAS PUBLISHED EXPOSURE DRAFT PROPOSING AMENDMENTS TO IFRS S2 CLIMATE-RELATED DISCLOSURES

International Sustainability Standards Board (ISSB) issued its first two IFRS Sustainability Disclosure Standards—IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures in June, 2023. IFRS S2 sets out the requirements for entities to disclose information about their climate-related risks and opportunities.

The proposed amendments to IFRS S2 aim to provide additional relief and clarify existing relief from specific greenhouse gas emissions disclosure requirements. The comments on the draft amendments have been invited latest by June 27, 2025. The proposed amendments are related to:

- the measurement and disclosure of Scope 3 Category 15 greenhouse gas emissions associated with derivatives and with specific financial activities related to investment banking (facilitated emissions) and insurance and reinsurance underwriting (insurance-associated emissions);
- the use of the Global Industry Classification Standard in applying specific requirements related to the disclosure of information about financed emissions;
- the use of a method for measuring greenhouse gas emissions other than the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004), if a jurisdictional authority or an exchange on which the entity is listed requires the use of a different measurement method for a part of the entity; and
- the use of global warming potential (GWP) values other than the GWP values based on a 100-year time horizon from the latest Intergovernmental Panel on Climate Change assessment available at the reporting date, if a jurisdictional authority or an exchange on which the entity is listed requires the use of different GWP values.

Entities in the financial sector and entities subject to jurisdictional requirements related to the use of specific GWP values or specific greenhouse gas emissions measurement methods are more likely to be affected by the proposed amendments.

Source: <https://www.ifrs.org/content/dam/ifrs/project/amendments-greenhouse-gas-s2/issb-ed-2025-1-greenhouse-gas-s2.pdf>

INTERNATIONAL DAY FOR BIOLOGICAL DIVERSITY 2025 (MAY 22, 2025)

International Day for Biological Diversity (IDB) is a day sanctioned by United Nations General Assembly for the promotion and awareness of biodiversity issues and is held on 22nd May every year:

- to commemorate the adoption of the text of the Convention on Biological Diversity (CBD) on 22 May 1992;
- to provide an opportunity to foster wide support for the implementation of the Convention, its Protocols and related action frameworks.

The theme of IDB 2025 is “**Harmony with nature and sustainable development**”.

Biological diversity not only includes the wide variety of plants, animals and microorganisms, but also includes genetic differences within each species — for example, between varieties of crops and breeds of livestock — and the variety of ecosystems (lakes, forest, deserts, agricultural landscapes) that host multiple kind of interactions among their members (humans, plants, animals).

SDG 15 is about conserving life on land. It is to protect and restore terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and stop biodiversity loss.

However, the world is facing a triple crisis of climate change, pollution and biodiversity loss. Between 2015 and 2019, at least 100 million hectares of healthy and productive land were degraded every year, impacting the lives of 1.3 billion people.

Global and regional efforts to sustain forest ecosystems as well as their social, economic and environmental functions are essential, in particular for developing countries and the tropics.

The specific objectives of the IDB 2025 campaign are:

- to bolster public awareness of the centrality of biodiversity to all life on Earth, including socio-economic challenges such as poverty and inequality that are covered by the full set of SDGs.
- to call for the rapid preparation of National Biodiversity Strategies and Action Plans (NBSAPs) that are (a) aligned with the Kunming-Montreal Global Biodiversity Framework and (b) integrated into National Sustainable Development Strategies guided with the SDGs, leaving no one behind.
- to highlight the importance of seizing synergies at all levels, including through a whole-of-government, whole-of-society implementation, with the UN system bringing its support to national actors through consolidated UN Sustainable Development Cooperation Frameworks reflecting the KMGBF and the SDGs.
- to encourage bolder initiatives by all actors, including the private sector, civil society and the media. These initiatives can range from communicating biodiversity science, advocating for the accelerated implementation of the SDGs and the KMGBF and initiating the required transformations to decouple socio-economic progress from the destruction of nature.

Source: <https://www.cbd.int/biodiversity-day>

GIST OF ROC & RD ADJUDICATION ORDERS

GIST OF ROC ORDERS

1. Adjudication Order for violation of Section 12 of the Companies Act, 2013 in the matter of DIVYAM INFRACON PRIVATE LIMITED

ROC Ahmedabad issued an adjudication order dated 02nd April, 2025 in the matter of Divyam Infracon Private Limited for not filing E- Form ACTIVE and thus violating rule 25A of the Companies (Incorporation) Rules, 2014, read with Section 12(1) of the Companies Act, 2013. The Adjudicating Authority imposed penalty of ₹1,00,000 each upon the company and on three of the Directors in default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=C9D7Ag2dditqL0dfj8IIQQ%253D%253D&-type=open>

2. Adjudication Order for violation of Section 12 of the Companies Act, 2013 in the matter of ECOSPACE COMMODITIES TRADE PRIVATE LIMITED

ROC Delhi issued an adjudication order dated 16th April, 2025 in the matter of Ecospace Commodities Trade Private Limited for not maintaining the Registered Office of the company and thus violating the provisions of Section 12 of the Companies Act, 2013. The Adjudicating Authority imposed penalty of ₹50,000 each upon the company and on three of the Directors for such default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=ydz11BUAYeoDL%252BBdtQT-KQ%253D%253D&-type=open>

3. Adjudication Order for violation of Section 12 of the Companies Act, 2013 in the matter of SHIVNATH HOLDINGS PRIVATE LIMITED

ROC Delhi issued an adjudication order dated 16th April, 2025 in the matter of Shivanth Holdings Private Limited for not mentioning the CIN on letter head of the Company and thus violating the provisions of Section 12(3)C of the Companies Act, 2013. The Adjudicating Authority imposed penalty of ₹2,000 each upon the company and on two of the Directors for such default.

<http://mca.gov.in/bin/dms/getdocument?mds=g2T1aLLqj%252Bufq636Fpjyw%253D%253D&-type=open>

4. Adjudication Order for violation of Section 155 of the Companies Act, 2013 in the matter of PARITOSH CANNING (application filed sou moto)

Mr. Paritosh Canning has filed sou-moto application as he was holding more than two DINs and thus violating the provisions of section 155 of the Companies Act, 2013, after hearing the dispute ROC Kolkata issued adjudication order dated 21st April, 2025 and imposed the penalty of ₹2,19,000 upon Mr. Paritosh Canning for default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=13rBO9VgiuQ8x9h2FHX-v1Q%253D%253D&-type=open>

5. Adjudication Order for violation of Section 90 of the Companies Act, 2013 in the matter of HANKOOK LATEX PRIVATE LIMITED

ROC Ernakulum issued adjudication order dated 21st April, 2025 in the matter of Hankook Latex Private Limited as its two SBOs did not declared their interest in form BEN-1 within timelines and thus violated section 90(4) of the Companies Act, 2013. The Adjudicating Authority imposed penalty of ₹2,00,000 each upon two SBOs for not declaring their interest in form BEN-1.

<http://mca.gov.in/bin/dms/getdocument?mds=8zuR8WLI24k1L6BHuloyYg%253D%253D&-type=open>

6. Adjudication Order for violation of Section 155 of the Companies Act, 2013 in the matter of SANJAY BASU (application filed sou-moto)

Mr. Sanjay Basu has filed sou-moto application as he was holding more than two DINs and thus violating the provisions of section 155 of the Companies Act, 2013, after hearing the dispute ROC Kolkata issued adjudication order dated 22nd April, 2025 and imposed the penalty of ₹2,64,500 upon Mr. Sanjay Basu for default.

<https://www.mca.gov.in/bin/dms/getdocument?mds=8i1LwgzANg%252B6xdCBG4x-s9A%253D%253D&-type=open>

GIST OF RD ORDERS

1. Adjudication Order for violation of Section 12 of the Companies Act, 2013 in the matter of KALINGA TREXIM PRIVATE LIMITED

In the matter of Kalinga Trexim Private Limited the RD (EAST) vide order dated 16th April, 2025 after considering the facts of the case dismissed

the appeal against the RoC order and ordered to pay penalty of ₹4,00,000 as imposed upon the Company and three directors in default for violation of *Section 12* of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=XG5bvne86%252BHhg7KfBeORGw%253D%253D&type=open>

2. Adjudication Order for violation of Section 158 of the Companies Act, 2013 in the matter of KALINGA TREXIM PRIVATE LIMITED

In the matter of Kalinga Trexim Private Limited *the RD (EAST)* vide order dated 16th April, 2025 after considering the facts of the case dismissed the appeal against the RoC order and ordered to pay penalty of ₹5,50,000 imposed upon the Company and three directors in default for violation of *Section 158* of the Companies Act, 2013.

