

CHARTERED SECRETARY

THE JOURNAL FOR GOVERNANCE PROFESSIONALS



**Social Audit
and Governance :
Generating Trust
through
Transparency**



**THE INSTITUTE OF
Company Secretaries of India**

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

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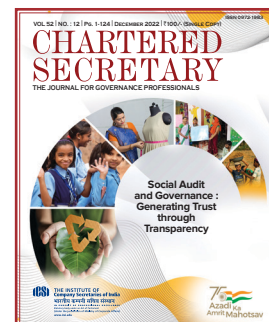


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Editor & Publisher

- Ashok Kumar Dixit



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JURY MEETING OF ICSI NATIONAL AWARDS FOR EXCELLENCE IN CORPORATE GOVERNANCE, 2022

Date & Venue : Tuesday, November 29, 2022, Hotel Le Meridien, New Delhi

Chairman : Hon'ble Mr. Justice P. Sathasivam, Former Chief Justice of India.





ICSI AS JURY AT THE ICGN GLOBAL GOVERNANCE AND STEWARDSHIP AWARDS, 2022

On behalf of the ICSI, CS Devendra V Deshpande, President, The ICSI, was invited as Jury at the International Corporate Governance Network Global Governance and Stewardship Awards 2022 in London, United Kingdom on November 16, 2022. The Awards recognize and honour the exceptional accomplishments of individuals as well as companies across the globe in the field of Corporate Governance and Investment Stewardship.



ICSI EXPLORES THE UK-INDIA YOUNG PROFESSIONAL SCHEME

CS Devendra V Deshpande, President, The ICSI, and CS Asish Mohan, Secretary, The ICSI met Mr. Sujit Ghosh, Deputy High Commissioner of India to London, United Kingdom and discussed opportunities for the Company Secretary Professionals there. They also explored the possibility for young Company Secretaries applying under the recently launched UK-India Young Professional Scheme.



1-3. ICSI 2nd Leadership Development Programme at IIM, Kozhikode.
 4. CS Asish Mohan, Secretary ICSI met Dr. Ramesh Unnikrishnan, Advisor AICTE to discuss about Academic Recognitions for the CS Professionals.
 5. ICSI Delegation met with Prof. Nageshwar Rao, Vice-Chancellor IGNOU, in connection with ICSI Guru Shrestha Awards, 2022.



6-8. CS Devendra V Deshpande, President, ICSI represented the ICSI at the first edition of “Corporate Governance Recognition” on Saturday, 26th November, 2022 at The Bengal Chamber of Commerce and Industry, Kolkata.

9. Valedictory Function of 343rd Batch of MSOP at ICSI-NIRC.



यथा चतुर्भिः कनकं परीक्ष्यते निघर्षणच्छेदनतापताडनैः ।
तथा चतुर्भिः पुरुषः परीक्ष्यते श्रुतेन शीलैः गुणेन कर्मणा ॥

(Gold is tested in four ways by rubbing, cutting, heating, and beating. Similarly, the integrity of a man is tested by his renunciation, conduct, qualities, and actions.)



Dear Professional Colleagues,

They say that even when the sea appears to be still on the surface, waves of change are ebbing and flowing beneath and this very fact seems to fit aptly as far as the month gone by is to be summed up for the Institute of Company Secretaries of India.

The initiatives launched, the events, the participations, the presence of the ICSI on both national and international platforms are all a reiteration of this statement. It would not be an exaggeration to say that whatever activity is initiated is done while keeping the Institute's vision "to be a global leader in promoting good corporate governance", in sight.

A guiding light like that and the focus can never be lost. But it is also attempted in every passing moment that dedicated endeavours are made to create multiple pathways, roads and highways – all leading to the same vision and more so to reach the finale point much sooner than expected and anticipated.

From the short-term crash courses to mid-term Certificate Courses to long-term PMQs to the annual national and international conventions and conferences; the ultimate goal is to render so much preparedness to our members that no amount of dynamism in the corporate or economic

or global arena can deter them from performing their designated roles to the best of their capabilities.

Given the fact that the past present and future are all interconnected, the pages of this Journal, our initiatives, the seeds sown and the fruits reaped - all seem to be intertwined as well. The happenings and events of the last month have rendered it impossible for me to share the most recent details without touching upon the leaves of the entries into the pages of history not so long ago.

This year as we laid our emphasis and focused upon making conventional out of the unconventional, the first and foremost thought was to build capacities to fully grasp the opportunities hidden in such unconventionalities. While the law had almost a decade ago bracketed the Company Secretaries as Key Managerial Personnel, the Governance Professionals were yet to take captaincies. And it is with this thought to render them both able and capable and to realise their full potential, the ICSI launched the Leadership Development Programme in collaboration with the premier business schools - the IIMs.

2nd Leadership Development Programme: Making CS future ready

With the first Leadership Development Programme conducted jointly with the IIM - Jammu in the northern most state of the country, closer to the Himalayan ranges, it only seemed apt that the second was closer to the southern boundaries. Exploring the backwaters of Kerala

and gaining from some of the finest faculties of the top notch B-school - the IIM Kozhikode experience could not be classified as anything less than unique.

The IIM-Kozhikode with its vision of “Globalising Indian Thought by Inculcating Authenticity (Satyam), Sustainability (Nityam) and Fulfillment (Purnam)” and mission to “inculcate a spirit of wholesome learning and create a unique space of global reckoning thereby nurturing capable and dependable management thinkers in the pursuit of developing socially responsible and environmentally friendly practitioners, leaders and educators who will contribute towards creating a better world” came across as the perfect choice for collaboration for the 2nd Leadership Development Programme of the ICSI.

With the focal points being leadership management, strategic management, and crisis management, I am sure that the two-day residential programme would have left an indelible mark in the hearts and minds of the participants, providing them with a unique perspective and approach towards their goals, roles, responsibilities and accountabilities. Extending my heartiest congratulations to all the participants on the addition of this new feather in their cap, I would like to take this opportunity to extend our heartfelt gratitude towards Prof. Debashis Chatterjee, Director, IIM Kozhikode and his entire team at IIM-K for their painstaking efforts in rendering this Programme both memorable and successful.

Selecting the best of best - ICSI CG Awards, 2022 - Jury Meeting

Building connection between the past, present and future, another landmark flagship event of the Institute - the ICSI National Awards for Excellence in Corporate Governance for the year 2022 were rolled out a few months ago. A new addition in the form of the Business Responsibility and Sustainability Awards was also made. At the behest of sounding overtly enthusiastic and joyous, I would like to share that not only the response received in the form of applications submitted was overwhelming, the governance best practices portrayed and imbibed by corporates in their day to day functioning were equally heartening.

The Jury meeting of the 22nd Edition of the ICSI Awards was held in the presence of some of the most eminent names of the Indian corporate, social, regulatory and professional arena. But as they say, that the task of judgement is incomplete without the judges, the diverse blend of Jury was chaired by Hon'ble Mr. Justice P. Sathasivam, Former Chief Justice of India who with his years of experience, straightforward approach and expertise steered the course of the meeting to perfection.

Keeping my lips tightly sealed on the names of the winners and with great anticipation for the future, I am delighted to share that the Presentation Ceremony of these Awards will be held in Aamchi Mumbai on the 6th of January, 2023. And I am extremely gratuitous towards all the Jury members who have shared their precious time and valued wisdom lending an unprecedented grandeur to the entire process.

Guiding Judgements : Both Nationally and Internationally

“Awards and ceremonies are all an applause for discipline.”

Having rolled out the CG Awards for more than 2 decades, the position of the ICSI in the Corporate Governance arena and even further in the arena of awarding, rewarding and recognizing cannot be termed as anything less than legendary. It is for this positioning that the Institute is looked upon for guidance as newer entities share their intentions of honouring the best practices and setting examples by awarding and rewarding those worthy of it.

It was indeed a moment of gratification for me to represent the Institute on the Jury of the 1st Edition of BCC&I Corporate Governance Recognition. Being a part of the decision making process and later on sharing views at the Recognition Ceremony during the Panel Discussion on “Revisiting Business and Corporate Governance” was a moment not of honour alone but of great responsibility and of equally tremendous satisfaction.

Another moment of pride was the invitation extended to the ICSI to join the discussions at a global level as the International Corporate Governance Network honoured the inspiring achievements made by individuals and companies around the globe who had made exceptional accomplishments in the field of corporate governance and investment stewardship. Being a part of the Jury of the 22nd edition of the Awards in London, I could not help but acknowledge the similarity between the two organizations and their commitment to strengthening the governance frameworks globally. It was during this visit that we had the honour of meeting Mr. Sujit Ghosh, Deputy High Commissioner of India to London to discuss the opportunities for Company Secretaries Profession in UK and the possibility for Governance Professionals applying under recently launched UK-India Young Professional Scheme.

Way forward – Leaping into the future

As the year ends on a high note, the one to follow is surely holding in its garb opportunities, hopes and anticipations aplenty. Having solicited the entries for the Guru Shreshtha Awards from the Lecturers and Professors and that for Yuvotsava from our beloved students, all while prepping up to congratulate the winners of the ICSI National Awards for Excellence in Corporate Governance – the times ahead are surely to be one of elation, jubilation, and exultation. Holding my fingers crossed to a brighter tomorrow, I cannot help but reiterate the strength of our togetherness and your support in rendering each and every action of ours a much greater success than expected and I hope that the same shall continue in the times to follow as well.

On that note,

Happy reading !!!

Yours Sincerely



CS Devendra V. Deshpande
President, ICSI

INITIATIVES UNDERTAKEN DURING THE MONTH OF NOVEMBER, 2022

INITIATIVES FOR MEMBERS

MEETINGS WITH DIGNITARIES

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

- Mr. Sujit Ghosh, Deputy High Commissioner of India to London
- Prof. Nageshwar Rao, Vice Chancellor, IGNOU

2ND LEADERSHIP DEVELOPMENT PROGRAMME ORGANIZED JOINTLY WITH IIM KOZHIKODE

The Institute of Company Secretaries of India successfully organized its 2nd Leadership Development Programme for members jointly with IIM Kozhikode during 24-25 November, 2022 at the IIM Campus at Kozhikode. 27 members including whole time Company Secretaries and Members in practice participated in the Programme from all over India. The program was inaugurated by Prof. Debashis Chatterjee, Director, IIM Kozhikode and CS Nagendra D. Rao, Past President and Council Member, ICSI.

The main aim of the program was to further equip the Company Secretaries to acquire the requisite knowledge of other functional areas to ensure their effectiveness in managerial roles. The broad areas focused under this programme were Leadership, Strategic Management, Crisis Management and effective Communication.

JURY MEETING OF ICSI NATIONAL AWARDS FOR EXCELLENCE IN CORPORATE GOVERNANCE, 2022

The meeting of the Jury constituted to adjudge the winners of the 22nd ICSI National Awards for Excellence in Corporate Governance, 7th ICSI CSR Excellence Awards, 4th ICSI Best Secretarial Audit Report Award, 2nd ICSI Best PCS Firm Award, 1st Business Responsibility and Sustainability Awards and ICSI Lifetime Achievement Award for translating Excellence in Corporate Governance into Reality was held on Tuesday, November 29, 2022 at Hotel Le Meridien, New Delhi. The meeting was chaired by Hon'ble Mr. Justice P. Sathasivam, Former Chief Justice of India. The Award Ceremony is scheduled to be held on January 6, 2023 at Mumbai (Maharashtra).

CRASH COURSES LAUNCHED & CONDUCTED

Two Crash Courses in vital subjects such as MSMEs and Related Party Transactions were launched exclusively for members of ICSI. The courses were delivered through 5 live web-based sessions of 2 hours each. More than 270 members of ICSI registered for the 2 crash courses to

upskill and enhance their knowledge base in respective subjects.

COMMENCEMENT OF ONLINE WEB BASED CLASSES OF CERTIFICATE COURSE ON VALUATION OF SECURITIES/ FINANCIAL ASSETS (BATCH 2)

The ICSI jointly with ICSI RVO launched Certificate Course on Valuation of Securities/Financial Assets (Batch 2). The online web-based class were commenced from Friday, November 18, 2022. The course will be delivered in 12 web-based sessions to be conducted on each Friday & Saturday for 2 hours each.

OPENING OF REGISTRATIONS FOR PMQ COURSES

The registrations for Post Membership Qualification (PMQ) Courses on Corporate Governance, Internal Audit and Arbitration June 2023 attempt are open and the last date to register for June 2023 attempt is December 31, 2022.

REVISION IN THE ICSI (PROTOCOL GUIDELINES), 2019

The Council of the Institute has approved amendments in the ICSI (Protocol Guidelines), 2019 for the programmes organized by the Headquarters, Regional Offices, Chapters, CCGRT & CoE and other programme organizing units of the ICSI. The amended guidelines have been made effective from November 7, 2022.

REVISION IN THE SERVICES TO BE RENDERED BY COMPANY SECRETARY IN PRACTICE

In view of changing corporate dynamics, ever evolving role of Company Secretaries and various new recognitions accorded to the Company Secretaries in practice under various legislations or by the various regulatory authorities or bodies, the Council of the Institute in its 290th meeting held on October 14, 2022 reviewed its decisions pertaining to services rendered by Company Secretary in Practice, pursuant to the powers conferred under Clause (f) of Sub-Section (2) of Section 2 of the Company Secretaries Act, 1980 read with Regulation 168 of the Company Secretaries Regulations, 1982.

Accordingly, the Council of the Institute in the aforesaid meeting in **supersession of all earlier resolutions in this regard** passed Resolutions revising the services rendered that can be rendered by Company secretary in Practice. The same is available on the website of the Institute at

https://www.icsi.edu/media/webmodules/10112022_website22.pdf

REPRESENTATIONS SUBMITTED

During the month, following representations were submitted with various Regulatory Authorities:

Purpose	Authority	Date
Suggestions on the SEBI Consultation paper on 'Review of disclosure requirements for material events or information under SEBI (LODR) Regulations, 2015	SEBI	November 27, 2022
Suggestions on the Report of SEBI Committee on "Strengthening Governance of Market Infrastructure Institutions".	SEBI	November 30, 2022

JOINT PROGRAMME

The ICSI joined as Knowledge Partner in the webinar organized by PHD Chamber of Commerce on the topic "How to File/ Revise Tran 1 & Tran 2 by November 30, 2022" on November 23, 2022.

CSBF TRAINING (MEMBERSHIP & BENEFITS) CONDUCTED

An online program was conducted on November 17, 2022 on the topic "CSBF Membership & Benefits and How to attract more members into the scheme". This program was organised to guide ICSI employees at Regional Offices and Chapters such that they may sensitize members about the benefits of availing life membership of CSBF. The program was conducted by one of the Members of the Managing Committee of CSBF.

HANDLING VARIOUS CS RELATED POSITIONS SUCH AS CS TRAINEE REQUIREMENT AND JOBS FOR CS MEMBERS AT VARIOUS GOVERNMENT OFFICES

Requests were received from various offices of the Ministry of Corporate Affairs/PSUs/Banks regarding the position of Company Secretary Trainees /Members from time to time and shortlisted resumes of Members and Students were sent to them.

Company Secretary Trainees and Members Requirement at various Government Offices/CPSEs/PSUs/Banks			
Sl. No.	Government Offices/ Departments	Designation	Positions
1.	Antrix Corporation Limited, Bengaluru	Company Secretary	1
2.	Central Registration Centre, Manesar, Gurgaon	Executives	40
3.	Chhattisgarh State Power Generation Company Limited, Raipur	Company Secretary	1
4.	Karnataka Bank Limited, Mangaluru	Company Secretary	1
5.	Kerala State Drugs & Pharmaceuticals Limited, Alappuzha	Company Secretary	1
6.	National Mineral Development Corporation Limited, Hyderabad	Jt. Company Secretary	1

7.	NTPC-SAIL Power Company Limited, Delhi	Company Secretary	1
8.	Office of Regional Director, MCA, Delhi	Young Professionals	1
9.	Office of Regional Director, MCA, Kolkata	Young Professionals	10
10.	Office of RoC-Cum-OL, MCA, Bilaspur, Chhattisgarh	Young Professionals	1
11.	Prayagraj Smart City Limited, Prayagraj	Company Secretary	1
12.	Serious Fraud Investigation Office, MCA	Assistant Director	13
13.	The ICSI, New Delhi & Noida	Consultants	8
14.	The Nainital Bank Limited, Nainital	Company Secretary	1

STATUS OF REGISTRATIONS AND POSTINGS AT THE PLACEMENT PORTAL

Registered Users			Total no. of Vacancies		
Members	Students	Corporates	Jobs	Trainings	Government & others
226	191	135	206	93	81

FIRST EDITION OF CORPORATE GOVERNANCE RECOGNITION OF THE BENGAL CHAMBER OF COMMERCE AND INDUSTRY

CS Devendra V Deshpande President, ICSI represented the ICSI at the first edition of Bengal Chamber of Commerce and Industry "Corporate Governance Recognition" at Kolkata on 26 November 2022.

GLOBAL FOOTPRINT

ICSI AS JURY AT THE ICGN GLOBAL GOVERNANCE AND STEWARDSHIP AWARDS, 2022

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ICSI INSTITUTE OF INSOLVENCY PROFESSIONALS

• Webinars

Date	Topic
11.11.2022	Final Word on IBC - Part 6
15.11.2022	Enabling IPEs to act as IPs
18.11.2022	Final Word on IBC - Part 7
25.11.2022	Final Word on IBC - Part 8

• Workshops

Date	Topic
05.11.2022	IBC vis a vis Prevention of Money Laundering Act, 2022
12.11.2022	Claim verification under IBC
19.11.2022	Testing and transforming the Insolvency landscape in India
26.11.2022	Decoding the Position of MSME(s) under IBC

• Roundtable

Date	Topic
23.11.2022	SEBI Consultation Paper – Framework for protection of Public Equity Shareholders in case of Listed Companies undergoing CIRP under IBC

ICSI REGISTERED VALUERS ORGANISATION

• Ongoing Batch-2 of Certificate Course on valuation of SFA

ICSI - RVO jointly with ICSI started the Second batch of "Certificate Course on Valuation of Securities or Financial Assets".

• 50 Hours Online Education Course

ICSI-RVO conducted "50 Hours Educational Programme" from 28th October to 6th November, 2022.

• Mandatory Training Programme (COP)

ICSI-RVO conducted four hours of "Mandatory Training Programme (COP)" on November 19, 2022 on the following topics:

- ◆ "Code of Conduct for Registered valuers"
- ◆ "Professional Ethics"
- ◆ "Drafting Valuation Report"
- ◆ "Soft Skills (How to communicate with the clients and peers)"

• Continuous Educational Programme (CEP)

The Company has conducted Continuing Professional Education Programme (CPE) on 26th November, 2022 on title "Valuation is not about numbers, it's all about a Story".

INITIATIVES FOR EMPLOYEES

• Training on CSBF Benefits

A training on CSBF Membership benefits to bring more members in to the scheme was conducted for all RDs and Chapter in charges on 17th November, 2022.

• Webinar on "Epilepsy- Prevention & Precautions" by Dr. Reddy's Foundation

A webinar was organised on 11th November, 2022 on the topic "Epilepsy- Prevention & Precautions" by Dr. Reddy's Foundation for the benefit of ICSI employees and pensioners. Dr. Shriganesh Patil presented the webinar, which was well received by one and all.

• Webinar on "Common Surgical Problem & their Treatment" by Fortis Escorts Hospital

A webinar was organised on 17th November, 2022 on the topic "Common Surgical Problem & their Treatment" by Fortis Escorts Hospital for the benefit of ICSI employees and pensioners. Dr. Sanjay Verma presented the webinar, which was well received by one and all.

INITIATIVES FOR STUDENTS

ICSI IS LAUNCHING 1ST GURU SHRESTHA AWARDS

ICSI in its endeavour to acknowledge the immense contribution of educators in education is launching its 1st Guru Shrestha Awards during the year 2022. The purpose of "ICSI Guru Shrestha" award is honouring those Lecturers/Professors across India who have through their commitment and industry contributed immensely to improve the quality of Education and have augmented the lives of their students. Initially for the year 2022, the awards will be conferred upon to the faculties of universities with whom ICSI has entered MoU. Professors/Lecturers working on full-time regular basis in Commerce/Law /Management Department of these Universities are eligible to apply. The faculties will be evaluated through a multi-layered evaluation process through an expert group and eminent jury comprising top academicians of the country. The Jury shall be chaired by Prof. Nageshwar Rao, Vice-Chancellor, Indira Gandhi National Open University. Other eminent jury members are Dr. Bhimaraya Metri, Director, IIM-Nagpur; Prof. R. Nagarajan, Director, IIM-Amritsar; Prof. Himanshu Rai, Director, IIM-Indore; Prof. Akhilesh Kumar Pandey, Vice-Chancellor, Vikram University, Ujjain; Prof. (Dr.) Karbhari Vishwanath Kale, Vice-Chancellor, Savitribai Phule Pune University, Pune; Prof. Madhu Vij, Central Council Member, ICSI, Govt. Nominee & Professor, Faculty of Management Studies, University of Delhi; Dr. Renu Jain, Vice-Chancellor, Devi Ahilya Vishwavidyalaya, Indore. The awards will be presented during Yuvotsav-2023 on 12th January 2023

YUVOTSAV-2023 IS BEING ORGANISED ON 11-12 JANUARY 2023 IN DELHI-NCR

Yuvotsav-2023, National Conference of Student Company Secretaries is being organised on 11th - 12th January, 2023 in Delhi-NCR. Students from various Regional/Chapter Offices are participating in the event. Around 23 competitions

have been planned during Yuvotsav-2023. Legal Puzzle, Elocution Competition, Debate Competition, Fashion show are some of the competitions which will be organised during Yuvotsav-2023. For details, please click <https://www.icsi.edu/yuvotsav-2023/>

ONLINE COMPETITIONS DURING YUVOTSAV-2023 EXCLUSIVELY FOR STUDENTS OF UNIVERSITIES/ COLLEGES/INSTITUTES WITH WHOM ICSI HAS MOU

The Institute is organizing Online Competitions during Yuvotsav-2023 exclusively for the students of Universities/ Colleges/Institutes with whom ICSI has MoU. Online quiz competition, Slogan writing and Painting competitions are being organised for the students of various universities/ Colleges/Institutes. For details, please click https://www.icsi.edu/media/webmodules/03112022_online_competition.pdf

15 DAYS E-ACADEMIC PROGRAMME

The Institute introduced 15 days E-Academic program as applicable under modified training structure on the Institute's LMS portal at anywhere and anytime mode. The Link of the same is: www.icsi.edu/media/ules/14092022_15dayeAcademicProgrammeonLMS1.pdf

6TH BATCH OF PDP ORGANIZED THROUGH VIRTUAL MODE

In order to ease out the difficulties being faced by the CS students belonging to earlier training structure and to enable them to proceed with the remaining requirements of that structure, ICSI HQ organized 8 hours Professional Development Programme on 23rd November, 2022 through virtual mode on the topics "Understanding of Financials" "Drafting resolutions/notices/ Agenda/Minutes" and "Annual Report".

ICSI SAMADHAN DIWAS

Samadhan Diwas is an initiative by the ICSI towards on the spot solution of the grievances of the trainees and trainers. The ICSI successfully organized 22nd Samadhan Diwas on Wednesday, 9th November, 2022. Pending matters of students in the areas of Switchover from Old training to New Training Structure, registration in Classroom EDP, e-EDP, e-MSOP, issue of sponsorship letters for Practical Training, Exemption related matters in Practical Training and issues of Training Completion Certificate which were resolved. The students appreciated the efforts of the Institute for creating a platform for direct interaction with the ICSI officials.

ONLINE DOUBT CLEARING CLASSES FOR STUDENTS APPEARING IN DECEMBER 2022 EXAMINATION

ICSI is conducting online doubt clearing classes for the students appearing in December 2022 exam. The online classes are being conducted for the students appearing in December 2022 examination, however other students of the Institute can also join the classes. 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 will be sent to them after registration. They can also interact live with the faculties through the chat box during the classes.

Students are required to register at the following link to attend the classes. <https://www.icsi.in/student/DelegateRegistration/tabid/137/ctl/DelegateRegistration/mid/454/EventId/109/Default.aspx>

FREE HALF DAY PROGRAMME FOR STUDENTS OF ICSI THROUGH ITS REGIONAL AND CHAPTER OFFICES

ICSI is organizing free Half Day Programme for the students of ICSI (Every month) through its Regional and Chapter offices. These programmes will immensely help the students in improving and updating their academic knowledge. Besides, the focus will be also on soft skills and personality development of the students. For details, click https://www.icsi.edu/media/webmodules/06092022_halfdayprogramme.pdf

ANNOUNCEMENT ON PAPER WISE EXEMPTION FOR JUNE 2023 SESSION OF EXAMINATION

The option for claiming paper wise Exemption on the basis of Higher Qualification (ICAI-cost /LLB) for Executive & Professional student(s) for June 2023 CS Exam will be activated in smash portal (<https://smash.icsi.edu>) after declaration of December 2022 Session of Examination Result.

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.

SCHEDULE OF ICSI CLASSES AT ROs/ CHAPTERS FOR JUNE 2023 SESSION OF EXAMINATION

Classes are being conducted by Regional/Chapter Offices for the students appearing in June 2023 Session of Examination. For details, click <https://www.icsi.edu/media/webmodules/websiteClassroom.pdf>

CONCESSION IN FEES PAYABLE AT THE TIME OF REGISTRATION IN CS EXECUTIVE PROGRAM FOR STUDENTS WHO LOST THEIR PARENTS DUE TO ANY REASON, INCLUDING COVID 19 PANDEMIC

As the COVID pandemic has engulfed the entire globe, it has affected many children in our country also who have lost their parents/or earning member of their family.

To curtail any financial distress on account of educational needs, the Institute has decided that such students may be supported for continuing their education by granting one time concession in fees. It has been decided that the students who have lost their *both parents or surviving parent or legal guardian/adoptive parents* due to any reason, including COVID-19 pandemic and who have taken registration/ or will be registering in CS Executive Programme between 1st April, 2021 to 31st March, 2022 will be given 100% concession in

registration fee. For more details, visit https://www.icsi.edu/media/webmodules/Announcement_Concession_in_fees_in_case_of_death_of_parents.pdf

EXAM ENROLMENT STATUS FOR DECEMBER 2022 EXAMINATION

Students who have applied for December 2022 examination can check their exam enrolment status at <https://smash.icsi.edu/Scripts/Enrollment/Admin/PreliminaryEnrStatus.aspx>

COMPANY SECRETARY EXECUTIVE ENTRANCE TEST (CSEET)

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

- **CSEET (January 2023 session)**

CSEET January 2023 session will be held on January 7, 2023 through remote proctored mode. For details, please click here https://smash.icsi.edu/Scripts/CSEET/Instructions_CSEET.aspx

- **CSEET classes (January 2023 session)**

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

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

CSEET students can now register directly for the CSEET classes conducted by the Regional/Chapter Offices at the time of CSEET registration. This will help the students to join classes hassle free at their nearest location
Link to register https://smash.icsi.edu/Scripts/CSEET/Instructions_CSEET.aspx

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

The Institute has decided to grant exemption to the following categories of students from appearing in CSEET enabling them to take direct admission in CS Executive Programme.

Graduates (having minimum 50% marks) or Post Graduates (without any criteria of minimum % of marks) in any discipline of any recognized University or any other Institution in India or abroad recognized as equivalent thereto by the Council.

To get exemption from CSEET on the basis of above qualification, such students shall be required to pay applicable exemption fees along with the requisite registration fees for the Executive Programme. For more details, please click https://www.icsi.edu/media/webmodules/granting_exemption_230621.pdf

- **CSEET Reference book to be provided mandatorily to all students**

The Institute has decided that the Paper bound CSEET reading material will be sent to all the students registering for CSEET by post, for which Rs.500/- will be taken at the

time of registration from the students registering for CSEET in addition to Rs. 1000/- (CSEET Registration fee).

This will be mandatory for all the students registering for appearing in CSEET from April 16, 2022 onwards.

- **CSEET Referencer will be provided on optional basis to all students at the time of CSEET registration**

CSEET Referencer will be provided optionally to all the students at the time of CSEET registration. The same is applicable for the students registering in CSEET w.e.f. 16th June 2022. The Students are required to remit Rs. 1000/- in addition to Rs. 1500/-

- **CSEET Guide – I** (Business Communication, Legal Aptitude and Logical Reasoning, Economic and Business Environment) and **CSEET Guide – II** (Current Affairs) containing MCQs have been released for the CSEET registered candidates.

- **CSEET Reference Reading Material** for Business Communication, Legal Aptitude and Logical Reasoning, Economic and Business Environment and Current Affairs have been revised. The same is available at the weblink: <https://www.icsi.edu/reference-reading-material/>

STUDENT COMPANY SECRETARY, CS FOUNDATION E-BULLETIN AND CSEET COMMUNIQUE

The Student Company Secretary e-journal for Executive/Professional programme students of ICSI, CS Foundation course e-journal for Foundation programme students of ICSI and CSEET Communique covering the latest update on the subject on the CSEET have been released for the month of **November, 2022**. The journals are available on the Academic corner of the Institute's website at the link: <https://www.icsi.edu/e-journals/>

ACADEMIC INITIATIVES

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

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

- **Info Capsule:** A Daily update for members and students, covering latest amendment on various laws for the benefits of our members and students available at <https://www.icsi.edu/infocapsule/>

IMPORTANT LINKS FOR STUDENTS

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

- For Student Services related updates: https://www.icsi.edu/media/webmodules/Student_Services_links.pdf
- For Academic updates: https://www.icsi.edu/media/webmodules/Academic_links.pdf
- For Training related updates: https://www.icsi.edu/media/webmodules/Training_Links.pdf

Social Audit : Relevance and Benefits with Reference to CSR

22

Prof R Balakrishnan

Over the last few decades, the Comptroller and Auditor General (CAG) of India has been conducting performance audit of socio-economic developmental programmes of the Central and various State Governments. After the introduction of the Companies Act 2013, the concept of corporate social responsibility came into the legal framework for certain specified companies to contribute 2% of the average net profits of the preceding 3 years towards CSR. CSR is essentially a concept whereby the companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders. The demand for social audit has grown in the past few years especially with reference to CSR activities and this article is examining the concept of social audit, its objectives, benefits and other related matters.