<http://mca.gov.in/bin/dms/getdocument?mds=3iRCvNVOKxZAC30yVEjbtw%253D%253D&type=open>

3. Adjudication Order for violation of Section 143 of the Companies Act, 2013 in the matter of KAUSALYA AVENUES PRIVATE LIMITED

In the matter of Kausalya Avenues Private Limited *the RD (SOUTH EAST)* vide order dated 16th April, 2025 after considering the facts of the case rejected the appeal against the RoC order and ordered to refile the appeal based on the decision of the Hon'ble Supreme Court of India for violation of *Section 143* of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=TwNQYX5V2sSVDJEiR-1F7rQ%253D%253D&type=open>

4. Adjudication Order for violation of Section 143 of the Companies Act, 2013 in the matter of NALGONDA REALTORS PRIVATE LIMITED

In the matter of Nalgonda Realtors Private Limited *the RD (SOUTH EAST)* vide order dated 16th April, 2025 after considering the facts of the case rejected the appeal against the RoC order and ordered to refile the appeal based on the decision of the Hon'ble Supreme Court of India for violation of *Section 143* of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=EG%252BxP6VSlpn1vmTD9FqbY-w%253D%253D&type=open>

5. Adjudication Order for violation of Section 143 of the Companies Act, 2013 in the matter KAUSALYA INFRA PROJECTS PRIVATE LIMITED (Kausalya Shelters Pvt Ltd)

In the matter of Kausalya Infra Projects Private Limited *the RD (SOUTH EAST)* vide order dated 16th April, 2025 after considering the facts of the case rejected the appeal against the RoC order and ordered to refile the appeal based on the decision of the Hon'ble Supreme Court of India for violation of *Section 143* of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=Ih3ZRGqrV0Fz5bAwSB4x-qg%253D%253D&type=open>

6. Adjudication Order for violation of Section 143 of the Companies Act, 2013 in the matter of KAPIL PROPERTY DEVELOPERS LIMITED

In the matter of Kapil Property Developers Limited *the RD (SOUTH EAST)* vide order dated 16th April, 2025 after considering the facts of the case rejected the appeal against the RoC order and ordered to refile the appeal based on the decision of the Hon'ble Supreme Court of India for violation of *Section 143* of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=pLUQ7MCzaWThceC139fE-EQ%253D%253D&type=open>

7. Adjudication Order for violation of Section 143 of the Companies Act, 2013 in the matter of INDUR AVENUES PRIVATE LIMITED

In the matter of Indur Avenues Private Limited *the RD (SOUTH EAST)* vide order dated 16th April, 2025 after considering the facts of the case rejected the appeal against the RoC order and ordered to refile the appeal based on the decision of the Hon'ble Supreme Court of India for violation of *Section 143* of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=%252BvyQ%252F0dIKqGcKklD1dt-bhw%253D%253D&type=open>

8. Adjudication Order for violation of Section 143 of the Companies Act, 2013 in the matter of KAUSALYA MANAGEMENT SERVICES AND STRUCTURES PRIVATE LIMITED

In the matter of Kausalya Management Services and Structures Private Limited *the RD (SOUTH EAST)* vide order dated 16th April, 2025 after considering the facts of the case rejected the appeal against the

RoC order and ordered to refile the appeal based on the decision of the Hon'ble Supreme Court of India for violation of *Section 143* of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=d9OcWaem0m6KkvM15fbwf-w%253D%253D&type=open>

9. Adjudication Order for violation of Section 143 of the Companies Act, 2013 in the matter of KAUSALYA AGRO FARMS AND DEVELOPERS PRIVATE LIMITED

In the matter of Kausalya Agro Farms and Developers Private Limited *the RD (SOUTHEAST)* vide order dated 16th April, 2025 after considering the facts of the case rejected the appeal against the RoC order and ordered to refile the appeal based on the decision of the Hon'ble Supreme Court of India for violation of *Section 143* of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=OuZGotojvyS%252FztrsA30W-TQ%253D%253D&type=open>

10. Adjudication Order for violation of Section 143 of the Companies Act, 2013 in the matter of KAPIL FOODS AND STRUCTURES PRIVATE LIMITED

In the matter of Kapil Foods and Structures Private Limited *the RD (SOUTH EAST)* vide order dated 16th April, 2025 after considering the facts of the case rejected the appeal against the RoC order and ordered to refile the appeal based on the decision of the Hon'ble Supreme Court of India for violation of *Section 143* of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=VxlT%252BaTZefBxqyR%252FwKK-wtQ%253D%253D&type=open>

11. Adjudication Order for violation of Section 143 of the Companies Act, 2013 in the matter of UJWALA DEVELOPERS PRIVATE LIMITED

In the matter of Ujwala Developers Private Limited *the RD (SOUTH EAST)* vide order dated 16th April, 2025 after considering the facts of the case rejected the appeal against the RoC order and ordered to refile the appeal based on the decision of the Hon'ble Supreme Court of India for violation of *Section 143* of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=b7THwBijnITvYw01TP6Ha-Q%253D%253D&type=open>

12. Adjudication Order for violation of Section 143 of the Companies Act, 2013 in the matter of PREETHI VILLAS PRIVATE LIMITED

In the matter of Preethi Villas Private Limited *the RD (SOUTH EAST)* vide order dated 16th April, 2025 after considering the facts of the case rejected the appeal against the RoC order and ordered to refile the appeal based on the decision of the Hon'ble Supreme Court of India for violation of *Section 143* of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=utoWGYYkC5bjgfxPCkDq9A-w%253D%253D&type=open>

13. Adjudication Order for violation of Section 143 of the Companies Act, 2013 in the matter of DAKSHIN INFRASTRUCTURES PRIVATE LIMITED

In the matter of Dakshin Infrastructure Private Limited *the RD (SOUTH EAST)* vide order dated 16th April, 2025 after considering the facts of the case rejected the appeal against the RoC order and ordered to refile the appeal based on the decision of the Hon'ble Supreme Court of India for violation of *Section 143* of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=IbEOEl1valsbHrIZJF9mg%253D%253D&type=open>

14. Adjudication Order for violation of Section 203 of the Companies Act, 2013 in the matter of SUTARA ROADS & INFRA LIMITED

In the matter of Sutara Roads & Infra Limited *the RD (SOUTH EAST)* vide order dated 04th April, 2024 after considering the facts of the case *Reduced* the quantum of penalty amount of the RoC order to ₹5,00,000 upon the Company and three of the directors in default for violation of *section 203* of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=ZOGsF1v%252Bf%252BH8KmsV6uruo-Q%253D%253D&type=open>

15. Adjudication Order for violation of Section 155 of the Companies Act, 2013 in the matter of MR. KRISHNA AGARWAL

In the matter of Krishna Agarwal *the RD (SOUTH EAST)* vide order dated 16th April, 2024 after considering the facts of the case dismissed the appeal against the RoC order and ordered to pay penalty ₹2,21,500 for violation of *section 155* of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=YnNTHWitFss2mZgwp0c-Q%253D%253D&type=open>



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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.

National/International Reports: Analysis

A new Section on 'National/International Reports: Analysis' from the March 2025 covering reports on the recent policy initiatives and insights at National and International level is introduced. The purpose is to communicate information amongst professionals on various reports released by National/International organisations, having an impact on the profession.



CASE STUDY

IN THE SUPREME COURT OF INDIA

CIVIL APPELLATE JURISDICTION

CIVIL APPEAL NO.of

BSNAppellant

vs.

WIL Ltd. Respondent

Brief Facts:

- 1) An arbitral award was passed against the appellant under the provisions of the Arbitration Act on 24.08.2016. As per Section 34(3) of the Arbitration Act, 90 days are prescribed for preferring an application under Section 34 of the Arbitration Act against the arbitral award. However, the said period was extendable by a further period of 30 days in terms of the proviso to Section 34(3) of the Act, 2016. In the present case, the period of 90 days prescribed under Section 34(3) of the Arbitration Act expired on 24.11.2016. The appellant was entitled to a further extended period of 30 days from 23.11.2016 onwards in terms of the proviso to Section 34(3) which was upto 24.12.2016.
- 2) The trial Courts were closed on account of winter / Christmas vacations from 19.12.2016 to 01.01.2017. However, it so happened that extendable / condonable period of 30 days as contemplated in the proviso to Section 34(3) expired on 24.12.2016 on which day the trial Court was closed on account of winter / Christmas vacation. The appellant herein filed the application under Section 34 of the Arbitration Act, challenging the award passed by the Arbitral Tribunal. The appellant also filed IA No.1 for condonation of delay.
- 3) The petitioner - appellant had filed the application under Section 34 on the very day when the Court reopened.
- 4) Both, Section 34 application as well as the application for condonation of delay were filed on the reopening day i.e. on 02.01.2017. As the application under Section 34 of the Arbitration Act was beyond the prescribed period provided under Section 34 of the Arbitration Act as well as beyond the condonable period of 30 days, the learned trial Court dismissed the IA No.1 and refused to condone the delay by observing that the period beyond 120 days is not condonable as under the Arbitration Act, maximum period provided for preferring an application under Section 34 is 120 days.
- 5) In the affidavit filed by the appellant before the High Court, filed in support of IA No.1, the appellant as such admitted that it received the copy of the award on 24.08.2016. However, according to the appellant, the said award was misplaced and thereafter obtained a fresh copy on 29.12.2016. The learned trial Court observed that in that view of the matter, the period of limitation would commence from 24.08.2016 and 120 days are to be counted from 24.08.2016.

- 6) Feeling aggrieved and dissatisfied with the order passed by the learned trial Court refusing to condone the delay in preferring application under Section 34 of the Arbitration Act, the appellant herein preferred an appeal before the High Court.
- 7) Before the High Court, Section 4 of the Limitation Act, 1963 and Section 10 of the General Clauses Act, 1897 were pressed into service. By the impugned judgment and order, the High Court has dismissed the said appeal by observing that the expression “prescribed period” appearing in Section 4 of the Limitation Act cannot be construed to mean anything other than the period of limitation and therefore, any period beyond the prescribed period, during which the Court or Tribunal has the discretion to allow a person to institute the proceeding, cannot be taken to be “prescribed period”.
- 8) Feeling aggrieved and dissatisfied with the impugned judgment and order passed by the High Court, the original applicant has preferred the present appeal.

Contentions on behalf of the appellant

Section 34(3) of the Arbitration Act specifies that the limitation period for filing an application for setting aside the arbitral award under Section 34 is three months from the date on which the party making application has received the award. However, if the Court is satisfied that the applicant was prevented by sufficient cause from making the application within the said period of three months, the proviso to the Section specifies a further period of 30 days within which the application under Section 34 may be filed/entertained.

Although the same general principle of “elementary justice” is embodied in both Sections of the two Acts, there is a crucial distinction between the Limitation Act, 1963 and the General Clauses Act, 1897.

Section 2(j) of the Limitation Act defines “period of limitation”. It is submitted that thus, while the term “prescribed period” has a narrower meaning in the context of Limitation Act, there is no such restrictive definition clause in the General Clauses Act. It is submitted that in fact, the scheme of Section 10 of the General Clauses Act is clear from a bare perusal of the provision and indicates that there are two prescribed periods in this Section viz. (1) the prescribed period within which something is directed to be done, or (2) the prescribed period within which something is allowed to be done.

It is submitted that therefore, reading of Section 10 of the General Clauses Act, 1897 makes it clear that the period in which something is allowed to be done, such as 30 days condonable period provided by proviso to Section 34(3) of the Arbitration Act is also a prescribed period within the meaning of the General Clauses Act, 1897.

Contentions on behalf of the respondent

The High Court has upheld the order of trial Court that the petition under Section 34 of the Arbitration Act was not maintainable for being beyond the “prescribed period” under Section 34(3) of the Arbitration Act.

Section 4 of the Limitation Act shall not be applicable to the 30 days’ discretionary condonable period contemplated under proviso to Section 34(3) of the Arbitration Act.

An application under Section 34(1) of the Arbitration Act challenging an arbitral award may not be made after a period of three months from the date on which the party making the application had received the arbitral award. The proviso to Section 34(3) gives limited powers to the Court, on sufficient cause being shown, to condone delay in filing the application under Section 34(1) only for a maximum period of 30 days, but not thereafter.

Section 4 of the Limitation Act is only applicable when the last date of the “prescribed period” falls on a day on which the Court is closed. It is submitted that the term, “prescribed period” is defined in Section 2(j) of the Limitation Act as being the period of limitation computed in accordance with the provisions of the Limitation Act.

On the basis of above arguments decide the following:

- (1) *Whether the benefit of Section 4 of the Limitation Act, 1963 is available to a party when the “prescribed period” of 3 months for filing a petition under Section 34(3) of the Arbitration Act has already expired and the discretionary period of 30 days under the proviso to Section 34(3) falls on a day when the Court is closed?*
- (2) *When the last day of condonable period of 30 days falls on a holiday or during a court vacation, would the benefit of Section 10 of the General Clauses Act, 1897 be available to the appellant separately in such circumstances?*

Disclaimer: The case study has been framed from the facts and figures available in the public domain with some modifications/assumptions so as to enable members to apply their professional skills to answer the same and hide the identity of the case. Author is not to be held liable for any resemblance of the facts and figures with any case.

Winner of Case Study – April 2025

CS Shalini Iyengar
ACS-75431

BEST ANSWER - CASE STUDY - APRIL, 2025

INTRODUCTION:

The case of A.M.N. LIMITED vs. SEBI revolves around the interpretation of voting restrictions on related parties during the rescission of a previously approved related party transaction (RPT). This analysis examines the legal framework under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR), contextualized through judicial precedents and regulatory objectives.

1. REGULATORY FRAMEWORK :

1.1 Section 188 of the Companies Act, 2013

Section 188 prohibits related parties from voting on resolutions approving contracts or arrangements in which they are interested. The provision states:

"No member of the company shall vote on such resolution to approve any contract or arrangement which may be entered into by the company, if such member is a related party."

The key phrase—"to approve any contract or arrangement"—limits the voting prohibition to resolutions that authorize new RPTs. It does not explicitly bar related parties from voting on resolutions to rescind or amend existing RPT.

The provision aims to prevent conflicts of interest by ensuring disinterested shareholders independently assess RPTs. Exceptions include transactions in the **ordinary course of business** or conducted at **arm's length**.

1.2 Regulation 23 of SEBI LODR Regulations

Similarly, Regulation 23(4) of SEBI LODR Regulations provides that:

"All material related party transactions shall require approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not."

Thus, Regulation 23 mandates:

- Prior audit committee approval for RPTs.
- Shareholder approval for material RPTs (transactions exceeding 5% of annual turnover or 10% of net worth).
- Abstention by related parties during shareholder voting on RPT approvals.

2. FACTUAL BACKGROUND OF THE CASE, KEY EVENTS AND CONFLICTING INTERPRETATIONS

1. **2014 Resolution:** A.M.N. Limited sought shareholder approval for an RPT with NR Private Limited. Related parties abstained from voting, and the resolution passed.

2. **2016 EGM:** The company convened an Extraordinary General Meeting (EGM) to rescind the 2014 resolution. Related parties participated in the vote, leading SEBI to impose a penalty of ₹35 lakhs for violating Regulation 23.
3. **SEBI's Position:** SEBI argued that Regulation 23's voting prohibition applies to **all resolutions involving RPTs**, including those rescinding prior approvals. The regulator contended that allowing related parties to vote on rescission could enable them to manipulate corporate decisions retroactively.
4. **SAT's Reasoning:** The SAT overturned SEBI's penalty, holding that:
 - a) Section 188's voting bar applies **only when approving RPTs**, not when rescinding them.
 - b) Rescission resolutions do not involve "entering into" a transaction, which is the explicit focus of Section 188.
 - c) SEBI's interpretation was "hyper-technical" and failed to demonstrate any **ill intent or harm to shareholders**.

3. JUDICIAL PRECEDENT: RT EXPORTS CASE:

In SEBI vs. RT Agro (2022), the Supreme Court upheld the Securities Appellate Tribunal's (SAT) ruling that:

"The bar on voting under Section 188 applies only during the approval of an RPT, not its rescission."

Key Observations from RT Agro Judgment

- **Literal Interpretation:** Section 188 and Regulation 23(7) explicitly prohibit voting only when a resolution approves an RPT. Rescission does not fall under "approval".
- **Legislative Intent:** The law aims to prevent conflicts of interest during the inception of RPTs. Rescinding a transaction does not create new conflicts but rectifies existing ones.
- **Absence of Explicit Prohibition:** Neither the Companies Act nor SEBI LODR prohibits related parties from voting on resolutions to terminate RPTs.

4. ANALYSIS APPLICATION TO A.M.N. LIMITED CASE

4.1 Analysis of Rescission Resolution (16.12.2016)

- **Initial Approval (15.07.2014):** Related parties rightfully abstained, complying with Section 188 and Regulation 23.
- **Rescission Resolution (16.12.2016):** Since the resolution aimed to terminate the RPT, the voting bar did not apply. SAT correctly held that related parties were permitted to vote.

4.2 SEBI's Misplaced Reliance on Regulation 23

SEBI's penalty of ₹35 lakhs assumed that Regulation 23's abstention rule applies to all RPT-related resolutions. However, the regulation's text and judicial precedents restrict its scope to approvals, not rescissions.

5. SUPREME COURT'S LIKELY DECISION

The Supreme Court will likely dismiss SEBI's appeal, affirming that:

- **Legal Text:** The phrase “entering into a contract or arrangement” in Section 188 does not encompass rescission.
- **Regulatory Intent:** The objective of preventing conflicts of interest is satisfied if related parties abstain during the **initial approval**.
- **Investor Protection:** No shareholder harm was alleged, and the rescission did not alter the transaction's material terms.
- The statutory language of Section 188 and Regulation 23 is limited to resolutions **approving RPTs**.
- Rescission votes do not compromise the integrity of shareholder oversight, as the original transaction was approved without related party influence.
- Penalizing companies without evidence of malafide intent undermines procedural fairness.

6. IMPLICATIONS FOR INVESTORS

A. POSITIVE IMPLICATIONS

- i) **Clarity in Governance/voting rights:**
 - The judgment reinforces that related parties cannot influence new RPTs but may participate in decisions to undo harmful transactions. This balances investor protection with operational flexibility.
 - The ruling would clarify that rescission votes fall outside the scope of RPT regulations, reducing ambiguity for companies.
 - Investors benefit from a clear distinction between approval and rescission of RPTs. This prevents ambiguity in corporate governance. Example: If a transaction is later deemed unfavorable, shareholders (including related parties) can vote to rescind it without legal hurdles.
- ii) **Preventing Overreach:** Curbing SEBI's “hyper-technical” penalties protects companies from excessive litigation where no harm is proven.
- iii) **Protection During Initial Approval:** The requirement for related parties to abstain during the initial approval ensures fairness and prevents conflicts of interest. Example: In the 2014 resolution, related parties' exclusion guaranteed unbiased shareholder approval.

B. POTENTIAL CONCERNS

- A. **Loophole Risks:** Related parties could theoretically approve unfavorable RPTs and later rescind them to avoid scrutiny. However, such behavior would violate fiduciary duties and attract liability under other provisions (e.g., Section 166 of the Companies Act). Example: If a related party later regrets a transaction, they might push for its reversal, undermining prior shareholder consensus. However, this is mitigated by the requirement for **disinterested shareholder approval** at the initial stage.
- B. **Investor Vigilance:** Investors must scrutinize EGMs to ensure rescission votes are not abused. While the verdict upholds procedural fairness, investors must monitor post-approval actions (e.g., rescission) to ensure they align with company interests. Example: Minority shareholders should scrutinize EGMs proposing rescission to prevent misuse by related parties.
- C. **Regulatory Gap:** Current laws do not address rescission explicitly, creating a potential gap in investor protection. Example: SEBI's penalty aimed to fill this gap, but courts ruled it beyond regulatory authority.
- D. **Judicial Precedent:** The Supreme Court's focus on substance over form (e.g., absence of fraud) reassures investors that genuine transactions won't be penalized on technical ground.

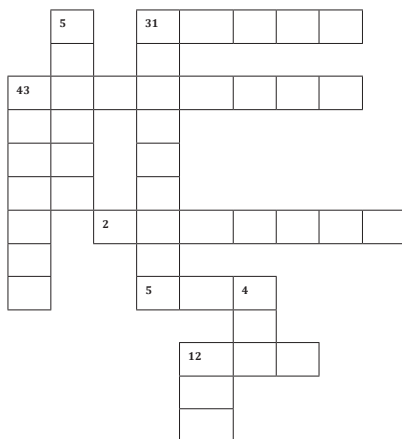
Recommendation for Investors:

- Scrutinize RPT approvals for compliance with audit committee and shareholder voting rules.
- Use tools like class-action suits (Section 245, Companies Act) to challenge RPTs that harm minority interests.