Social Audit-Statutory Provisions, Assessment Index and Findings

30

Amit Goyal

The first Social Audit was carried out (1985–88) by John Fry and Ulla Rensner, work life researchers at the Centre for Swedish Working Life. The term Social audit was used to refer to a form of citizen participation that focuses on government performance and accountability. A social audit is a way of measuring, understanding, reporting and ultimately improving an organization's social and ethical performance. It is qualitatively different from other forms of audit and citizen participation, whose main purpose is to express citizen's voice and promote a more inclusive government, such as public demonstrations, advocacy and lobbying and/or public hearing initiatives.

Social Audit - A Greenpath for Sustainable and Inclusive Growth

34

A Sekar and Dr. Ranjith Krishnan

Social Audit is a concept is not new to India Inc. with the first initiative dating to 1979 being taken by TISCO. The article besides introducing the concept of social audit and the recent regulatory updates concerning the Social Audit, also tries to highlight Social Audit as a tool which can be useful to strengthen sustainability initiatives.

The profession of Company Secretaries is also in the forefront with respect to strengthening of sustainability issues and to accelerate the initiatives towards inclusive growth, ICSI has already taken the initiative of incorporating a Section 8 company to act as a SRO to provide the impetus to pursue these efforts. The initiative of social audit with respect to India in fact dates to 1979, when Tata Iron and Steel Company Limited (TISCO) introduced Social Audit for measuring its social performance¹. In the Indian context, Social Audit gained impetus through the 73rd Constitution Amendment in December 1992 relating to the Panchayati Raj Institutions, which empowered the Gram Sabhas of the Panchayats to conduct Social Audits in addition to its other functions.

Ensuring Accountability & Transparency in MGNREGS : Status of Actions on Social Audit findings

40

Dr. C Dheeraja, Papi Reddy Kanthala and Arif Mohd

Ever since the evolution of 'joint stock company' as a concept right from 1700s Europe, the value of investing has been a topic of interest among investors – particularly institutional investors - as well as other stakeholders. While for quite a considerable period, investing has always looked at maximisation of wealth as the centrepiece of objectives, things began to change later. This is where a concept like ethical investing started taking wings.

Over time, investing purely for economic value has given way to a nature of altruism embedded in investing, not necessarily tangible. One would call it 'ethical' or 'moral' investing, but a lot of this was alluded to religious and personal beliefs, the impact of which on investment was altruistic. This type of investing hinged on the investor making a choice to invest money in companies whose practices and values align with their personal beliefs - these beliefs could be political, religious or environmental, to name a few.

This article examines the evolution and the regulatory framework of SEBI in relation to Social Impact Funds. It also briefly touches upon the concept of social audit within the framework of Social Stock Exchange brought in by SEBI.

Social Impact Funds and Social Audit

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Pradeep Ramakrishnan and Roshan Sara Cherman

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While for quite a considerable period, investing has always looked at maximisation of wealth as the centrepiece of objectives, things began to change later. This is where a concept like ethical investing started taking wings.

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Social Audit: A 360° Analysis

52

Tanishq Dandona

Social Sector plays a significant role in the development of the nation. The conduct of Social Audit can act as an agent of change in social sector comprising of public charitable trusts, societies, NPOs, Public Sector Undertakings, corporates and business houses. The advent of new era in audit is perceived as a positive sign of greater inclusive growth and commitment to social enterprises in India. This article tries to capture the roots and growing need of social audit considering the dynamism of the Indian economy.

In order to keep pace with ever evolving dynamic economy, there is an increased pressure on organizations to extend the boundaries of responsibility in order to protect reputation & character and gain competitive advantage. This approach reaffirms that businesses are an integral part of the society and play a pivotal role in improvement of a healthy ecosystem, social inclusiveness and good governance. Accordingly, there is a need to set up a methodology to examine the coherence between current state of affairs of the organisation and values of social economy which has given rise to Social Audit.

Social Auditing – A Paradigm Shift in Wake of Emerging Corporate Governance

55

S. Badri Narayanan and Garima Shahi

According to Bloomberg Intelligence, social investing / ESG assets are set to climb to \$50 trillion by 2025 from about \$35 trillion now. They have grown from \$30.7 trillion in 2018 and \$22.8 trillion in 2016. Hence, the social concerns are indispensable for success and survival of any organization and are increasing becoming a driving factor for investors, customers, lenders etc. In layman terms, Sustainable Development refers to meeting today's requirements without compromising on the needs of the future generation. To be sustainable

means to be responsible and accountable, towards the environment and the society within which the Company operates.

This article attempts to undertake a brief overview of the concepts and evolution of social accounting, social audit and the existing framework in view of the emerging ESG trends worldwide. Further, this article correlates the social audit component with the larger picture of ESG considerations which have become indispensable for any business.

Research Corner

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Social Audit of DAY-NRLM in Jharkhand

62

Dr. Rajesh Kumar Sinha and Gurjeet Singh

Social Audit has emerged as one of the important mechanisms to enforce accountability in Government programmes. Jharkhand is among the leading States to have conducted social audit of more than a dozen government programmes and schemes in the past, including the Deendayal Antyodaya Yojana-National Rural Livelihoods Mission (DAY-NRLM). DAY-NRLM is a flagship government programme aiming at poverty reduction through promotion of self-help, micro-credit and micro-entrepreneurship. Jharkhand, with substantial tribal population, is one of the poor States of India and hence coverage and role of DAY-NRLM in the State is significant. To ensure accountable implementation of DAY-NRLM and also to identify gaps, the Government of Jharkhand has got pilot social audit of the scheme conducted in four districts through Social Audit Unit (SAU) in the year 2020. After giving some background information on DAY-NRLM and social audit of rural development programmes, this Research Article describes the process, findings and recommendations of the social audit of DAY-NRLM in Jharkhand. Learnings from this chapter may be useful for other State governments and SAUs in planning and executing social audit of DAY-NRLM in future.

Legal World

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- **LMJ 12:12:2022** However, the fact that the alleged contemnor No. 3 has resigned, being not in dispute, no action is being taken against him. So far as, the alleged contemnor No. 1 is concerned, we are of the opinion that he being the Managing Director of the Company, is liable to be punished. [SC]
- **LW 85:12:2022** Supreme court explains the effect of the EPS amendment 2014 and issues directions. [SC]

- **LW 86:12:2022** In the peculiar facts of this case when the petitioner's application opting for pension was pending consideration with the respondents, she cannot be denied benefits of the circular dated 01.01.2013, when it undisputed that her application for pension dated 13.10.2010, was rejected much after the cut-off date for applying under the circular dated 01.01.2013.[Del]
- **LW 87:12:2022** We are, thus, of the view that this reference is required to be answered by opining that in case of a public auction monitored by the court, the discretion would not be available to the Registering Authority under Section 47A of the Act. [SC]
- **LW 88:12:2022** As the present contracts do not involve the task of loading and unloading of foodgrains from the railway wagons as a part of the contractors' responsibility, there is no clause enabling the recovery of demurrages from them by the Corporation.[SC]
- **LW 89:12:2022** Thus, petitioner cannot invoke the jurisdiction of this court under Section 11 of the Act. [Del]
- **LW 90:12:2022** The National Commission has categorically held that there was deficiency in rendering services by the respondent No.1, therefore, the National Commission ought not have reduced the compensation payable to the appellant herein. [SC]
- **LW 91:12:2022** Merely because the assessee is using the chemicals and ultimately what is manufactured is polyurethane foam and the same is used by assembly operators after the process of moulding as car seats, it cannot be said that the end product manufactured by the assessee is car seats/automobile seats.[SC]
- **LW 92:12:2022** While we reject the arguments of the Assessee on merits in terms of their liability under Section 194H of the IT Act, we hold in their favour on the count of the matter having been rendered revenue neutral due to the apparent payment of income taxes on the amounts in question by the travel agents. [SC]

From The Government

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- Companies (Registered Valuers and Valuation) Amendment Rules, 2022
- Timelines for transfer of dividend and redemption proceeds to unitholders
- Extension of timelines for implementation of SEBI circulars SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2022/137 and SEBI/HO/MIRSD/ DoP/P/ CIR/2022/119
- Framework to address the 'technical glitches' in Stock Brokers' Electronic Trading Systems
- Reporting of trades in non-convertible securities under SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021

- Disclosures and compliance requirements for Issuance and Listing of Municipal Debt Securities under SEBI (Issue and Listing of Municipal Debt Securities) Regulations, 2015, which fall within the definition of "green debt security"
- Schemes of AIFs which have adopted priority in distribution among investors
- Scheme(s) of Arrangement by entities who have listed their Non-convertible Debt securities (NCDs)/ Non-convertible Redeemable Preference shares (NCRPS)
- Guidelines for AIFs for declaration of first close, calculation of tenure and change of sponsor/ manager or change in control of sponsor/manager
- Registration and regulatory framework for Online Bond Platform Providers (OBPPs)
- Handling of Clients' Securities by Trading Members(TM) / Clearing Members (CM)
- Applicability of GST on fees remitted to SEBI - Revision in Chapter - XX of Operational Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper
- Basel III Framework on Liquidity Standards – Standing Deposit Facility
- Inclusion of Goods and Service Tax Network (GSTN) as a Financial Information Provider under Account Aggregator Framework
- Modified Interest Subvention Scheme for Short Term Loans for Agriculture and Allied Activities availed through Kisan Credit Card (KCC) during the financial years 2022-23 and 2023-24
- Formation of new districts in the State of Nagaland – Assignment of Lead Bank Responsibility
- Exim Bank's Gol supported Line of Credit of USD 300 Mn to the SBM (Mauritius) Infrastructure Development Company Ltd. for Construction of Phase-IV of the Mauritius Metro Express Project in Mauritius
- Agency Commission for Direct Tax collection under TIN 2.0 regime
- Eligibility Criteria for offering Internet Banking Facility by Regional Rural Banks, 2022

Other Highlights

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- ❖ NEWS FROM THE INSTITUTE
- ❖ GST CORNER
- ❖ ETHICS IN PROFESSION
- ❖ CG CORNER
- ❖ STARTUP INDIA

Call for Articles

Call for Articles for publication in Chartered Secretary Journal – January 2023

“Role of Stewardship and Proxy Firms in Corporate Governance”

Corporations today, play central roles in communities, nations, and the world, and their unprecedented access to resources and power position them to become ‘stewards of the future of humanity and the earth’ and hence ethically obligated to act as such. As Stewards, they are not only accountable to make responsible use of that which they hold in trust, but leave it in an enhanced condition for future generations. But to become responsible stewards, profound changes in the way business executives and their corporation act are required and the same cannot be fathomed without the strengthening of the governance structure placed within.

However, Governance authorities globally, particularly those concerning themselves with the corporate sector see Stewardship as something distinct from the role of the board. In their lexicon, stewards are those responsible for investors or shareholders, who themselves are diligent stakeholders and concerned with holding the board to account for the investment they have made, on behalf of and in the interests of others.

Representatives of Minority shareholders and Proxy Firms have come to play much larger roles as stewards and thus enhancing the governance culture prevailing in enterprises. It is these Stewards who have as and when required, raised the baton for ESG issues, put their foot down in major decisions and created an inward looking outlook amongst corporates.

In view of the same, we are pleased to inform you that the January 2023 of Chartered Secretary Journal will be devoted to the Theme “**Role of Stewardship and Proxy Firms in Corporate Governance**” covering Inter alia the following aspects:

- Stewardship - The key word to describe governance duties in modern enterprises
- Asset stewardship and the evolving role of global capital
- Power of international collective action
- Strong stewardship and good investing: Their inseparability
- The 2S: stewardship and sustainability
- Driving financial value through stewardship
- Growing role of proxy firms as stewards
- Proxy firms and their role in corporate governance.
- Stewardship and proxy firms: Quality enhancers in governance

and many more...

Members and other readers desirous of contributing articles may send the same latest by **Friday, December 23, 2022** at cs.journal@icsi.edu for the January 2023 issue of Chartered Secretary Journal.

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

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

Team ICSI

Articles in Chartered Secretary Guidelines for Authors

1. Articles on subjects of interest to the profession of company secretaries are published in the Journal.
2. The article must be original contribution of the author.
3. The article must be an exclusive contribution for the Journal.
4. The article must not have been published elsewhere, and must not have been or must not be sent elsewhere for publication, in the same or substantially the same form.
5. The article should ordinarily have 2500 to 4000 words. A longer article may be considered if the subject so warrants.
6. The article must carry the name(s) of the author(s) on the title page only and nowhere else.
7. The articles go through blind review and are assessed on the parameters such as (a) relevance and usefulness of the article (from the point of view of company secretaries), (b) organization of the article (structuring, sequencing, construction, flow, etc.), (c) depth of the discussion, (d) persuasive strength of the article (idea/ argument/articulation), (e) does the article say something new and is it thought provoking, and (f) adequacy of reference, source acknowledgement and bibliography, etc.
8. The copyright of the articles, if published in the Journal, shall vest with the Institute.
9. The Institute/the Editor of the Journal has the sole discretion to accept/reject an article for publication in the Journal or to publish it with modification and editing, as it considers appropriate.
10. The article shall be accompanied by a summary in 150 words and mailed to nitin.jain@icsi.edu
11. The article shall be accompanied by a 'Declaration-cum-Undertaking' from the author(s) as under:

Declaration-cum-Undertaking

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

Signature

1

ARTICLES



- SOCIAL AUDIT : RELEVANCE AND BENEFITS WITH REFERENCE TO CSR
- SOCIAL AUDIT-STATUTORY PROVISIONS, ASSESSMENT INDEX AND FINDINGS
- SOCIAL AUDIT - A GREENPATH FOR SUSTAINABLE AND INCLUSIVE GROWTH
- ENSURING ACCOUNTABILITY & TRANSPARENCY IN MGNREGS : STATUS OF ACTIONS ON SOCIAL AUDIT FINDINGS
- SOCIAL IMPACT FUNDS AND SOCIAL AUDIT
- SOCIAL AUDIT: A 360° ANALYSIS
- SOCIAL AUDITING – A PARADIGM SHIFT IN WAKE OF EMERGING CORPORATE GOVERNANCE

Social Audit : Relevance and Benefits with Reference to CSR

Over the last few decades, the Comptroller and Auditor General (CAG) of India has been conducting performance audit of socio-economic developmental programmes of the Central and various State Governments on (i) National Rural Employment Guarantee Scheme; (ii) National Rural Health Mission; (iii) Sarva Shiksha Abhiyan; (iv) Mid-day Meals Scheme; (v) Accelerated Rural Water Supply Programme; (vi) Pradhan Mandtri Gram Sadak Yojaana and such other developmental schemes. Though the audit conducted on behalf of the taxpayers by the Comptroller and Auditor General of India which is external in nature, in a broad sense, CAG audit itself could be called as a social audit. After the introduction of the Companies Act 2013, the concept of corporate social responsibility came into in the legal framework for certain specified companies to contribute 2% of the average net profits of the preceding 3 years towards CSR. CSR is essentially a concept whereby the companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders. The demand for social audit has grown in the past few years especially with reference to CSR activities and this article is examining the concept of social audit, its objectives, benefits and other related matters.