CONCLUSION

The Supreme Court's decision aligns with the statutory intent of Section 188 and Regulation 23, which aim to prevent conflicts of interest during transaction approval. While this safeguards initial fairness, investors must remain vigilant about post-approval actions like rescission. This approach balances regulatory oversight with corporate autonomy, ensuring that penalties are reserved for cases of demonstrable misconduct. For investors, the ruling underscores the importance of vigilance in monitoring RPT approvals while affirming that procedural technicalities should not override substantive fairness. The ruling also underscores the need for precise regulatory language to address gaps while balancing corporate governance and investor protection. This case underscores the importance of literal interpretation in corporate law and the need for SEBI to align enforcement with legislative intent. His analysis integrates principles from judicial precedents, SEBI regulations, and corporate governance frameworks.

CROSSWORD PUZZLE – COMPANY LAW - MAY 2025



ACROSS

- Under the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, the book value of all assets sold during corporate insolvency resolution process period in aggregate under Regulation 29(1) shall not exceed _____ percent of the total claims admitted by the interim resolution professional.
- Under the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017, the details of order of Dissolution shall be filed in _____. On or before the 14th day of passing of the order for dissolution of the corporate person, or withdrawal / suspension of the voluntary liquidation process.
- Under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, In case of any change or appointment of a new share transfer agent, the listed entity shall intimate such appointment, to the stock exchange(s) within _____ days of entering into the a tripartite agreement between the existing share transfer agent, the new share transfer agent and the listed entity.
- Under Companies Act, 2013, a person who or whose relative or partner is indebted to the company or its subsidiary or its holding or associate company or a subsidiary of such holding company, in excess of rupees _____ shall not be eligible for appointment as an auditor of a company.
- Under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, The issuer shall, within _____ days of filing the draft offer document with the Board, make a public announcement in one English national daily newspaper with wide circulation, one Hindi national daily newspaper with wide circulation and one regional language newspaper with wide circulation at the place where the registered office of the issuer is situated, disclosing the fact of filing of the draft offer document with the Board and inviting the public to provide their comments to the Board, the issuer or the lead manager(s) in respect of the disclosures made in the draft offer documents.

DOWNWARDS

- Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, where the amount payable as dividend exceeds one thousand and five hundred rupees, the 'payable at par' warrants or cheques shall be sent by _____.
- Under the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, The interim resolution professional shall apply to the Adjudicating Authority for appointment of the authorised representatives selected under sub-regulation 16A(1) within _____ days of the verification of claims received under sub-regulation (1) of regulation 12.
- Under Companies Act, 2013, In the event of inadequacy or absence of profits in any year, a company may declare dividend out of free reserves subject to the fulfillment of the one of the condition that the balance of reserves after such withdrawal shall not fall below _____ per cent of its paid up share capital as appearing in the latest audited financial statement.
- Under the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016, an insolvency professional shall pay to the Board, a fee calculated at the rate of _____ per cent of the professional fee earned for the services rendered by it as an insolvency professional in the preceding financial year, on or before the 30th of April every year, along with a statement in Form E of the Second Schedule.
- Under the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017, The liquidator shall distribute the proceeds from realization within _____ days from the receipt of the amount to the stakeholders.

Winners - Crossword April 2025

1ST

CS Archie Hitesh Shah ACS-61555

2NDCS Chandra Sekhara Reddy
Gudibandi ACS-547973RDCS Mariappanadar Govindarajan
FCS-8533

Crossword Puzzle – April 2025 Answers

ACROSS

- ONE
- FORM MBP 2
- ONE HUNDRED AND TWENTY
- ONE LAKH
- ONE HUNDRED

DOWNWARDS

- ONE CRORE
- THREE LAKHS
- SIXTY-SIX
- EQUAL
- SEVEN

NATIONAL/INTERNATIONAL REPORTS: ANALYSIS

TITLE: INDIA COUNTRY ECONOMIC MEMORANDUM: BECOMING A HIGH-INCOME ECONOMY IN A GENERATION

Organisation: The World Bank

Month/Year of Release: March 2025

Source: <https://thedocs.worldbank.org/en/doc/400139d320ead96a0ec624d3608d9b56-0310012025/india-country-economic-memorandum-becoming-a-high-income-economy-in-a-generation>. (Please refer the link for complete report)

INTRODUCTION

From the year 2000 till today, in real terms, the Indian economy has grown nearly four-fold, and **Gross Domestic Product (GDP) per capita** has almost tripled. Because India grew faster than the rest of the world, its share in the global economy has doubled from 1.6 percent in the year 2000 to 3.4 percent in the year 2023 and India has become the world's fifth largest economy. This remarkable development story also includes a steep decline in extreme poverty, and massive expansion of service delivery and essential infrastructure. Building on these achievements, India has set the ambitious goal of becoming a high income country by 2047.

In recent years, the Government has introduced a host of structural reforms to transform India into a global manufacturing hub, to boost infrastructure, improve human capital, and leverage digitization, while at the same time bolstering macroeconomic stability. India became a **Low Middle-Income Country¹ (LMIC)** in 2007-08 and is currently on track to become an Upper Middle-Income Country (UMIC) by 2032. Over the two decades prior to the pandemic, India grew at an annual average rate of 6.7 percent, faster than all other large economies,² except China. However, for India to become a **High-Income Country (HIC)** by 2047³, its **Gross National Income (GNI) per capita⁴** would have to increase by nearly 8 times over the current levels; growth would have to accelerate further and remain high over the next two decades, a feat that few countries have achieved. To meet this target, given the less conducive external environment, India would need to not only maintain ongoing initiatives but in fact expand and intensify reforms. This report outlines what it would take to realize the vision of High-Income India.

¹ The World Bank defines UMIC as nominal Gross National Income (GNI) per capita between USD 4,516 and USD 14,005 (2023) as per the Atlas method.

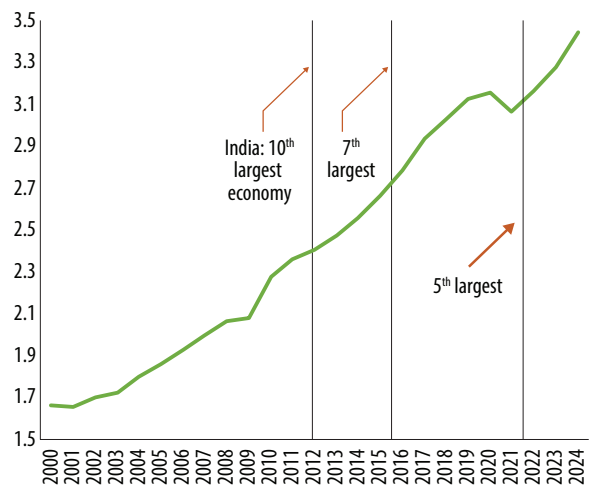
² China, Vietnam, Philippines, and Bangladesh were selected as India's peers due to their similar level of development in 2000, large population (over 50 million), and sustained high rate of growth (average growth rate of at least 6 percent in the last 20 years). The report draws comparison to Asian high-growth economies identified by the Growth Commission and the group of MICs transitioning to higher income status (based on the World Bank classification). Asian peers include China (1961-2005), Indonesia (1966-1997), Republic of Korea (1960-2001), Singapore (1967-2002), and Thailand (1960-97). Throughout the Report, based on the context and data availability, India is compared to other emerging market economies like Argentina, Brazil, Indonesia, Malaysia, Mexico, and Poland.

³ By World Bank standards this implies reaching gross national income per capita (Atlas GNI per capita) of around US\$20,000 by 2047. The projections for 2024-47 are based on the LTGM tool. The cut off for income classification is assumed to grow at an annual rate of 1.5 percent from 2022 (the average growth observed over the past two decades).

⁴ India's Atlas GNI per capita was US\$2,540 in 2023.

a) India's Growth Trajectory

Figure 1.1: India's share in world GDP (percent)



Source: WDI, 2024, and Ministry of Statistics and Programme Implementation (MOSPI). World Bank (WB) staff calculations. Figure 1.1 shows the size of the economy in nominal terms.

Over FY2000-19, India grew at an annual average growth rate of 6.7 percent and transitioned from low- to lower middle-income country (LMIC) status in 2008. The share of the Indian economy in the global total doubled between 2000 and 2023 (Figure 1.1).

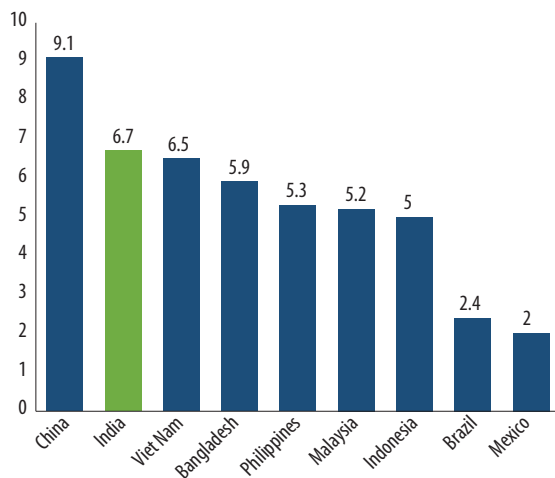
India's growth has been driven by the services sector, particularly skill-intensive services, despite being relatively abundant in low-skilled labour. Over the period from 2000-19, on an average, services contributed to over half of total growth (around 3.8 percentage points), while agriculture's contribution was modest, and that of industry declined from an annual average of 2.3 percentage points during 2000-10 to 1.9 percentage points over 2011-19.