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INTRODUCTION

The report submitted very recently by the joint task force on social audit has made unanimous recommendations that have opened up the possibilities of social audit becoming a more vibrant, independent and citizen based monitoring system. Further to this, the Honourable Supreme Court of India too, in an ongoing Public Interest Litigation (PIL) has taken a note of these recommendations and is exploring strengthening social audit as a systemic solution in law. In view of these developments, this article is trying to examine the concept of social audit vis-vis the specific relevance to corporate social responsibilities.

SOCIAL AUDIT

The term social audit refers a formal review of a company's endeavours, procedures, and code of conduct regarding the company's social responsibility and the company's impact on society. A social audit is an assessment of how well the company is achieving its goals or benchmarks for social responsibility.

Table – 1 Key points of social audit

1	A formal review	It is a formal review of a company's endeavors, procedures, and code of conduct regarding social responsibility and the company's impact on society
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2	An assessment	It is an assessment of how well the company is achieving its goals or benchmarks for social responsibility.
3	balance between profit and social responsibility	Ideally, companies aim to strike a balance between profitability and social responsibility.

TRACING BACK HISTORY OF SOCIAL AUDIT

Social audits are considered a relatively new concept in the business world. One could trace back the history of social audit in globally and as well as in our country and the following are illustrative examples on the history of social audit.

Table – 2 History of Social audit

Year	Country	Details
1988	Sweden	The first social audit of an organization was carried out in Sweden and published, after a study of the country's central bureaucracy. The three-year study heavily relied on interviews and questionnaires with many of the organization's employees from all levels. It was focused on analysing the experiences of the senior management and junior staff compared to the stated objectives for the organization established beforehand. From the responses, the researchers were able to get a better understanding of the effectiveness of the organization and make recommendations for improvement as a result of the social audit.

1979	Our country In the city of Jamshedpur	Tata Group of companies is one of our country's oldest business empires brought out lot of reforms. Tata Iron and Steel Company Ltd (TISCO) which is now known as Tata Steel was the first company to set up a social audit committee in the year 1979 for measuring its social performance and this committee had mandate to "examine and report whether and the extent to which the TISCO has fulfilled the objectives contained in its Articles of Association of the company regarding its social and moral responsibilities to the consumers, employees, shareholders, society and the local community." The social audit committee reported that the social performance of the company has been of a high order and, in its magnitude, is perhaps unequalled in our country at that time.
1990	In Rajasthan	A grass roots organisation of Rajasthan, Mazdoor Kisan Shakti Sangathan (MKSS) is believed to have started the concept of the social audit while fighting corruption in the public works in the early 1990s.

OBJECTIVES OF SOCIAL AUDIT

The objectives of social audit is that of accurate identification of requirements, prioritization of developmental activities as per the requirements, proper utilization of funds coupled with conformity of the developmental activity with the stated goals along with quality of service.

USEFULNESS OF SOCIAL AUDIT

One could list down the following towards the usefulness of social audit.

1	Voluntary	Social audits are only voluntary and it is not made mandatory by the regulations as on date.
2	Result publication	While publishing the social audit report, the companies may disclose the positive results. Negative results might be kept by the company exclusively for their internal use which help / assist them to identify the potential improvements that could be made.
3	Better monitoring	If a company comes to know that in certain areas, the company not adequately done better, then the company could plan and enact necessary initiatives with measurable target / goals to increase their contribution in the respective fields.

4	Improvements	where improvements are called, such activities could be regularly analysed and monitored during the next social audit
5	Improve public perception	Companies could continuously strive to meet and exceed its social responsibility benchmarks and can improve its public perception over time
6	Balance between profits and ethics	Social audits would help companies achieve a balance between profits and better ethical practices.

BENEFITS OF SOCIAL AUDIT

Social audit is basically involvement of people in developmental activities which would ensure that money is spent where it is actually needed to be spent and the social audit would result in reducing the wastage, reducing the corrupt practices and would create awareness among the people in the society. Social audit would by and large bring improvement in the governance practices and establish the integrity and sense of community about the company among people.

We all would recall that during the period of COVID-19 pandemic situation prevailed in our country, CSR has played a greater role with companies and individuals undertaking corporate social responsibility projects over and above the minimum criteria mandated by the law. Companies have stood by the Government, during the time of crisis to strengthen the country both socially and economically realizing the need of the hour.

SCOPE OF SOCIAL AUDIT

There are no specified / laid down standards for the items to be included in a social audit since the social audits are optional and purely voluntary for the companies, which means that companies can choose whether to release the results publicly or only use them internally. In view of this, the scope of the social audit would depend upon the company's to decide its coverage. Hence, the scope of a social audit could vary depending upon each company and the audit could be wide ranging, covering many areas of interest in providing information to the public at large. The social audit prima-facie, could include the social and public responsibility and also the employee treatment. We could illustrate the topics that could comprise a social audit as under:-

A social audit is an assessment of how well the company is achieving its goals or benchmarks for social responsibility.

Table – 4 Illustrated coverage for social audit

a	Environmental impact resulting from the company's operations.
b	Community development and financial contributions made by the company.
c	Charitable contributions made by the company.
d	Work environment including safety, free of harassment.
e	Equal opportunity.
f	Non-discriminatory practices.
g	Employee's pay and benefits.
h	Volunteer activity of employees.
i	Energy use or impact on footprint.
j	Transparency and disclosure in reporting any issues regarding the effect on the public or environment.
k	Accounting and financial transparency and the disclosure.
l	Diversity and such other related topics depending upon the company and its operational sector and industry.
J	(i) The flexibility surrounding social audits could allow corporate, the ability to expand or contract the scope based on their goals. (ii) One company might wish to understand the impact it has on a particular town or city while the other company might choose to expand the range of the audit to include an entire state, country, or throughout the globe which would again depend upon the company as discussed.

COMPANIES AIM AT

The companies are aiming / trying to strike a balance between profitability and social responsibility and with reference to this, the social audit is an internal examination of how a particular business is affecting society. Social audit helps companies to determine if they're meeting their decided objectives, and targets which may include measurable goals and benchmarks. A social audit, at the end of the day relates to the company's overall public image based on the information as it serves as a way for a business to see if the actions being taken are being positively or negatively received by the society at large.

EXAMPLES (ILLUSTRATIVE) ON CSR

There are many organizations who have set up their own foundation and constructively rendering corporate social responsibility in order to enhance, education, health, living conditions of the community / society. Few examples are listed below amongst others:-

Table - 5 Examples of CSR (Illustrative)

Sr. No	year	Foundation	Broad objectives
1	1919	Tata Trust	This trust is carrying out activities relating to education, livelihoods and skill development, rural development, water and sanitation, healthcare and strengthening services.

2	1955	McDonald outlets	McDonald outlets take care of its surroundings by maintaining cleanliness and hygiene throughout the World.
3	1991	Vodafone Foundation	Vodafone Foundation of United Kingdom allocates Vodafone Group Plc. funds to projects around the world that are run in partnership with other charitable organisations & NGOs.
4	1996	Infosys Foundation	Infosys has created a foundation to work for development of the society.
5	2000	Bill & Melinda Gates Foundation	Microsoft has created this foundation for Research and Development work on HIV / AIDs.
6	2006	Tech Mahindra Foundation	This is the corporate social responsibility arm of Tech Mahindra working extensively on the vision of empowerment through education.
7	2010	Reliance Foundation	Extended arms of Reliance Industries working towards catalysing change across multiple levels to transform the lives of rural communities through their rural transformation programme.
8	Over two decades	ITC CSR through NGO	ITC carries out CSR activities in collaboration with NGO on primary education, women empowerment, health sanitation, solid waste management, skilling and vocational training etc.
9	2013	Wipro Foundation	This foundation is supporting the education of marginalized children through democratic library centric interventions that support literacy.
10	2013	Greaves cotton CSR programmes specifically DEEP	Greaves Cotton is carrying out CSR activities through various programmes and "DEEP" programme (Development, Education, and Empowerment & Progress) providing skill based training to the underprivileged youths of our country.

RELEVANCE OF SOCIAL AUDIT

Prima-facie, accountability refers to a process by which companies are answerable for their actions and the consequences / impact that follow from them. In today's context, the social audit has become much more important

since the Government is planning to bring out a legislation for mandatory social audit or companies to conduct social audit their corporate social responsibility (CSR) spending as part of an initiative to further tighten the corporate social responsibility norms. Corporate social responsibility has been brought in by the regulators in the year 2013 and as per the Companies Act provisions, the companies are required to contribute average two percent of their profit in the preceding three years towards discharge of their corporate social responsibility. We are the only country which has mandated CSR for some select categories of companies registered under the Act regulating and regulating the same. The CSR Initiative taken by the Government will push our nation towards achievement of sustainable development goals and public-private sectors and bring overall welfare to the society as a whole.

It may be noted that as per data at the National CSR portal during the financial year 2020-21, an amount of, 24865.46 crores have been contributed towards CSR activities by 17007 companies from 39 States and Union Territories covering a total number of projects of 36865. As travel along further, the contribution is going to go up further in years to come and the CSR is going to be a major factor which would be helping the society at large for the various social welfare activities community development etc. As per the statistics at the portal the following are the CSR contributions made by the top ten companies in our country.

Table – 6 Top Ten companies towards CSR contribution (F.Y 2020-21)

Sr. No	Name of the company	Contribution in crore
1	Reliance Industries Limited	922.00
2	Tata Consultancy Services Limited	674.00
3	Tata Sons Private Limited	545.83
4	HDC Bank Limited	534.03
5	Oil and Natural Gas Corporation Limited	531.45
6	Indian Oil Corporation Limited	445.09
7	NTPC Limited	418.87
8	Infosys Limited	361.82
9	ITC Limited	335.43
10	WIPRO Limited	246.99

Source – National CSR Portal – List of CSR contributing companies

STATUTORY LAWS RELATING TO SOCIAL AUDIT

Probably, the social audits were first made statutory in Mahatma Gandhi National Rural Employment Guarantee Act, 2005 (MGNREGA). Under this Act, the Government of India passed the Mahatma Gandhi National Rural Employment legal guarantee of a hundred days of wage

employment in a financial year to adult members of a rural household who demand employment and are willing to do unskilled manual work. The social audits were made mandatory under the scheme.

Though requirement of audit of CSR activities a non-mandatory as per Companies Act 2013, yet the various provisions of the Companies (Corporate Social Responsibility Policy) Rules 2014 require the monitoring and reporting mechanism for CSR activities. Therefore, monitoring of CSR activities and its reporting is mandatory as per the Companies (Company Social Responsibility Policy) Rules 2014. Added to this, it is the responsibility of the company (through CSR Committee) to monitor the funds of the company which are to be utilized as per the CSR Policy of the company.

EXISTING FRAMEWORK IN RESPECT OF CSR ACTIVITIES UNDER COMPANIES ACT 2013

As on date, there is no requirement for companies to conduct any social audit or CSR audit of their corporate social responsibility activities under the provisions of the Companies Act, 2013. However, the regulators have introduced e-form CSR-2 through which the companies are mandatorily required to file a detailed report on corporate social responsibility activities undertaken by the company to the Registrar of Companies with detailed information on the projects where they are spending. The revised form introduced by the Regulators includes a list of projects and the information like where they are doing it, what kind of money is being spent etc., amongst other details. Further to this, the companies are also required to conduct an impact assessment of their project subject to certain norms and conditions. With the introduction of social auditing and impact assessment, the entire disclosure mechanism will be more transparent, in future days to come. In case where a company spends more than the statutory mandated amount of 2% of its average net profit for the past three years on corporate social responsibility, the company could adjust it against future spending obligations. In addition to the above, there are disclosure requirements also specified by the Regulators in the annual report of the company.

Since the Government is concerned about the monitoring mechanism on the information regarding CSR spending by companies which are apparently insufficient today, the Government is planning to make the social audit compulsory. The proposal to make social audit compulsory for corporate social responsibility activities by the company would definitely shift the corporate social responsibility in our country and the same would go in a long way towards absolute compliance with more transparent disclosure in the sphere of corporate social responsibility to the stakeholders of the company.

REPORTED CSR VIOLATION CASES

Though the regulatory requirements have put in place the framework of compliance system in place, yet there have been violations / non-compliances have been reported

2	Communication	Serves as a way of communicating with various stakeholders.
3	Enhanced efficiency	Provides important data to communicate to the stakeholders for positive impact Enhances the efficiency of operations by lowering loopholes, bureaucracy and corrupt practices.
4	Proper implementation	Helps plan the proper implementation of the CSR programme and activities.
5	Impact on society	Assesses the impact of the organization on the society.
6	Long term impact of the projects	Determines the long term impact of social projects undertaken by the company.
7	Identifying unproductive ones	Helps identify unproductive projects vis-à-vis the productive ones
8	Reduction in cost	Helps reduce the operation costs in the long term.
9	Optimum utilisation	Helps to ensure optimum utilisation of available resources including manpower.
10	No duplication	Ensures that CSR projects are not duplicated
11	Less changes of failures	Helps lower the chances of failure of CSR projects
12	Company's image	Enhanced brand image of the company and reputation
13	Customer loyalty	Increased customer loyalty and increase in sales
14	Retaining talent	More ability to attract and retain employees.
Benefits to the community / public		
15	Employee volunteer program	Employee volunteer programs;
16	Company's involvement	Company's involvement in community education, employment and homelessness programs;
17	Quality products	Product safety and quality.
Environmental Benefits		
18	Recyclability	Greater material recyclability
19	Product durability	Better product durability and functionality
20	Renewable resources	Greater use of renewable resources
21	Integration of environmental tools into business	Integration of environmental management tools into business plans, including life-cycle assessment and costing, environmental management standards, and eco-labelling

AUDITING FRAMEWORK FOR SOCIAL AUDIT / CSR AUDIT

The following are some of the globally accepted CSR reporting standards / audit guidelines / auditing standards which are available for carrying out the audit and the companies could voluntarily adopt in the absence of any specific audit guidelines as on date.

Sr. No	Heading	Details
1	AA1000	AccountAbility AA1000 Assurance standard document brought out by Institute of Social & Ethical Accounting, Auditing and Reporting (SEAAR) – the concept of stakeholders emerged.
2	SA8000	SA 8000 -guidance document for social accountability by Social Accountability International – New York.
3	GRI	GRI - standard Global Reporting Initiative's on sustainability reporting guidelines.
4	GGC certification	Green Globe Certification / Standard



5	ISO 14000	The ISO 14000 environmental management standard
6	FTSE4 GOOD Index	The FTSE Group – FTSE4GOOD Index
7	UN – COP report	The United Nations Global Compact – Communication on Progress (COP) Report

SOCIAL STOCK EXCHANGE

The recently introduced Social Stock Exchange is one that allows the listing of a Non-Profit Organization on stock exchanges like Bombay Stock Exchange or National Stock Exchange. It provides an alternative fund-raising structure as social enterprises in our country exist in large numbers and in several legal forms, for e.g. trusts, societies, section 8 companies, companies, partnership firms, sole proprietorships, etc. Further to this, a social enterprise can be either a For-Profit Enterprise ('FPE') or a Non-Profit Enterprise ('NPO') with an ultimate objective of these enterprises is to create a social impact by carrying out philanthropic or sustainable development activities. There are much more potential for Social Stock Exchanges in our country as there are 31 lakh non-profit organizations

running the schools and hospitals and rendering social services which is more than the number of schools and 250 times the number of government hospitals. This shows that there exist a strong foundation for a robust welfare state that could be aided.

As per the draft of the SEBI report, a Social Stock Exchange may be much more helpful in rebuilding the livelihoods of people who are affected during the COVID-19 pandemic like situations. The participants to the Social Stock Exchange could be (i) individuals; (ii) Philanthropic foundations; (iii) corporates – the spenders of CSR activities; (iv) Government organizations; (v) Banks / NBFCs as lending partners; (vi) Social Venture Fund Category I – AIF; (vii) Risk investors and (viii) Mutual Funds amongst others.

INTEGRATING CSR AND SSE

Our country is the first in the world to make corporate social responsibility mandatory.

As per section 135 of the Companies Act 2013 several innovative activities helps to stimulate SSE engagement from private companies. Considering the fact that some of the social enterprises receive funding from large corporates for meeting CSR requirements in compliance with the Companies Act, 2013, the SSE platform would be a much more suitable method of meeting the compliances as well as increased transparency relating to the flow of funds from the corporates to the social enterprises.

Allowing CSR expenditure to be made through this platform would also provide the necessary liquidity for the purpose of getting the SSE up and running. However any sort of profits made from this platform should be closely monitored and suitably reinvested into the social objectives. Once can expect necessary changes in in the regulatory framework which would be required for better compliance and monitoring. Since the Government already working on the better compliance framework and enhanced disclosures in terms of corporate social responsibility spending by companies, the introduction of the mandatory social audit regulations could be in the near future.

CONCLUSION

There is a growing awareness among the corporate sector now-a-days that every company should contributes positively towards the social goals and the social responsibility has been assuming increasing importance. Almost all the countries of the business world have started to think of discharging their social responsibilities efficiently. This type of thinking is essential for maintaining long term existence of the organization.

Though, as on date, there is no mandatory requirement for social audit or CSR audit, yet, the company may voluntarily choose to have the social auditing / CSR auditing process put in place either internally by the company's employees or from an expert from outside engaging the skilled personnel in this filed. Taking an

There is a growing awareness among the corporate sector now-a-days that every company should contribute positively towards the social goals and the social responsibility has been assuming increasing importance.

independent opinion, from an outside consultant who has relevant expertise would definitely add value and bring credibility to the evaluation. Stakeholders and the public in general will also have more reliance on an outsider's audit and opinion.

We could conclude with reference to the Companies Act 2013, social audit would be a tool through which companies can plan, manage and measure corporate social responsibilities activities sponsored social development projects. It also helps monitor consequences of the intended and unintended impacts of social development projects their geographies. Social Audit initiated by the companies may also include financial audit geared towards verification of reliability and integrity of financial information. No doubt, the companies would be able get the timely updates of the projects and regular tracking with the help of social audit and better monitoring and reporting would happen and we can achieves successful social developments in future days to come.

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Social Audit-Statutory Provisions, Assessment Index and Findings

The first Social Audit was carried out (1985–88) by John Fry and Ulla Ressler, work life researchers at the Centre for Swedish Working Life. The term Social audit was used to refer to a form of citizen participation that focuses on government performance and accountability. A social audit is a way of measuring, understanding, reporting and ultimately improving an organization's social and ethical performance. It is qualitatively different from other forms of audit and citizen participation, whose main purpose is to express citizen's voice and promote a more inclusive government, such as public demonstrations, advocacy and lobbying and/or public hearing initiatives.

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The central objective of social audit is to monitor, track, analyze, and evaluate government performance/rural development schemes, thus making public officials accountable for their actions and decisions. A social audit can also significantly contribute to inform the government about the potential impact and consequences of public policies. It can also play a critical role as an anticorruption tool in preventing corrupt practices and/or in providing evidence to expose wrongdoings. Ultimately, social audit paves the way to strengthen trust and confidence in the democratic governance process. It gives an opportunity to villagers to question the officials, elected representatives about issues in implementation of works/provision of services in their areas, and provides a platform for redressal of their grievances.

The benefits could be derived from social audits are such as :- (i) It informs and educates people about their rights and entitlements (ii) It provides a collective platform for people to ask queries, express their needs and grievances (iii) It promotes people's participation in all stages of implementation of programmes (iv) It brings about transparency and accountability in government schemes and (v) it strengthens decentralised governance.

SOCIAL AUDIT IN INDIA

In India, systematic institutionalization of Social Audit processes and appropriate capacity building have been central to the sustained efforts made by the Ministry of Rural Development, Government of India (Ministry) to enrich the implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in particular and other important Rural Development Programmes in general. The Social Audit structures, processes and implementation standards have been

incorporated in (i) Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) (ii) MGNREG Audit of Scheme Rules, 2011 (iii) Auditing Standards for Social Audit (iv) MGNREGA - Annual Master Circular (v) Programme specific Social Audit guidelines, and (vi) Best practices followed in the States, and reinforce each other.

The Government of India is implementing many rural development programmes including MGNREGS, Pradhan Mantri Awaas Yojana –Gramin (PMAY-G), Pradhan Mantri Gram Sadak Yojana, National Social Assistance Programme (NSAP), Deen Dayal Upadhyaya Grameen Kaushalya Yojana, Deendayal Antyodaya Yojana and National Rural Livelihoods Mission (DAY-NRLM). To ensure that these schemes are implemented in an standard manner, the government has instituted a robust accountability framework including Social Audit, Internal Audit, Geo- tagging, Direct Benefit Transfer, transparent Management Information System and Common Review Missions.

In addition to MGNREGS where *social audit is mandated by law*, the Ministry has taken steps to ensure that all rural development schemes should be covered by social audit. To strengthen the social audit mechanism, the ministry released (Year 2019) “social audit guidelines for PMAY-G, NSAP and Fourteenth Finance Commission Grants”. The Ministry has emphasised that all States set up an independent Social Audit Unit and that all Gram Panchayats (GPs) in the *States should be covered at least once in a year.*

The Ministry published the report ‘Status of Social Audits in India, 2019’, conducted National Seminar on Social Audit and developed (July 2020) ‘Financial Management Index for rural development programmes’. The Financial Management Index captures performance of the states on financial management and in this Index, social audit was one of the parameters to judge the efficiency of states in management of finances.

STATUTORY PROVISIONS

Section 17 of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) mandates Social Audit of all works in the Gram Panchayat by the Gram Sabha. The Ministry with the help of Comptroller

& Auditor General of India (CAG) notified the MGNREG Audit of Scheme Rules in 2011 and the Auditing Standards for Social Audit in 2016. MGNREG Audit of Scheme Rules 2011 which are also known as Social Audit Rules includes following key sections w.r.t. social audits:-

S. No.	Section No	Details given in section
1.	4 (1)	The State Government shall identify or establish, under the Act, an independent organisation {Social Audit Unit (SAU)} to facilitate conduct of social audit by the Gram Sabha
2.	4 (2) (a)	The SAU shall be responsible for the following, namely:- (a) build capacities of Gram Sabha's for the conduct of social audit; and towards this purpose, identify, train and deploy suitable resource persons at village, block, district and state level, drawing from primary stakeholders and other civil society organisations having knowledge and experience of working for the rights of the people.'
3.	5	The social audit shall be a process independent of any process undertaken by the implementing agency of the scheme. The implementing agency shall at no time interfere with the conduct of social audit
4.	5 (4)	The resource persons deployed for facilitating social audit in a Panchayat shall not be residents of the same Panchayat
5.	6 (1)	The social audit unit shall, at the beginning of the year, frame an annual calendar to conduct at least one social audit in each Gram Panchayat every six months and a copy of the calendar shall be sent to all the District Programme Coordinators for making necessary arrangements
6.	6 (2)	For facilitating conduct of social audit by Gram Sabha, the resource persons deployed by the SAU, along with primary stakeholders shall verify - (i) the muster rolls, entry and payments made in the specified time period, by contacting the wage seekers whose names are entered in such muster rolls; (ii) the work site and assess the quantity with reference to records and also quality of work done (iii) the cash book, bank statements and other financial records to verify the correctness and reliability of financial reporting; (iv) the invoices, bills, vouchers or other related records used for procurement of materials to testify such procurement was as per the estimate, as per procedure laid down and was economical
7.		The social audit reports shall be prepared in local language by the Social Audit Unit and displayed on the notice board of the Gram Panchayat'
8.	7 (3)	Details of actions to be taken on Social Audit Reports
9.	7 (5)	The State Employment Guarantee Council shall monitor the action taken by the State Government and incorporate the Action Taken Report (ATR) in the annual report to be laid before the State Legislature by the State Government

PREREQUISITE FOR SOCIAL AUDIT

Many of the Village Resource Persons are members of DAY – NRLM Self Help Groups, thus, facilitating the social audit exercise empower them and give them the confidence to address many social ills in rural India. Full involvement of the States is crucial to ensure effective social audits, States should ensure that Social Audit Units are independent, adequate staff is available, clear instructions are given to implementation agencies not to interfere in the process, availability of required documents to social audit teams and prompt action on the social audit findings are basic prerequisites for successful implementation of social audits. These prerequisites ensures the faith of the people in the social audit process and improve the quality of the scheme implementation.

SOCIAL AUDIT ASSESSMENT INDEX

To systematically track the areas where States have to act and to address the situation, the Ministry has in collaboration with National Institute of Rural Development

and Panchayati Raj (NIRDPR) developed the Social Audit Assessment Index in tabular format. Marks have been allotted to each parameter in the index and this has been specified next to the parameter. For each parameter, the relevant sections from the Act, Rules and Auditing Standards are given which helps in laying

A social audit can also significantly contribute to inform the government about the potential impact and consequences of public policies. It can also play a critical role as an anticorruption tool in preventing corrupt practices and/or in providing evidence to expose wrongdoings.

emphasis on the importance of the parameter. The Annexures contain extracts relevant to Social Audit from the MGNREG Act, the MGNREG Audit of Scheme Rules, the Auditing Standards for Social Audit and the periodic letters relating to social audit sent from the Ministry to the States.

The Social Audit Assessment Index has got the twin purpose to (i) Prioritize and collate all important issues concerning Social Audit broadly falling in 15 broad categories viz;- (a) Independent SAUs (b) Governing Body (c) Social Audit Personnel (d) Social Audit Resource Persons (e) Capacity Building of Resource Persons (f) Funding, Expenditure and Audit (g) Social Audit Process

(h) Social Audit Gram Sabha (i) Public Hearing (j) Social Audit Findings (k) Social Audit Reports (l) Response of state government to social audit findings (m) Transparency and Accountability of the SAU (n) Social Audit of other schemes (o) Collaboration with other organisations, at one place for easy accessibility, and (ii) generate a competition among the States to excel in this important area in true spirit of competitive co-operative federalism.

Social Audit Assessment Index can be used by the states as a guide to identify the different issues that need to be corrected. The States should use this index to find out where they stand and take action on the areas where they are weak.

Social Audit Assessment Index Sample Format

Social Audit Assessment Index					
Sl. No.	Indicator	Maximum Marks			
1	Independent Society				
a	Has an independent society for the exclusive conduct of social audit established in the State?	Yes (20)	No (0)		
b	Does the SAU have an independent bank account?	Yes (20)	No (0)		
2	Governing Body				
a	Was a notification on the composition of Governing Body issued?	Yes (20)	No (0)		
b	In case an executive committee has been constituted, is it independent	Yes (10)	No (0)		
c	Frequency of governing body meetings	At least once in a quarter (10)	At least once in a six months (7)	Once in a year (3)	Not conducted (0)

6. CAG report on Social Audit

CAG office conducted audit and placed its audit report in parliament on the subject **“Report on Mahatma Gandhi National Rural Employment Guarantee Audit of Scheme Rules, 2011 (Social Audit Rules)”** CAG report highlighted that in three years, ₹1,14,155 Crore was incurred on MGNREGS and the important audit findings from selected samples (29 States) were as under :-

- (a) SAUs were not set up in seven¹ states.
- (b) In eight² states, SAUs were functioning as a cell within the department of Rural Development of the State Governments.
- (c) In three³ States, SAUs were headed by departmental officers as additional charge.
- (d) Shortage of resource persons to support and carry out social audits was observed and in five states assessment of village resource persons was not done.
- (e) States did not take the advantage of the Special Project launched by the ministry to support the conduct of Social Audit and failed to strengthen the resources for social audit.
- (f) Annual calendar to conduct the Social Audit was not prepared in majority of States.
- (g) Instances of non-requisition/non-production of records in large number of cases were noted and evidence in support of records were not available with Social Audit Reports.
- (h) Six states did not have any evidence of physical verification of work sites.
- (i) Instances of non-convening of Gram Sabha meetings, low participation of village community, non-discussion of social audit findings, non preparation of social audit reports in local language and prescribed format, non-video recording and uploading of proceedings of Gram Sabha and Social Audit Reports on website etc were observed.
- (j) In eleven states block level public hearings were not held to discuss social audit findings.
- (k) Two States did not constitute State Employment Guarantee Council (SEGC) after April 2013 and in five states, SEGC did not monitor action taken by the State Governments on Social Audit Reports and
- (l) Instances of non utilisation of funds for training for social audits were seen.



CONCLUSION

Disconcertingly, it has been noted that half of the SAUs are not independent and that the quality of audits and intensity of action on the findings needs to improve. As discussed, several deficiencies in planning and execution of Social Audit still exist. Thus, effective steps to follow timelines, availability of adequate resources, timely preparation of annual calendar/reports, full participation in Gram Sabha meetings and follow up action at all levels as per provision of the rules are required.

Further, accountability and transparency mechanism have not been commensurate with the increasing responsibilities and funds and the social audit can deal with this difficult situation. The Practicing Company Secretaries (PCS) being part of any civil society organizations, if any, can work as partners in enhancing transparency and accountability of implementing agencies as PCS have expertise in review of minutes of meetings/corporate governance and this expertise can help PCS in review of GPs/governing bodies meetings/minutes which can also provide better assessed social audit assessment index. The ultimate accountability of implementing agencies is to the people and transparency ensures that actions and decisions of the executive are taken in accordance with rules, laws and laid down procedures.


Finally, social audit focusses on issues such as awareness, grievance redressal, feedback about the programmes,

physical verification etc. The depths and details up to which social audit goes for examination is not possible in any other assessment or feedback mechanism. Therefore, when conducted effectively it can provide us valuable feedback on efficiency of a scheme or programme and due to this, PCS can also play a major role in social audits.

Footnotes

1. Arunachal Pradesh, Goa, Himachal Pradesh, J&K, Jharkhand, Kerala and Uttarakhand
2. Assam, Bihar, Haryana, Maharashtra, Nagaland, Punjab, Rajasthan and West Bengal
3. Madhya Pradesh, Manipur and Mizoram

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Social Audit - A Greenpath for Sustainable and Inclusive Growth

Social Audit is a concept is not new to India Inc. with the first initiative dating to 1979 being taken by TISCO. The article besides introducing the concept of social audit and the recent regulatory updates concerning the Social Audit, also tries to highlight Social Audit as a tool which can be useful to strengthen sustainability initiatives. It is interesting to note that India will in 2023 take over the Presidency of the G20 group of major economies and this provides India an opportunity to showcase its leadership position with respect to being a catalyst for global welfare. The profession of Company Secretaries is also in the forefront with respect to strengthening of sustainability issues and to accelerate the initiatives towards inclusive growth, ICSI has already taken the initiative of incorporating a Section 8 company to act as a SRO to provide the impetus to pursue these efforts.