Table 1: Real GDP Growth in India vis-à-vis other emerging economies (Average 2000-2019)

Countries	Real GDP %	Countries	Real GDP %	Countries	Real GDP %
China	9.1	Indonesia	5	Bangladesh	5.9
India	6.7	Brazil	2.4	Philippines	5.3
Vietnam	6.5	Mexico	2	Malaysia	5.2

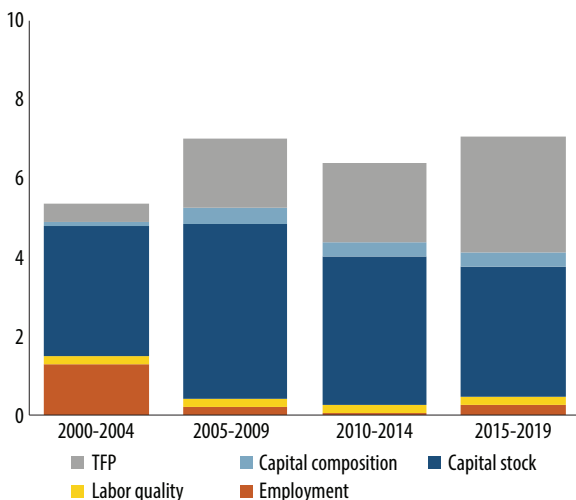
Figure 1.2: Real GDP Growth in India vis-a vis other emerging economies (Average 2000-19, percent)

India has been among the fastest-growing major emerging economies in recent years but below China (9.1 percent) (Figure 1.2)



Source: WDI, WB staff calculations. For India, the year 2000 refers to the fiscal year 1999-2000.

Figure 1.3: Contribution to India's Growth (percentage points)



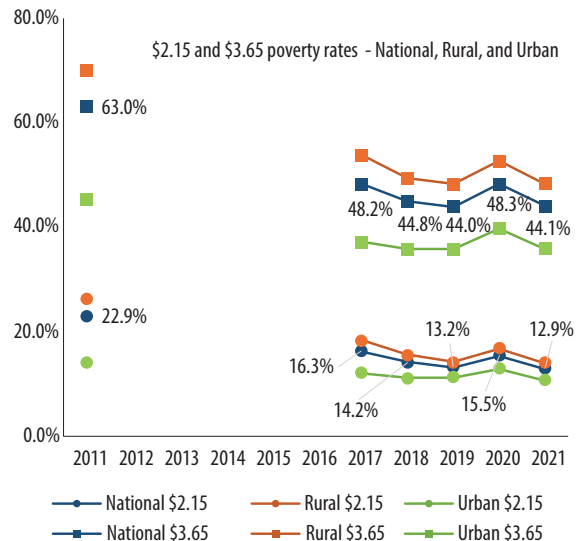
Source: India KLEMS and WB staff calculations.

Note: Figure 1.6 uses the national accounts series with 2011-12 base.

In the wake of a balance-of-payments crisis in 1991, India adopted wide-ranging reforms of industrial and trade policies. The contribution of total factor productivity (TFP) increased substantially from 2005 onwards, reaching almost 3 percentage points over 2015-19 (Figure 1.3). The regulatory changes of the early 2000s, coupled with substantial investments in infrastructure, helped raise the investment rate from 27.5 percent of GDP in 2000 to 35.8 percent in 2008⁵. (Figure 1.3) uses the national accounts series with a 2011-12 base.

⁵ Private investment increased significantly from the early 1990s up to the GFC but has weakened in the following period up until the pandemic.

Figure 1.4: Monetary Poverty Rates in India



Source: WB Staff calculations using the survey-to-survey multiple imputation methodology of Roy and Van der Weide (2022), please refer to footnote 6.

The Monetary Poverty rate in India declined significantly over the past decade. In the absence of official data until very recently, estimates of poverty rates in India (as per international poverty lines) were based on data from non-official surveys. Estimates based on Consumer Pyramids Household Survey (CPHS) data, adjusted to improve the national and state level representativeness and ensure comparability with the National Sample Survey (NSS)⁶, suggested the extreme poverty rate (PPP \$2.15) declined from 22.9 percent in 2011 to 12.9 percent in 2021, driven by a decline in rural areas (Figure 1.4)⁷. The corresponding fall in the lower-middle-income-country poverty line (PPP \$3.65) is 19 percentage points. The COVID-19 pandemic is estimated to have increased Low Middle-Income Country (LMIC) poverty by 4 percentage points in 2020 to 48 percent, although in 2021, Low Middle-Income Country (LMIC) poverty declined to 44 percent, the same as the pre-pandemic level. With the release of new official surveys for 2022-23 and 2023-24, poverty estimates will shift from a uniform recall period to the mixed modified recall period, leading to a revision of the series.

b) Major Reforms in India

- The National Manufacturing Policy (NMP) 2011 aims to improve the contribution of the manufacturing sector to the GDP and make India self-reliant. Various initiatives such as 'Make in India', including 'Invest India' and 'Startup-India' Production linked incentive scheme, boost in the Union Budget from last 7 years, the PM Gatishakti and National Logistics Policy (NLP) are undertaken to better plan and promote the manufacturing sector and infrastructure projects

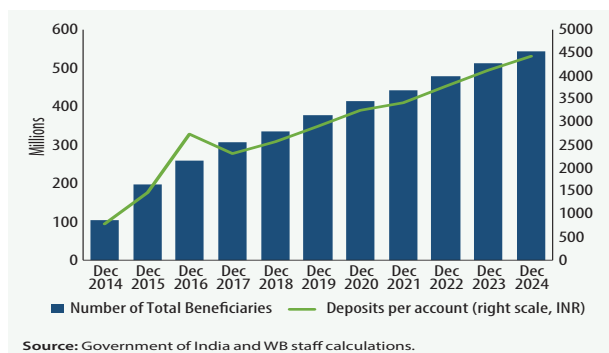
⁶ Poverty rates are estimated using survey-to-survey multiple imputation methodology as per Roy and Van der Weide (2022) Approach 1 applied on uniform recall period series from consumer expenditure survey (2011-12) and 2017-21 data from Consumer Pyramids Household Surveys (CPHS), Periodic Labour Force Surveys (PLFS), and National Family Health Survey (NFHS-5). The break in the series indicates that the two time periods are not perfectly comparable.

⁷ The World Bank defines the extreme poverty line at \$2.15 a day, the lower-middle-income country (LMIC) or moderate poverty line at \$3.65 a day, and the upper-middle-income country (HMIC) poverty line at \$6.85 a day in 2017 PPP.

for expansion of industrial and basic infrastructure facilities. The Asset Monetisation Plan was launched in 2021. These interventions have led to an improvement in the country's logistics performance. India's ranking in the World Bank Logistics Performance Index (LPI) improved to 38th in 2023 from 44th in 2018, but it remains lower than the rank of 35 achieved in 2016.

- To encourage digitisation, GOI introduced Jan-Dhan-Aadhar-Mobile (JAM) trinity, India has prepared the basis for widespread adoption of a variety of digital technologies to facilitate financial inclusion and public service delivery. Pradhan Mantri Gramin Digital Saksharta Abhiyan (PMGDISHA), is a scheme to enhance the digital literacy of citizens with a focus on rural areas. The annual number of digital transactions per capita has increased from 2.4 in 2014 to 22.4 in 2019. Indiastack, the national portfolio of digital public services that includes the Unified Payments Interface (UPI), Digilocker, Aadhar, and the Government e-marketplace, is attracting global attention for the variety of public service solutions provided through a single platform.
- The monetary policy framework was reformed to focus on price stability. The RBI adopted flexible inflation targeting with the CPI (combined) as the nominal anchor. The target for inflation was set at 4 percent with a band of (+/-) 2 percent. With the adoption of inflation targeting, the Monetary Policy Committee (MPC) was set-up to pursue the inflation target.
- The Insolvency and Bankruptcy Code (IBC) Act was introduced in 2016 to strengthen the management of financial stress.
- The Government also undertook various steps to improve risk management systems in banks to stem the flow of new NPAs. Several measures have been undertaken to strengthen financial sector regulation and supervision as given in chapter 3 of the report.
- Establishment of the National Asset Reconstruction Company Limited (NARCL) in 2022 to address the stock of non-performing assets (NPAs).
- To streamline the regulatory provisions of the securities and commodity derivatives markets, the Forwards Markets Commission (FMC) was merged with the Securities and Exchange Board of India (SEBI) in September 2015.
- The Micro Units Development Refinance Agency (MUDRA) was set up in 2015 to provide concessional finance to microfinance institutions.

Figure 1.5: Progress under the PMJDY



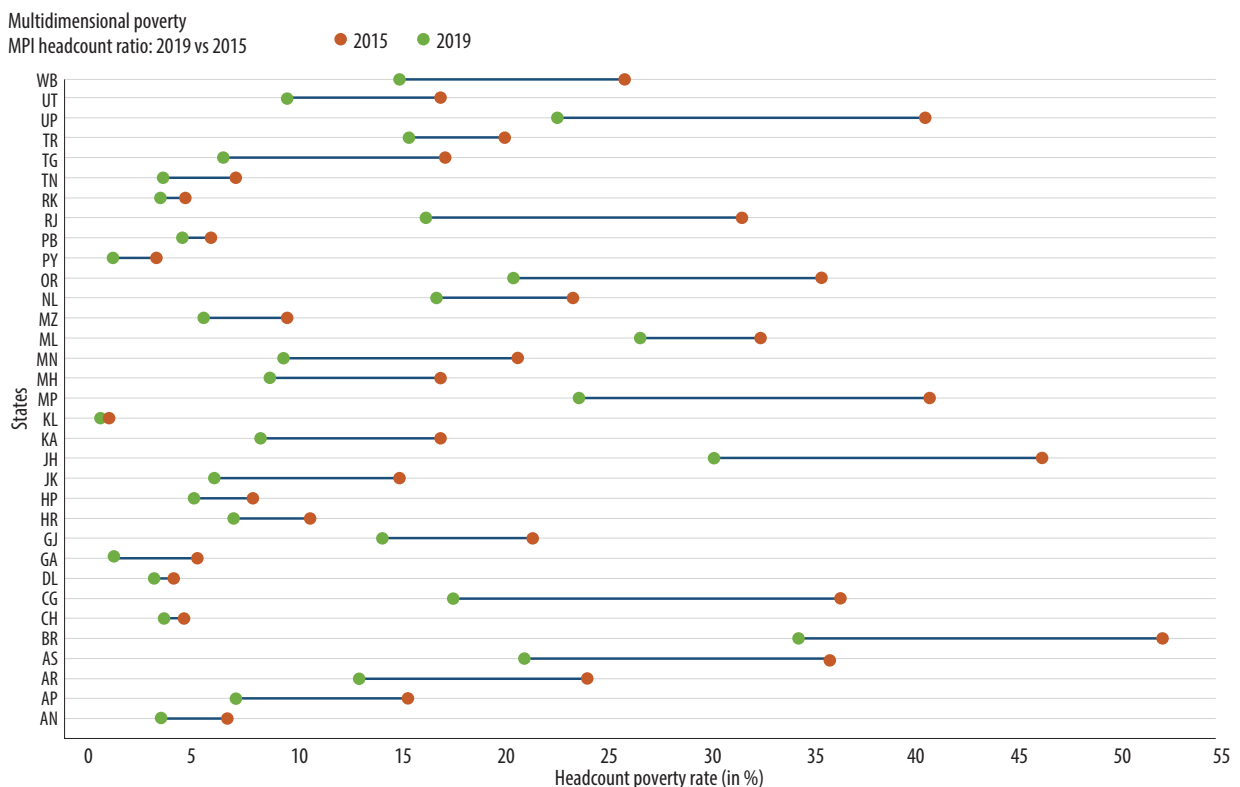
- The Pradhan Mantri Jan Dhan Yojana (PMJDY) led to the opening of zero-balance bank accounts for unbanked households. Over the past few years, the number of beneficiaries has increased to over 50 crores (more than 500 million) with the average deposit per account increasing by five-fold during 2014-24 (Figure 1.5).
- The Government has introduced major steps to usher in budget transparency. A major reform was carried out with the merger of the Railway Budget with the Union Budget in 2017 to provide more financial space to the exchequer. This move eased the Railways' burden of the mandatory provision of dividends to the central Government. Important tax reforms to broaden the tax base and reduce the tax rates were introduced. Since 2018, the relief in income tax rate for individuals has been provided. The Union Budget FY25/26 announced further tax relief, making income up to INR 12 lakhs tax-free. The Goods and Services Tax (GST), introduced in 2017, replaced various taxes, including excise duty, service tax, VAT, etc. The Union Budget FY2025-26 budget introduced GST reforms to streamline tax slabs, clarify Input Tax Credit (ITC) rules, and strengthen compliance. Key changes include restricted ITC claims, improved tax governance, and stricter track-and-trace mechanisms to enhance transparency and minimize litigation.
- The Skill India Mission, 2015 with schemes like the Jan Shikshan Sansthan (JSS) Scheme, the Pradhan Mantri Kaushal Vikas Yojana (PMKVY), the National Apprenticeship Promotion Scheme (NAPS), and the Craftsman Training Scheme (CTS), India International Skill Centres (IISCs), implementation of the Advanced Vocational Training Scheme (AVTS), the Skill Acquisition and Knowledge Awareness for Livelihood Promotion (SANKALP) and the Pradhan Mantri YUVA Yojana offer training to the youth.
- The Ministry of Rural Development is implementing the Rural-Self Employment Training Institutes (RSETIs) scheme for poor youth aged between 18-45 years, under which financial support is extended for the training of unemployed youth with the potential to take up self employment.
- Labour reforms are being implemented to enhance the flexibility of the labour markets, where 29 central labour laws were combined and rationalized into four codes.
- The Government aligned its vision with the goals of the National Health Policy (NHP), 2017, and set up the Ayushman Bharat-Health and Wellness Centres (AB-HWCs) for providing Comprehensive Primary Health Care (CPHC) through tie-ups with referral hospitals. The other component, the Pradhan Mantri Jan Arogya Yojana (PMJAY) has been instrumental in providing financial protection—Measures such as the Swachh Bharat Mission (SBM), the Free Drugs and Diagnostics Service Initiative (FDDSI), the Pradhan Mantri Bhartiya Janaushadhi Pariyojana (PMBJP), along with the other components of the Ayushman Bharat – Digital Mission (ABDM) and Pradhan Mantri Ayushman Bharat - Health Infrastructure Mission (PM-ABHIM) are strengthening India's health system.

- India's National Education Policy (NEP), 2020, offers a framework to transform not only higher education but also elementary education by 2040. Samagra Shiksha, launched in 2018, a complementary programme for pre-school to class XII to foster an inclusive and equitable quality education, has been extended to 2026. In October 2022, the Ministry of Education launched the National Curriculum Framework for Foundational Stage (NCF-FS) to provide education for children between three and eight years.
- India's Foreign Trade Policy, 2023, aims to increase India's exports to USD 2 trillion by 2030. The Service Exports from India Scheme (SEIS, 2015), the Advance Authorisation Scheme (2015), Trade Infrastructure for Export scheme (TIES, 2018), Rebate of State and Central Taxes and Levies (RoSCTL, 2019), Rebate of Duties & Taxes on Export Products (RoDTEP scheme, 2021), and the Market Access Initiative (MAI scheme, 2021) are introduced to boost exports. In 2019, the Department of Commerce launched the "Districts as Export Hubs" (DEH) initiative to create institutional mechanisms for facilitating the exports of identified products/services from the districts. At the sub-national level, the Government initiated the "One District One Product" (ODOP) across different states/Union Territories. The ODOP initiative is now operationally merged with the 'Districts as Export Hub' initiative to boost exports from the districts.
- Multidimensional or non-monetary poverty declined by 27 percentage points from 2006 to 2016. Over that period, the incidence of multi-dimensional poverty fell by 7.1 percent on average each year, while per capita national income grew by 5.2 percent. Thus, the growth elasticity of the incidence of multi-dimensional poverty was 1.4. In this sense, growth in India has been "multidimensionally inclusive". Recent data suggests higher elasticities, as multidimensional poverty further decreased during a period of declining GDP per capita growth. During 2016-21, multidimensional poverty decreased by 11 percentage points, thus lifting approximately 140 million people out of non-monetary poverty. During the same period, while annualized growth in GDP per capita was only 3.3 percent, the incidence of multidimensional poverty declined by 11 percent on average each year. This improvement was in part due to a reduction in the dependency ratio (the ratio of non-working to working family members), as well as improvements in educational attainment and outcomes related to service delivery. The greatest reductions in multidimensional poverty occurred in the poorest states (Figure 1.6).

SCOPE

Benchmarking with the International best practices, this report captures the GDP growth scenario of the Indian economy over the years, and the initiatives to be taken by the GOI, in its pursuit to become a High-Income economy in a generation. Various parameters such as reform proposals, poverty reduction, jobs, investments, productivity, trade, and global value chains are studied in detail in this report.

Figure 1.6: Non-monetary poverty headcount rates by state



Source: WB staff calculations using the National Family Health Surveys (NFHS) and UNDP-OPHI definition.

OBJECTIVE

To study the factors that contribute to sustainable growth for India towards becoming a High-Income economy by 2047.

ANALYSIS & INTERPRETATION

India aspires to become a high-income country by 2047, and it shares many characteristics with countries that have successfully made that transition. The Growth Report by the Commission on Growth and Development (2008) concluded that successful economies: (i) fully exploited the opportunities in the world economy; (ii) maintained macroeconomic stability; (iii) maintained high savings and investment rates; (iv) relied on the market to allocate resources efficiently; and (v) benefited from a credible, committed, and proactive Government. The Indian experience— especially through the reforms starting in the 1990s, their continuation in the early 2000s, and renewed dynamism in recent years— conforms to many of these characteristics, which contributed to its fast growth over the last two decades and facilitated its transition from Low-income to Low-Middle-Income Country status. **However, to make further progress toward high-income status by 2047 requires India to sustain high growth over the coming decades.** Among the 13 economies, studied in the Growth Commission Report, that sustained high growth over more than 30 years, only six managed to sustain high growth all the way into high-income levels (Hong Kong SAR, China; Japan; Korea; Malta; Singapore; and Taiwan, province of China), while several lost momentums and remained “trapped” in the upper middle-income country (UMIC) category. UMICs that successfully transitioned to high-income countries (HICs) (so-called “successful UMICs”) spent an average of 15 years at middle-income levels, growing by an average of around 4.5 percent annually. Countries such as Chile, Czechia, Poland, and Romania belong to this group. By contrast, Brazil, Malaysia, Mexico, South Africa, and Türkiye have spent more than 20 years in the UMIC group (“trapped-UMICs”). This experience is helping India to make the leap from LMIC to HIC status by 2047.