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GENESIS

The initiative of social audit with respect to India in fact dates to 1979, when Tata Iron and Steel Company Limited (TISCO) introduced Social Audit for measuring its social performance¹. In the Indian context, Social Audit gained impetus through the 73rd Constitution Amendment in December 1992 relating to the Panchayati Raj Institutions, which empowered the Gram Sabhas of the Panchayats to conduct Social Audits in addition to its other functions². Globally though it is documented that the concept of Social Audit dates to 1985-88. This is when John Fry and Ulla Ressler (Researchers at the Centre for Swedish Working Life – Arbetslivscentrum) published their work after their three-year study of Sweden's Central Bureaucracy, basing it on interviews and questionnaires with responses obtained from over 1000 employees at all levels of the organisation, with an objective of assessment of Institutionalisation of a Democratic Rationality³. Led by India globally as well, the concept of social audit was used to refer to citizen participation to improve the focus on

¹ <https://www.vskills.in/certification/blog/social-audit-in-india/>

² <http://www.isca.me/IJSS/Archive/v2/i11/9.ISCA-IRJSS-2013-157.pdf>

³ https://en.wikipedia.org/wiki/Social_audit#:~:text=The%20first%20Social%20Audit%20was,Social%20Revision%20av%20ett%20%C3%84mbetsverk%22.

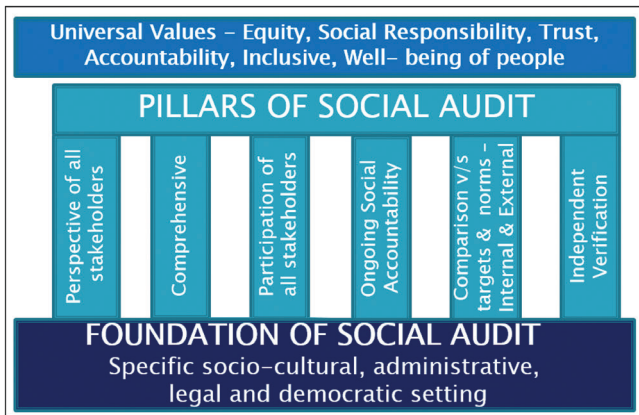
*The views expressed in this article are the personal views of the authors.

government performance and accountability. Social audit started being increasingly mooted as a forum of evaluation that pushes the government and the bureaucratic set up to hear the people's voice. With the increased emphasis on social and environmental aspects, triple bottom-line accounting came into the fore to highlight the sustainability angle leading to the expanding scope of social audit to business enterprises which we now know extends beyond the boundaries of the government performance – rather it is perceived to be an important aspect in the “S” component of Environment, Social and Governance (ESG) with reference to the performance of business enterprises. The UN mandated Sustainable Development Goals (SDGs) agreed to by the 192 signatory countries as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity is probably the most serious attempt to address sustainability across the globe and the situation underscores the importance of Social Audit in respective countries / jurisdictions in no uncertain terms.

SOCIAL AUDIT - CURRENT CONTEXT

Viewed from the perspective of a business enterprise, Social Audit is regarded as an assessment of the performance of an enterprise towards achieving its social responsibilities. Thus, Social Audit acts as an instrument of Social Accountability of any enterprise or organisation. It is an independent evaluation of the performance of an organisation vis-à-vis its social goals. In that sense, Social Audit is an assessment of the impact of an organisation's non-financial objectives through systematic and regular monitoring based on the views of its stakeholders and a way of measuring the extent to which an organisation lives up to the shared values and objectives to which it has committed itself.

Social audit considers stakeholders as a whole and not separately. The scope of social audit is to work on all the components of an organisation's social policy viz. Ethics, Labour, Environment, Community, Human rights, Society, Compliance. For each of the components, expectations of all stakeholders will be analysed.



Source: Conceptualised by the authors

Social Audit is a formal evaluation and review of the procedures followed by a Social Enterprise, whether a Not-for-Profit Organisation (NPO) or a For-Profit Enterprise (FPE) with respect to its accomplishing Corporate Social Responsibility (CSR) obligation and / or its goal of achieving the outlined Social Impact.

NEED FOR SOCIAL AUDIT

Social Audit helps in assessing how well the organisation is functioning towards its obligation or goal and provides an opportunity to identify areas of focus for project managers to initiate steps for improvement and / or corrective action. With the involvement of multiple stakeholders in a social project, there are good possibilities for giving more preference or importance to some stakeholders and / or neglecting or not giving the requisite importance to certain other stakeholders. Social Projects call for balancing the concerns of all the stakeholders and this can be better addressed with Social Audits in place, thereby helping to evaluate how their social initiatives are being received by both their internal and external stakeholders. Thus, Social Audit becomes imperative considering the varying interests of different stakeholders, particularly those involving large funds motivated to purely achieving the desired social impact.



Source: Conceptualised by the authors – Also refer Chartered Secretary, September 2021 issue page no. 41

With respect to social projects, Social Audit is considered necessary for:

- monitoring the social impact and performance of the organisation,
- providing a basis for shaping management strategy in a socially responsible manner,
- facilitating continuing organisational learning on how to improve social performance and
- informing the community, public, other organisations, and institutions in the matter of allocation of their resources in terms of time and money.

BENEFITS OF SOCIAL AUDIT

The following are the potential benefits that could be realised from an effective Social Audit:

- Social Audit being an important component of ESG helps in strengthening governance as also strengthening accountability;
- Social Audit provides an effective platform for dialogue between different stakeholders;
- Social Audit can be a very effective tool to identify the gap between desired social impact and actual impact;
- Social Audit helps in building pressure for better implementation of social projects and programmes and
- Social Audit can help to develop measures and set targets to improve corporate social performance, using benchmarking and other techniques.

SOCIAL AUDIT AND SOCIAL STOCK EXCHANGE

The idea of Social Stock Exchange (SSE) which was formally introduced to India by the Union Finance Minister in her Budget Speech for FY 2019-20 is a novel concept. The Securities and Exchange Board of India (SEBI) quickly swung into action and after following a consultative process put in place the basic regulatory framework in July 2022 through enabling amendments to the following regulations: -

Viewed from the perspective of a business enterprise, Social Audit is regarded as an assessment of the performance of an enterprise towards achieving its social responsibilities.



- a) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2022 by inserting a new Chapter X-A consisting of Regulations 292A to 292P. These regulations are referred to as “ICDR regulations”.
- b) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2022 by inserting a new Chapter IX-A consisting of Regulations 91A to 91F. These regulations are referred to as “LODR regulations”.
- c) consequential amendments to the Securities and Exchange Board of India (Alternate Investment Funds) Regulations, 2012 arising out of the amendments to the ICDR regulations. These regulations are referred to as “AIF regulations”.

In Chapter X-A of the ICDR Regulations, the term “Social Stock Exchange” is defined to mean a separate segment of a recognised stock exchange having nationwide terminals and is permitted to

- a) register “Not for Profit Organisations” (NPO) and / or
- b) list the securities issued by NPOs

In addition to a NPO, a “For Profit Social Enterprise” (FPE) seeking to be identified as a Social Enterprise is also covered by the provisions of Chapter X-A of ICDR Regulations.

The term “Social Enterprise” is defined in the ICDR Regulations to mean a NPO or a FPE that meets the eligibility criteria specified in the said Chapter X-A.

SSEs are expected to substantially enhance the visibility and knowledge of the key stakeholders of social enterprises. SSEs are expected to play a major role in bridging the funding gap faced by social enterprises in creating and achieving the projected social impact. SEBI has rightly mandated Social Audit to be carried out by social enterprises raising funds.

SOCIAL AUDIT AND SOCIAL IMPACT ASSESSMENT

Social Audit differs from Social Impact Assessment in terms of Objectives, Scope, Process and Outcome. Understanding these differences is crucial in the absence of concrete guidance. An attempt is made herein to analyse the differences between social audit and social impact assessment. These differences are analysed below: -

Objective: While Social Impact assessment is carried out by or at the behest of the stakeholder(s) with a view to measure performance in the context of people’s well-being, the objectives of Social Audit can be summarised as under: -

- Assessing the physical as well as financial gaps between needs and resources available for balanced development.

- Creating awareness among beneficiaries and service providers
- Increasing efficacy and effectiveness of the development programmes forming part of the social projects.
- Scrutiny of various policy decisions, keeping a balanced view of stakeholder's interests and priorities.

Scope: While Social Impact assessment is concerned with the changes brought about by the project or programme, Social Audit is concerned with evaluation and measuring efficiency and effectiveness of implementation of programme or project.

Process: Social Audit is a continuous process and covers all the stages of a social project / programme with a view to determine whether the policies framed by the social enterprise in fact leads to the achievement of the outlined objectives as also whether there are any deviations from the policies framed by the social enterprise which leads to underachievement or non-achievement of the laid down targets towards achieving the objectives. In the case of Social Impact assessment, though it is also a continuous process and covers all the stages of a social project, the assessment process generally does not and need not involve an audit process.

Outcome: The outcome of any social audit is a report on the social project / programme containing the findings based on review of the processes and progress made in the said social project / programme. The outcome of social impact assessment is also a report by an independent third party of the outcomes and impacts created the implementation of the social project / programme. While an impact assessment is usually conducted after the project life cycle is completed, social audit could be a continuous process of review and intention is not to measure the impact created by the project.

ANNUAL IMPACT REPORT

SEBI has *vide* circular SEBI/HO/CFD/PoD-1/P/CIR/2022/120 mandated the following with respect to Disclosure of Annual Impact Report by all Social Enterprises which have registered with SSE or raised funds using SSE in terms of Regulation 91E of the LODR Regulations:

- (1) All Social Enterprises (SEs) will have to provide duly audited Annual Impact Report (AIR) to SSE within 90 days from the end of Financial Year.
- (2) The AIR shall capture the qualitative and quantitative aspects of the social impact generated by the entity and where applicable, the impact that is generated by the project or solution for which funds have been raised on SSE.
- (3) In case an NPO is only registered without listing any security, the AIR must cover the NPO's significant activities, intervention, programs or projects during the year and the methodology for determination of significance must be explained. Additionally, if there is an activity, intervention, program, or projects covered under a listed security, it will qualify as a significant activity, intervention, program, or project.
- (4) For a Social Impact Fund where the underlying recipients of funds are SEs which have registered or raised funds using SSE, must disclose an overall AIR for the fund covering all investee/grantee organizations where the fund is deployed.
- (5) The AIR should at a minimum, cover the aspects described below.
 - a. *Strategic Intent and Planning*
 - i. What is the social or environmental challenge the organization and/or the instrument listed is addressing? Has this changed in the last year?
 - ii. How is the organization attending to the challenge or planning to attend to the challenge? Has this changed in the last year?
 - iii. Who is being impacted (target segment)? Has this changed in the last year?
 - iv. What will be the outcomes of the activities, intervention, programs, or project? Disclosure should include positive and potential unintended negative outcomes.
 - b. *Approach*
 - i. What is the baseline status / situation analysis/ context description at the start of the activity/ intervention/programs or project and at the end of the last reporting period?
 - ii. What has been the past performance trend? (If relevant)
 - iii. What is the solution implementation plan and the measures taken for sustainability of activity/ intervention/programs or project outcomes? Has there been any material change in your implementation model in the last one year?
 - iv. Please brief out alignment of solution to Sustainable Development Goals (SDGs)/national priorities/state priorities/ developmental priorities.
 - v. How have you taken into consideration stakeholder feedback in this reporting period?
 - vi. In the last year, what have you seen as the biggest risks to the achievement of the desired impact? How are these being mitigated?

c. *Impact Score Card*

- i. What are the metrics monitored and what has been the trend?
- ii. Briefly include narratives of impact on target segment(s) in the reporting period.
- iii. Beneficiary / Stakeholder Validation through surveys and other feedback mechanisms

SSE may specify additional parameters that may be required to be disclosed by SE in its AIR and the AIR shall be audited by Social Auditors and the SEs shall disclose the report of the Social Auditor along with AIR

SOCIAL AUDIT – REGULATORY PROVISIONS IN ICDR REGULATIONS AND LODR REGULATIONS

The terms “Social Auditor” and “Social Audit Firm” have been defined in the ICDR Regulations.

“Social Auditor” means an individual registered with a self-regulatory organisation (SRO) under the Institute of Chartered Accountants of India (ICAI) or such other agency, as may be specified by SEBI, who has qualified a certification program conducted by National Institute of Securities Markets (NISM)⁴ and holds a valid certificate. The definition refers to “such other agency as may be specified by SEBI” with reference to a SRO. While Institute of Company Secretaries of India (ICSI) has already incorporated a SRO, it is understood that Institute of Cost Accountants of India (ICAI-Cost) is also in the process of creating a SRO under its umbrella.

“Social Audit Firm” has been defined to mean any entity which has employed Social Auditors and has a track record of minimum three years for conducting social impact assessment.

The LODR Regulations provide for the social audit of the annual impact report that a social enterprise is required to submit to the SSE where it is registered in the case of a NPO or the Stock Exchange in the case of a FPO. The regulations further provide that the said annual impact report shall be audited by a Social Audit Firm employing a Social Auditor.

SELF-REGULATORY ORGANISATION (SRO)

SRO is a key component of the ecosystem concerning the framework for Social Audit. In the context of social audit, an effective SRO is expected to demonstrate the following characteristics⁵: -

1. Authority, which may be either legislative or delegated for creating and enforcing its own policies, rules, and guidelines.
2. Strong governance mechanism.
3. Effective mechanism for conflict management.

⁴ NISM is an educational initiative of SEBI

⁵ <https://blogs.cfainstitute.org/marketintegrity/2014/06/12/top-10-characteristics-of-effective-self-regulatory-organizations/>

4. Effective mechanism for supervision with defined and transparent processes for overseeing and regulating activities of its members.
5. Effective surveillance mechanism that can keep pace with advances in technology and latest market developments.
6. Consistency in enforcement functions that instils confidence in the stakeholders.
7. Up-to-date database of information about regulated persons.
8. Effective dispute resolution mechanism.

The SRO that will empanel Social Auditors (SAs) shall have the following major functions:

- i. Registration of SAs on fulfilling the prescribed requirements.
- ii. Laying down criteria/norms for empanelment of SAs, categorization of SA into various categories on fulfilment of required criteria/norms including but not limited to number of qualified social auditors in the firm, relevant experience, etc.
- iii. Laying down standards of professional conduct for registered SAs and monitoring their performance.
- iv. Safeguarding the rights and privileges of SAs / members.
- v. Suspending or cancelling the membership of SAs / members, on the grounds set out in its byelaws.
- vi. Publishing information about its functions, list of its members, performance of its members and such other information as may be specified by the applicable regulations.

SOCIAL AUDIT AND SUSTAINABILITY DEVELOPMENT GOALS (SDGs)

The United Nations Sustainable Development Goals (SDGs) are 17 interconnected social, economic, environmental, and institutional targets to be achieved by 2030 that the 192 members nations have agreed upon in 2015. Supreme Audit Institutions (SAIs) are assessing the progress made by their governments for achieving the SDGs.⁶ Around the world, SAIs are working in collaborative and innovative ways to examine how effective their governments have been at integrating the SDGs into national development plans and in assessing progress that is being made on issues like climate change, gender equality and poverty reduction. The report entitled “Auditing the SDGs: Progress to 2030” by the ACCA (The Association of Certified Chartered Accountants) explores how SAIs examine the challenges presented by the SDGs to government decision-making and why their ability to hold governments to account on this ambitious agenda matters.⁷

⁶ https://www.accaglobal.com/uk/en/professional-insights/global-profession/Progress_to_2030.html

⁷ *Auditing the SDGs: Progress to 2030 – Report by ACCA*



It is obvious that there is an urgent need for the Governments in all the jurisdictions to move rapidly and use the SDGs to tackle the many problems that are staring right at our face and cannot be ignored or wished away. These include the rising frequency of destructive climate change-related events, such as extreme weather, flooding and drought, the impacts of increasing natural capital destruction and extinction of species. They also include interconnected issues of worsening inequality and the growing difficulties for many in earning a decent living through work that is becoming more precarious and insecure seriously affecting the work-life balance which today for a large chunk of population in the globe remains a pipe dream. The defining challenge of the next decade will be building the systems that the SDGs require for delivery. From the practicalities of achieving coherence in SDG-related policies across different parts of government, to validating new data sources and establishing agreed-upon metrics where gaps exist as well as making the last mile delivery a reality requires genuine and ongoing commitment. That is the reason why the work of SAIs occupies great importance in the assessment and evaluation of the preparedness of the member countries to take on the SDG-related challenges and their progress towards achieving them not just on paper, but actually as well in a demonstrable manner. In the Indian context, in that sense SEBI's initiative of driving the regulations for creating an ecosystem for social audit is a step in the right direction and is worth emulating in other member countries as well.

CONCLUSION

In the words of UN Secretary General, Antonio Guterres in February 2020 *"The Sustainable Development Goals are relevant for every nation and every community.*

No country can say that it has no inequality, or no urban poor being left behind, or no problems with pollution or climate change." This is truly the essence of inclusive growth and underlines the need to take concrete steps to achieve the UN mandated SDGs such that no country is left behind in this global endeavour. A strong and robust ecosystem of Social Audit across the globe geared towards identifying the gaps in the efforts towards achieving the SDGs at the micro as well as the macro level and at the country as well as at the global level is perhaps the ideal that that should be pursued, and India is capable of providing this leadership.

It is an honour for every Indian as India assumes the Presidency of the group of G20 in 2023. In the words of our Hon'ble Prime Minister, Shri Narendra Modi "Together with every countries' efforts, we can make the G20 summit a catalyst for global welfare." Given that there is a need for more involvement of specialised human resources in this emerging field, the opportunities are plenty. From the standpoint of CS professionals, since social audit invariably includes compliance as one of the components, they are ideally placed to take up social audit. This is an excellent opportunity provided they gear up to lead and / or work in multi-disciplinary teams. However, since the CS profession is known for its capabilities for networking, co-ordinating and providing leadership, this should not be a constraint. However, to reap the maximum benefits CS should not get the tag of "Late Risers" and should be proactive to grab the low hanging fruit. This also highlights the importance of developing a sustainable thought process in the minds of the CS.



Ensuring Accountability & Transparency in MGNREGS : Status of Actions on Social Audit findings

Towards achieving good Governance, transparency, responsiveness and accountability, social audits are non-negotiable. But to ensure the same, designing appropriate systems and institutionalizing them has always been a challenge however in last one decade efforts has been made to make it possible. Social audit and social accountability concepts are becoming increasingly popular and relevant. The vital role of social audit for ensuring the local stakeholder's role in grass root level implementation of the public sector programs, verification of deliverables and ensuring accountability of the implementing agencies, besides a safeguard against corruption and frauds has been recognized.

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INTRODUCTION

The National Rural Employment Guarantee Act is a landmark initiative in providing 100 days guaranteed employment on demand to every rural household at the minimum wage whose adult members (both male and female) would like to do unskilled manual work.

MGNREGA has several features. The success of the programme is entirely dependent on the participation of the community. The Act stipulates to ensure that benefits reach the people in need, a number of transparency and accountability measures have been built in to the NREGA.

Social audit is an appropriate mechanism which builds the enabling conditions for public accountability. Section 17 of the NREGA mandates that regular social audits to be conducted in the Gram Sabha at least once every six months. The NREGA guidelines made detailed description of the social audits process.

Box 1: What is Social Audit?

What is Social Audit? An audit that is conducted by the people by those who are affected by, or are the intended beneficiaries of the scheme being audited and facilitated by the Government

-Auditing Standards 2016

As per the Audit of Scheme rules 2011, state governments have to establish a separate society for facilitating social Audits. These society will be called as Social Audit Units, and would be solely responsible for the establishment and facilitation of Social Audit Process of MGNREGA in the state. Till date 24 out of 28 states have established Social Audit Units as separate Society and these social audit units have done a splendid progress to streamline social audit process in states.

Thus in this backdrop the present paper tries to understand what sort of issues/irregularities/ misuses/ corruption practices are emerging out of the conduct of social audits and how effective the action taken are and how it is leading to the effective implementation of MGNREGS . The Analysis was completely based on the data available on the NREGA MIS for the financial years 2017-18, 2018-19 and 2019-20 which is updated by the state Social Audit units. Due to covid restrictions, states could not take up regular social audits and thus confined to concurrent audits. Thus there is no significant data available for regular audits in the MGNREGA MIS for 2020-22.

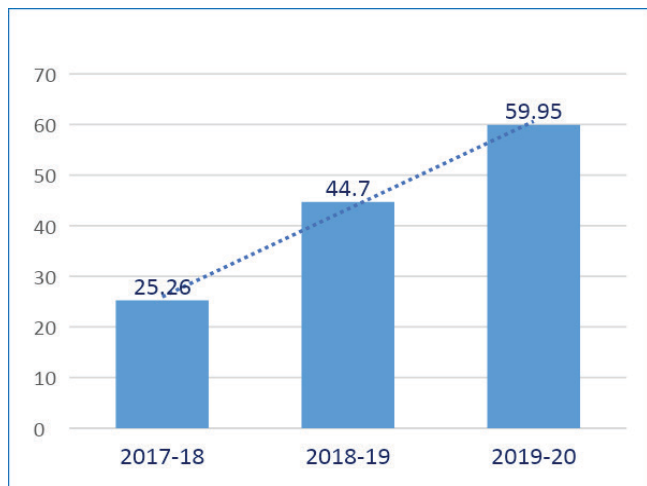
In last ten years, the social Audit has created its own space as a tool to bring transparency and accountability. There has been an intensive effort to institutionalize social Audit in states of India. The Social Audit Units now functioning in all states and the coverage of the Social Audit has reach to 60% of the GPs during FY 2019-20. The irregularities identified are also in a significant number, but the action on the issues are still a big challenge. In last 3 years (FY 2017-18 to 2019-20) only 16% of the issues has been closed or readdressed. The amount of misappropriation

identified through Social Audit which was supposed to recover is 832 Crores. Till date only 2% of the amount has been recovered. Such leniency in the action on the issues/irregularities is demeaning the importance of Social Audit and Citizens are losing trust on public accountability. The ultimate objective of Social Audit is to make citizens empower and system responsive towards citizens through Public accountability is difficult in such circumstances. Need a systematic and institutional approach for proper actions and to mitigate gap, by state and the ministry.

SOCIAL AUDITS COVERAGE

As per the Section 17 of the MGNREGA and the Auditing Standards released in 2016, Social Audit Unit has to facilitate Gram Sabha, to conduct Social Audit. There are total 265098 GPs in India (States and Union Territories) where MGNREGA is being implemented. As per the MGNREGA MIS, in FY 2017-18 the total coverage of GP was 25% which increased to 45% in FY 2018-19 and in FY 2019-20 it reached up to 60% GPs.

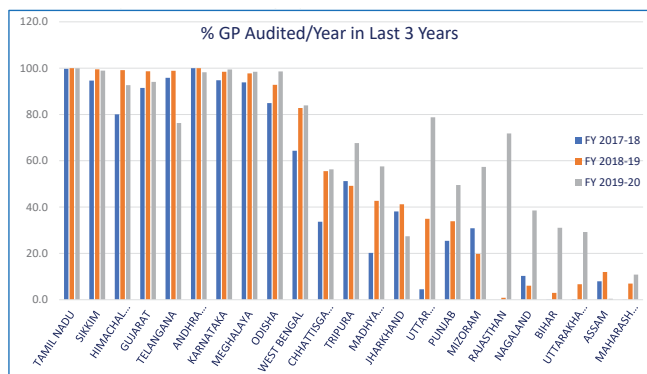
Graph 1 – Coverage of GPs audited



Trend of the Coverage of GPs audited in Last 3 Years

Source: R.9.2.3 Issues Reported (<https://nrega.nic.in/>)

Graph 2 - State wise coverage of GPs social audited in the last 3 Years



Source: R.9.2.3 Issues Reported (By Category) (<https://nrega.nic.in/>)

However there is a wide variation in the coverage of different States. Tamil Nadu, Sikkim, Himachal Pradesh, Gujarat, Telangana, Andhra Pradesh, Karnataka, Meghalaya, Odisha, West Bengal are the states which are covering almost 80-100% GPs with consistency, while Chhattisgarh, Tripura and Jharkhand who are doing significantly well. Uttar Pradesh, Rajasthan, Mizoram and Punjab have recently (in FY 19-20) made a quantum jump.

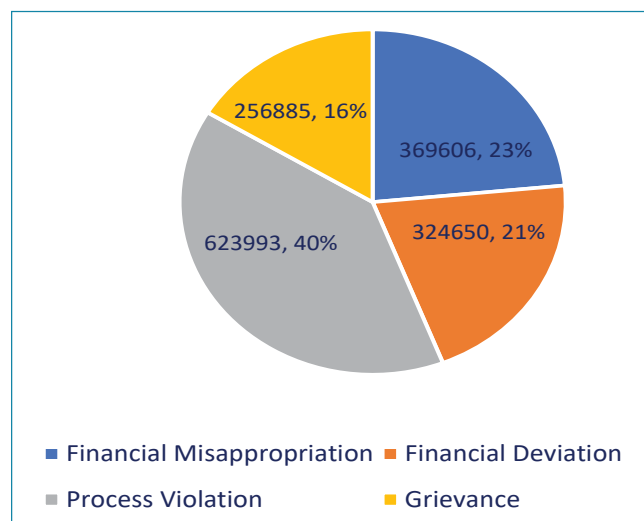
However, Bihar, Uttarkhand, Assam and Maharashtra still have a long way to go, coverage is not very satisfactory in these states.

FINDINGS OF THE SOCIAL AUDIT

Social Audit Resource Persons classify issues into four types – Grievance, Process Violation, Financial Deviation and Financial Misappropriation. Under each of these types, there are categories and subcategories. The frequency of issues is given in the report ‘9.2.4 Frequency of Issues’ of nrega.nic.in.

ISSUES REPORTED ON THE NREGA MIS FOR THE FY 2017-18 TO 2019-20

Graph 3 – Category wise issues reported



Box 2: SA findings categorization

The findings or issues identified during Social Audit process are broadly categorized in to four main issue types:

- a) Financial Misappropriation (FM)
- b) Financial Deviation (FD)
- c) Process Violation (PV)
- d) Grievances (GR)

Source: R.9.2.3 Issues Reported (By Category) (<https://nrega.nic.in/>)

A total of 15, 75,134 issues were reported for the FY 17-18, 18-19 and 19-20. In which, 23% related to financial

misappropriation, 21% related to financial deviation, 40% related to process violation and 16% related to grievances. Based on the above figures, SAUs have to focus on the collection of grievances and reduce the process violations by providing awareness to the implementing agency.

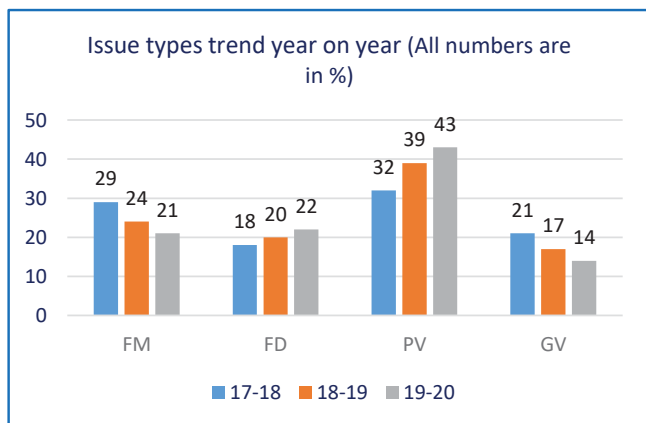
Approximately 3.69 lakhs of financial misappropriation issues have been identified in social audit amounting a total of Rs. 832 Cr for the FY 17-18, 18-19 and 19-20

NUMBER OF ISSUES REPORTED UNDER EACH ISSUE TYPE OVER THE YEARS

It is found that, percentage of the number of issues reported related to financial misappropriation and grievances have declined continuously over the years where as financial deviation and process violation have increased over the years.

It seems that implementing agency is concentrating on the issues which are related to financial misappropriation and grievances. There is a need to take the stringent actions on financial deviation and process violation related issues also along with misappropriation and grievances to reduce the number of issues reported year on year.

Graph 4 – Trend of the Issue types



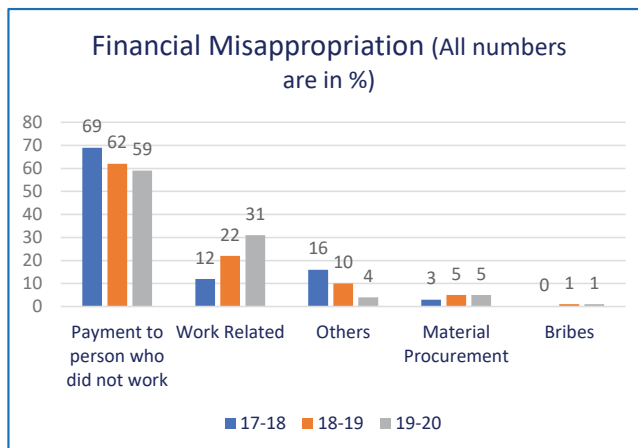
Source: R.9.2.3 Issues Reported (<https://nrega.nic.in/>)

FINANCIAL MISAPPROPRIATION ISSUES REPORTED YEAR ON YEAR

Five different categories are there under financial misappropriation which are seen from below graph. The highest number of issues relates to “Payment to person who did not work” followed by “work related issues”.

In the graph, Payment to person who did not work was a major issue over the three financial years. But it came down 10% from 17-18 to 19-20 FY. The second largest issue was Work related which increased from 12% to 31% from 17-18 to 19-20 FY. The percentage of the number of issues reported.

Graph 5 – % of the Financial Misappropriation issues reported



Source: R.9.2.3 Issues Reported (<https://nrega.nic.in/>)

related to “Payment to person who did not work” and “Others” have declined over the years whereas “Wages related” and “Material procurement” have increased over the years. There is no much change in bribes category. 63 percent of the financial misappropriation related to only “payment to person who did not work” category.