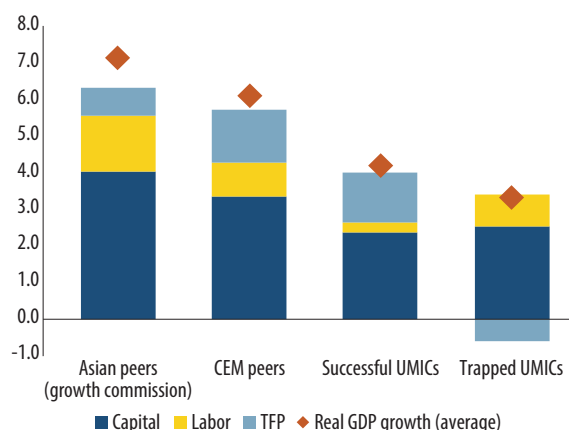
Table 2: Countries that transitioned to UMIC and achieved HIC status

Countries	No. of years in UMIC	Year of Transition to UMIC	Year of transition to HIC	Average per capita real GDP growth rate, percent	Average real GDP growth rate, percent
Chile	19	1993	2012	3.8	5.0
Romania	14	2005	2019	4.4	3.6
Poland	13	1996	2009	4.5	4.4
Czechia	12	1994	2006	3.5	3.4
Slovak Republic	11	1996	2007	5.2	5.2
Countries that transitioned to UMIC in past three decades but trapped for more than 20 years					
South Africa	33	1988	-	0.6	2.3
Brazil	32	1989	-	0.9	2.2
Mexico	31	1990	-	1.1	2.6
Malaysia	29	1992	-	3.5	5.5
Türkiye	24	1997	-	3.1	4.6

SOURCE: WBG, PWT 10.01, WDI

Note: 1 Average growth for trapped countries is calculated till 2019 to avoid pandemic impact. For transitioned countries, average is over the specific time period it stayed UMIC. 2. The reference start period for income classification is 1987 and end period is 2021. 3. The transition status is determined by the country achieving any upper rank income category for the first time in the sample period (1987-2019). For instance, if HIC is attained in 2010 but later revoked in 2015 and attained back in 2016, it is considered that the HIC status was achieved in 2010.

Figure 1.7: Contribution to Growth: TFP, capital, labour in peers, high-growth countries, and other selected MICs (percentage points)



Source: WB staff calculations. PWT 10.01.

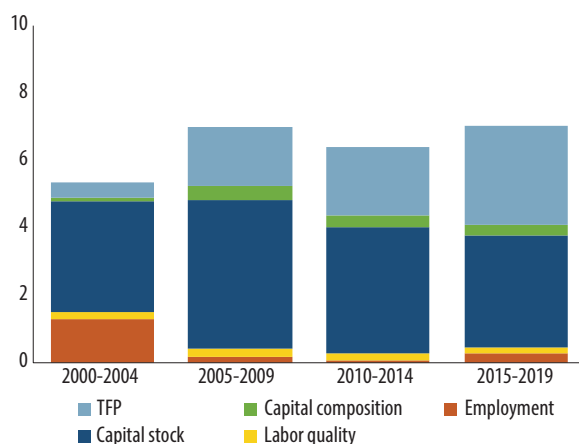
Note: Asian peers include China (1961-2005), Indonesia (1966-1997), Republic of Korea (1960-2001), Singapore (1967-2002), Thailand (1960-1997). The CEM peers include Bangladesh, Philippines, Viet Nam with growth over 2010-19. Successful UMICs include Chile (1993-2012), Czechia (1994-2006), Poland (1996-2009), Romania (2005-19), Slovak Republic (1996-2007). Trapped UMICs include Brazil (1989-2021), Malaysia (1992-2021), Mexico (1990-2021), Türkiye (1997-2021), and South Africa (1988-2021).

While the accumulation of factors of production (capital and labour) is important for both low- and middle-income economies, the transition to HIC also requires major contributions from total factor productivity (TFP). Factor

accumulation, predominantly capital but also labour, accounted for the bulk of growth in the fast-growing Asian economies (Figure 1.7).

Trapped UMICs show the opposite trend— broadly, a negative contribution of productivity to growth.

Figure 1.8: Contribution to India's Growth (percentage points)



Source: India KLEMS.

Two transitions are critical for middle-income countries aiming to achieve high-income status. The first transition is from investment-driven growth to the infusion of global technologies. This involves importing advanced technologies, knowledge, and business practices from more developed economies and diffusing these throughout the domestic economy. The second transition is from infusion to innovation, where countries build on imported technologies to create new products, processes, and services (World Development Report [WDR], 2024, World Bank).

India's sustained and rapid growth over the last two decades was driven by high TFP growth and capital deepening (Figure 1.8). Capital accumulation and TFP contributed the most to overall growth during 2000-19. Moreover, labour productivity growth in India has also been high compared to peers, except China, driven by within-sector productivity, specifically in services.

Several other characteristics of successful and trapped UMICs provide lessons for India. India compares favourably in terms of growth volatility, having experienced a lower volatility compared to both successful and trapped UMICs—the level of public debt remains comparatively higher (Table 3). However, the share of external debt in GDP is much lower, and India's large foreign exchange reserves provide a comfortable cover for imports. Both the successful and trapped UMICs seemed to have benefited more significantly than India from labour participation and inter-sectoral allocation. In contrast to its peers and these UMICs, India has not leveraged a favourable demographic transition: labour force participation is low and structural transformation limited. While labor productivity has

improved significantly in agriculture relatively few workers have exited from the sector. The successful UMICs differ from the trapped UMICs with respect to their innovation ecosystem and trade openness. Trade and GVC integration have been key drivers of the transition to high income, supported by new sources of comparative advantage in scale economies and agglomeration.

Table 3: India and Successful UMICs and Trapped UMIC

	India	Successful UMICs which transitioned to HIC status ^(a)	Trapped UMICs ^(b)
Macroeconomic Stability¹			
Real GDP growth volatility (standard deviation of real GDP growth)	1.5	2.4	2.8
Gross Government debt, as percent of GDP	68.9	36.5	48.9
External debt (percent of GDP)	20.1	45.1	40.8
Foreign exchange cover of imports (months)	8.0	5.9	7.6
Human Capital¹			
Labour force participation rate (%)	51.5	56.6	60.6
Labour force participation rate, Tertiary educated (%)	62.3	82.0	79.8
Labour force participation rate, Basic education (%)	20.8	73.1	68.4
Structural Transformation			
Agriculture and allied activity % of GVA	16.8	3.0	4.4
Innovation			
R&D expenditure (% of GDP)	0.39	0.50	0.73
Trade openness (exports and imports of goods and services % of GDP)	46.3	76.5	54.6
Patent applications per million people	13.0	59.0	31.3

Source: Haver Analytics, WDI database and WB staff calculations

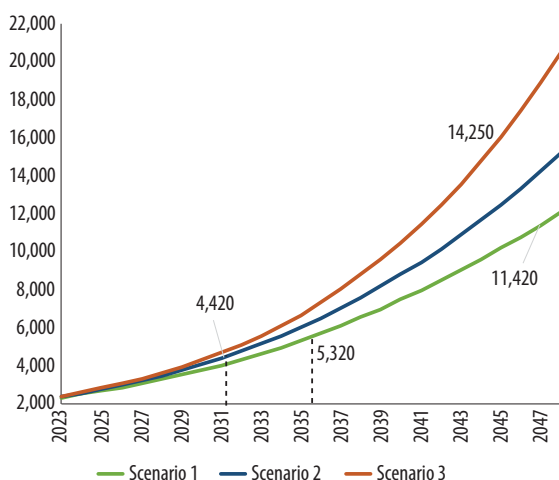
Note: Basic education comprises primary education and/or lower secondary education. ¹The Growth Report: Strategies for sustained growth and inclusive development, 2008. (a) Median for following countries depending on their period

of transition from UMIC to HIC have been calculated (i) Chile (median, 1993-2012) (ii) Czechia (median, 1994-2006) (iii) Poland (median, 1996-2009) (iv) Romania (median, 2005-2019), (v) Slovakia (median, 1996-2007), (b) includes 5 UMICs, which remained in the category for 15 years: Brazil, Malaysia, Mexico, South Africa and Türkiye.

MAJOR FINDINGS

This section enumerates some of the major findings of the report.

Figure 1.9: Upper middle-income status achievable by early next decade (GNI per capita, Atlas Method USD)



Source: WB staff calculations.

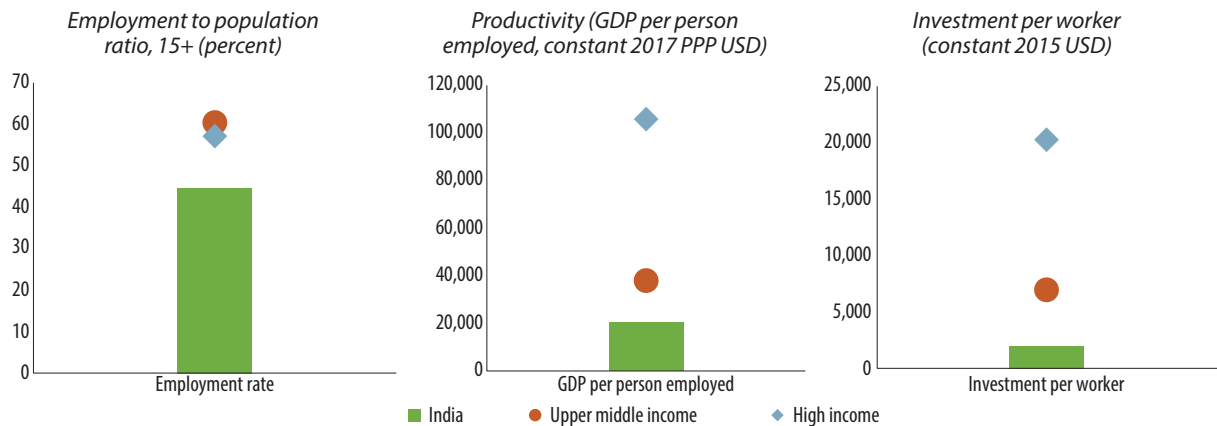
Note: The vertical dashed lines indicate the year in which country achieves upper-middle income status under different scenarios. The projections for 2024-47 are based on the LTGM tool. The cut off for income classification is assumed to grow at an annual rate of 1.5 percent (the average growth observed over the past two decades). The numbers in Figure 1.17 represent the implied GNI per capita in USD, as per the World Bank's Atlas method, that pertain to UMIC and HIC status under the baseline and scenario 1. The World Bank determines the size of economies and income classifications using GNI per capita. To make cross-national comparisons, estimates from local currency are converted to current U.S. dollars using the Atlas method, which stabilizes exchange rates with a three-year moving average and price adjustments.

1. To allow India to reach UMIC status by the early 2030s and HIC status by 2047, growth needs to accelerate to 7.8 percent on average over the next two decades (Figure 1.9).
2. This will require closing the investment, productivity, and employment gaps vis-a-vis middle- and high-income countries (Figure 1.10). Simple calculations provide a measure of the gap India needs to close relative to UMICs and HICs. In 2021, India's GDP per person employed (in constant 2017 PPP dollars) and gross-capital formation per worker (in constant 2015 USD) were one-fourth and one-tenth of the averages of UMICs and HICs, respectively. The employment to population ratio in this group of countries is 1.3 times higher than that of India.
3. To get to high income by 2047, India needs to "jump" from the current baseline scenario (scenario 2) to the more ambitious scenario (scenario 3). The scenarios are as follows:

- Scenario 1 is a slower reform scenario. It would materialize if India's reform momentum slowed significantly over the next decades. In this scenario, the investment-to-GDP ratio, in constant prices, remains around 35 percent of GDP up to 2035 and declines thereafter, and the share of ICT capital in total investment broadly stays at current levels, with ICT investment contributing to 10 percent of the annual change in investment. The female labour force participation rate (FLFPR) does not improve. TFP growth peaks at 2.5 percent by the beginning of the next decade prior to moderating thereafter.
- Scenario 2 is a baseline assumption whereby the reform momentum remains strong. The investment to GDP ratio—in constant prices—rises gradually to 37 percent by 2035, but declines thereafter, driven by an equal contribution (50 percent) of both physical and ICT capital. The FLFPR increases to 45 percent by 2045. TFP growth is assumed to peak at 2.7 percent by the beginning of the next decade prior to moderating thereafter.
- Scenario 3 is an accelerated reforms scenario. The investment to GDP ratio increases to 40 percent by 2035, led by an equal contribution of both physical and ICT capital, and moderates thereafter. The FLFPR increases to 55 percent by 2050. Consequently, the TFP is assumed to be 40-50 basis points higher than in scenario 2.

The scenarios involve a decline in the incremental capital-output ratio (ICOR) over the decade, signaling efficiency gains, and an increasing share of industry in GDP. The ICOR declines in all scenarios up to the next decade, as ongoing initiatives to strengthen physical and digital infrastructure will lead to increased efficiency of capital. The decline in ICOR is greater in scenario 3 of "accelerated reforms". The sectoral composition of the economy is expected to change as well, with the share of agriculture declining by around 8 percentage points by 2047 in scenario 3, with the share gained by industry, and the share of services remaining constant.

Under scenario 3, India can achieve UMIC status by the early 2030s and HIC status by 2047. Under scenario 2, growth averages 6.6 percent per year during 2024-47, and achieving HIC status by 2047 remains elusive. In scenario 3, annual average growth is 7.8 percent over 2024-47. Thus, by raising the FLFPR to above 50 percent by 2047, augmenting the TFP growth rate compared to scenario 2, and maintaining an investment to GDP ratio of nearly 38 percent on average over the coming decade, average growth could be raised by more than 1 percentage point to achieve HIC status by 2047. The report analyses these issues in greater detail and provides policy options to achieve them.

Figure 1.10: India's Economic Performance vis-à-vis UMICs and HICs

Source: WDI, WB staff calculations.

Note: A weighted average of the employment rate and GDP per worker for both UMICs and HICs are presented. However, to calculate the investment per worker, the total gross capital formation for each income group is divided by the corresponding total number of workers. The total number of workers is estimated using the employment rate and population statistics obtained from the WDI.

RECOMMENDATIONS

Some of the recommendations given in this report are as given below:

Table 4: A comprehensive competition policy framework

Pillar 1:	Pillar 2:	Pillar 3:
Pre-competition regulations and Government interventions: opening markets and removing anticompetitive sectoral regulation	Competitive neutrality and non-distortive public aid support	Effective competition law and antitrust enforcement
Reform policies and regulations that strengthen dominance: restrictions on the number of firms, statutory monopolies, bans towards private investment, lack of access regulation for essential facilities	Control state aid to avoid favoritism and minimise distortions to competition.	Tackle cartel agreements that raise the costs of key inputs and final products and reduce access to a broader variety of products.
Eliminate Government interventions conducive to collusive outcomes or increase the costs of competing: controls on prices and other market variables that increase business risk.	Ensure competitive neutrality, including vis-à-vis SOEs.	Prevent anticompetitive mergers.
Reform Government interventions that discriminate and harm competition on the merits: frameworks that distort the level playing field or grant high levels of discretion.		Strengthen the general antitrust and institutional framework to combat anticompetitive conduct and abuse of dominance.

Source: WBG-OECD (2016). Adapted from Kitzmuller M. and M. Licetti, "Competition policy: Encouraging thriving markets for development" Viewpoint Note Number 331, World Bank Group, August 2012

- Easing constraints on key inputs, especially land for manufacturing activity. The Government could expand recent reforms to simplify land transactions. (Refer Table 4).
 - Implementing the Land Title Act.
 - Deploying place-based policies and programs where key underlying conditions exists, with greater focus on SMEs.
 - Improving the digitisation and quality of land records.
- Improving agricultural productivity: Policy measures that would boost agricultural productivity and expedite structural transformation include:
 - Expanding and strengthening farmer organizations, and facilitating land leasing and pooling, to mitigate challenges associated with land fragmentation.
 - Investing in new technologies and modernizing infrastructure.

- c. Promoting continued diversification to higher value agricultural commodities.
- d. Promoting sustainable resource use.
3. Facilitating labour mobility by strengthening the “One Nation One Ration Card” (ONORC) scheme.
4. Consolidating gains in physical and digital infrastructure development. India is undertaking several reforms to strengthen its physical and digital infrastructure.
 - a. Developing an updated classification of infrastructure to inform the Harmonized List of Infrastructure.
 - b. Strengthening multimodal connectivity by incentivizing investments in greener transport modes.
 - c. Policies to bridge the rural-urban divide in digital access and incentivizing firms to adopt advanced digital solutions would strengthen the multiplier effects associated with rising ICT investments.
5. Expanding GVC participation by focusing on the “whole of the supply chain”.
6. Facilitating the infusion of technology across domestic firms to lay the foundation for greater innovation and creative destruction in the economy.
7. Reinforcing the competition policy framework to boost market dynamism.
8. Improving learning outcomes further.
9. Enhancing expenditure efficiency to leverage limited budgetary resources available for human development.
10. Deepening financial sector reforms to boost credit and investment.
 - a. Facilitating the timely recognition of financial risks: The current macro-financial environment, characterized by low NPA ratios and sound balance sheets, provides an opportunity to expand countercyclical capital buffers (that are currently zero) to preserve banks’ ability to lend in potential future episodes of financial stress. The RBI has continued to strengthen banks’ compliance with the NPA classification, including through automation requirements. However, there is still room for progress, for instance, by addressing exemptions for certain exposures and relatively low minimum provisioning rates through the adoption of International Financial Reporting Standards (IFRS) 9 with prudential backstops.
 - b. Strengthening NPA resolution mechanisms.
 - c. Deepening corporate bond markets (CBMs).
 - d. Facilitating financing for MSMEs.
 - e. Improving NBFC access to long-term funding.
 - f. Strengthening digital financial services.
11. Policy improvements towards removing barriers to FDI.
12. Unlocking financing for infrastructure.
 - a. Strengthening project preparation systems.
 - b. Scaling up blended finance tools.
 - c. Guarantee Fund and Credit Enhancement Tools.
13. Targeting public investments in key sectors crowd in private investments.
14. To support job creation in relatively low-productivity sectors, cross-cutting priorities include easing factor market regulations and providing basic infrastructure facilities.
15. To support high-productivity sectors, policy can focus on tertiary education, improving the capabilities of firms and workers to adopt technology, and creating an innovation ecosystem.
16. Boosting women’s participation in paid activities requires better access to child and elderly care, skilling, formal credit, and infrastructure. Subsidizing informal childcare provision.
17. Less developed states have significant potential to realize productivity and employment gains by promoting the manufacturing sector.
18. Relatively developed states can emphasize higher productivity, modern marketable services to attract more private investment.
19. National-level interventions can assist districts to do better.

CONCLUSION

Several characteristics of successful and trapped UMICs studied in this report provide useful information for India. Future studies may focus on a detailed analysis of these characteristics to derive meaningful information for decision-making. There has been relatively stronger performance of services compared to manufacturing. The comparisons of the sector performance and its contribution to the overall GDP growth have given new insights for the future transition to HIC status for India. The efficiency analysis of investments in the banking, financial markets, and human capital in various states are significant indicators of economic growth. Reducing the gap between the higher and lower income convergence groups by accelerating the catch-up growth of less developed states will be critical to achieving India’s high income aspirations. Some degree of convergence is essential since the less developed states are the most populous and home to most of India’s poor. This will require harnessing untapped domestic sources of growth and expanding international trade and GVC participation by building on ongoing reforms and introducing new reforms in critical areas. □

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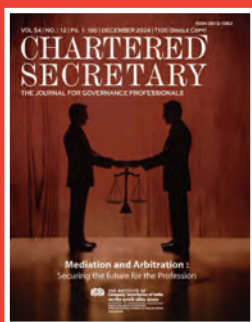
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