STATE WISE FINANCIAL MISAPPROPRIATION: (CUMULATIVE DATA PROVIDED BY THE STATE SAUS FOR THE PURPOSE OF SOCIAL AUDIT STATUS REPORT 2020)

Table 3: State wise Financial Misappropriation amount reported

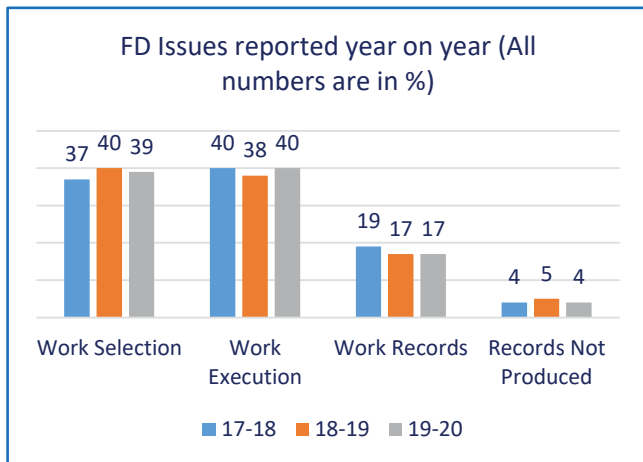
S. No	State	Amount of Misappropriation Identified During Social Audit (Cr.)	S. No	State	Amount of Misappropriation Identified During Social Audit (Cr.)
1	Tamil Nadu	386.6	12	Himachal Pradesh	2.98
2	Karnataka	293.8	13	West Bengal	2.33
3	Andhra Pradesh	157.5	14	Uttarkhand	2.33
4	Telangana	83.4	15	Maharashtra	1.44
5	Jharkhand	45.9	16	Nagaland	1.27
6	Chhattisgarh	37.5	17	Madhya Pradesh	1.06
7	Punjab	25.3	18	Sikkim	1.02
8	Uttar Pradesh	19.0	19	Mizoram	0.27
9	Bihar	11.6	20	Haryana	0.26
10	Tripura	3.39	21	Arunachal Pradesh	0.25
11	Odisha	3.06			

(<https://nrega.nic.in/>)

FINANCIAL DEVIATION ISSUES REPORTED YEAR ON YEAR

Most of the issues reported under (almost 80% over the three years) work selection and execution categories only. Work selection category has increased in the 18-19 FY and has decreased 1% in the FY 19-20. Rs. 280 Cr worth of records not produced to social audit team which is violation of the act.

Graph 6 – % of the Financial Deviation issues reported

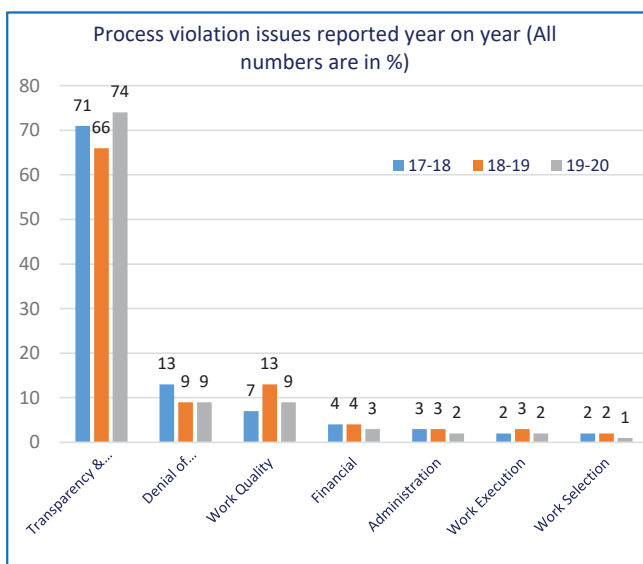


Source: R.9.2.3 Issues Reported (<https://nrega.nic.in/>)

ISSUES RELATED TO PROCESS VIOLATION

Transparency and accountability issues have decreased 5% in 18-19 and increased by 8% in 19-20. 70% of the issues reported are related to transparency and accountability. Denial of entitlements decreased 4% in 2018-19 and remained same in 19-20. Work quality issues have increased in 18-19 and again decreased in 19-20.

Graph 7 – % of the Process Violation issues reported



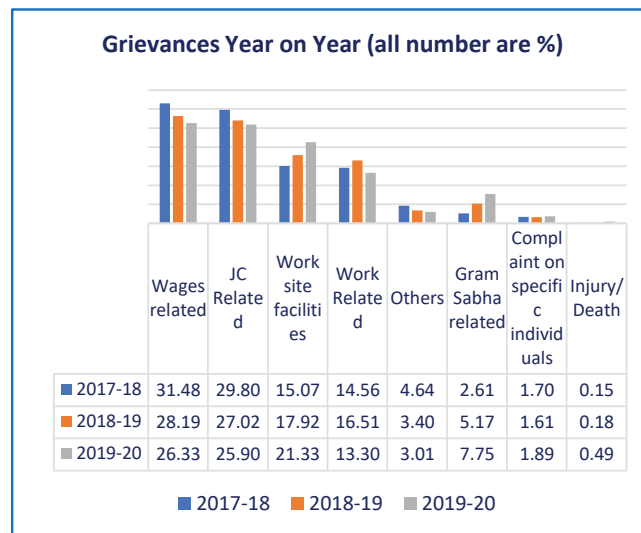
Source: R.9.2.3 Issues Reported (<https://nrega.nic.in/>)



ISSUES RELATED TO GRIEVANCES

Wages related and Job card related grievances declined over the years and work site facilities and Gram Sabha related grievances have increased over the years. Work related grievances increased by 2% in 18-19 and again has decreased 3% in 19-20. Most of the grievances are reported under Wages related, Job card related, Work site facilities and Work related categories. One of the major issue under wages related is delay payments. Payment within 15 days continues to be the greatest challenge for MGNREGS implementation agency. There is a need for realistic solution to this issue, and wage seekers also should know at what level their payments have been held up.

Graph 8 – % of the Grievance issues reported



Source: R.9.2.3 Issues Reported (<https://nrega.nic.in/>)

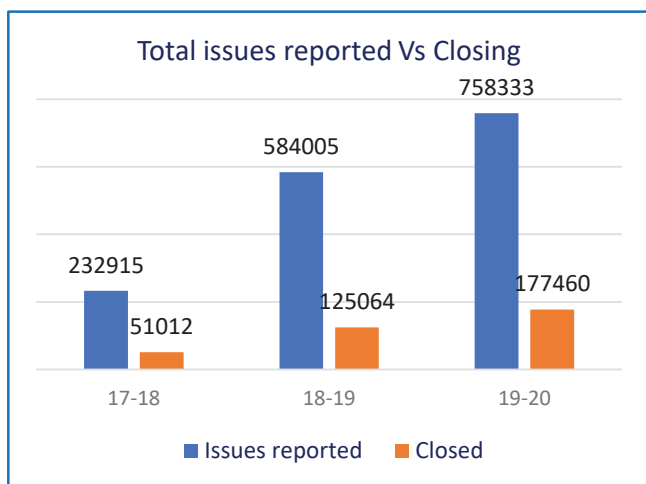
ACTION TAKEN ON THE SOCIAL AUDIT FINDINGS

All the state governments MGNREGA implementing officials are mandated to take action on social audit findings and to enter in the NREGA Soft. On June 22, 2018, the MoRD sent a letter to all states requesting them to respond on action taken report for each social audit

finding in the MIS itself and to do this within 30 days. However all the state SAUs are entering their social audit findings in the NREGA Soft. A total of 15, 75,134 issues were reported for the FY 17-18, 18-19 and 19-20 in which 3, 53,536 issues were closed which is 22%.

- A total of 3,69,606 Financial misappropriation issues were reported for the FY 17-18, 18-19 and 19-20 in which 60,287 issues were closed which is 16%. The closing percentage of the misappropriation issues is less compare to overall closing.

Graph 9 – Number of issues reported Vs. Closed

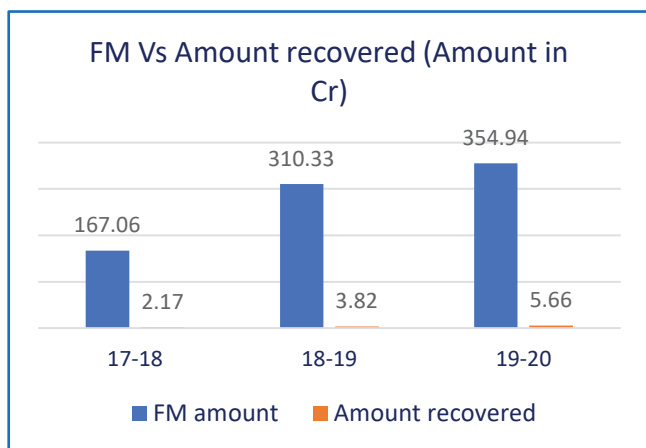


Source: R.9.3.1 Action Taken Report (<https://nrega.nic.in/>)

AMOUNT RECOVERED VS AMOUNT OF MISAPPROPRIATION IDENTIFIED

As per the MIS amount recovered is approximately 2 percent. There is a need to concentrate on the recovery part. Ministry of Rural Development and State Governments need to make an immediate action plan and provisions for proper action and closer as well as recovery against misappropriation.

Graph 10 – Financial Misappropriation amount reported vs. recovered



Source: R.9.3.1 Action Taken Report(<https://nrega.nic.in/>)

Social audit is an appropriate mechanism which builds the enabling conditions for public accountability.

Table 4: State wise recovery status

S. No	State	Recovery percentage	S. No	State	Recovery percentage
1	Tamil Nadu	9.09	12	Himachal Pradesh	7.45
2	Karnataka	1.83	13	West Bengal	0.06
3	Andhra Pradesh	0.69	14	Uttarkhand	0.08
4	Telangana	1.38	15	Maharashtra	11.05
5	Jharkhand	0.62	16	Nagaland	0
6	Chhattisgarh	3.47	17	Madhya Pradesh	8.69
7	Punjab	0.7	18	Sikkim	47.95
8	Uttar Pradesh	0.29	19	Mizoram	3.95
9	Bihar	0	20	Haryana	0
10	Tripura	0	21	Arunachal Pradesh	20.11
11	Odisha	8.19			

Source: R.9.3.1 Action Taken Report (<https://nrega.nic.in/>)

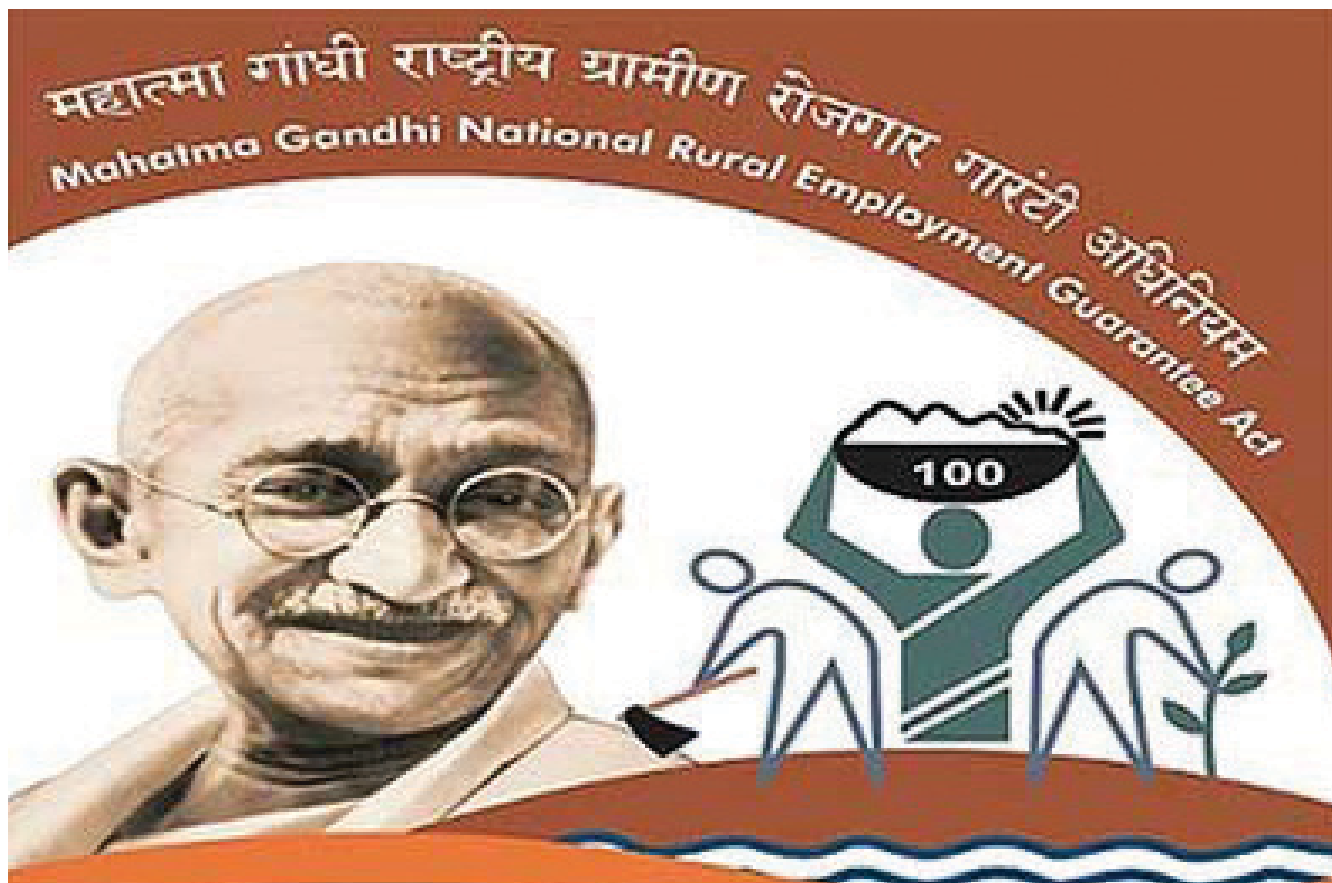
Regarding follow-up and actions on social Audit Findings, Auditing Standards 2016 says:

- A follow-up mechanism should be established to monitor and ensure that Action has been taken on the findings of the social audit
- Responsibilities and time-line should be assigned for corrective actions in a time bound manner

The MGNREGS Annual Master Circular says ‘All States are mandated to arrange for a three-tier vigilance mechanism to proactively detect irregularities in the implementation of the Act and to follow up detected irregularities and malfeasance, including those identified during social audit, and ensure that the guilty are punished and recoveries of misspent funds duly made.’

However, only Telangana and Andhra Pradesh created a vigilance cell to follow up on the social audit findings and ensure that adequate action is taken.

Auditing Standards 2016 and Annual Master Circular also directs states to frame rules for action taken on Social Audit Findings; however till date only 6 states implementing agencies have issued rules/GO regarding the Action Taken on the findings. Andhra Pradesh, Bihar, Jharkhand, Karnataka, Telangana and Uttarkhand are the states where the rules on Action taken has been formulated and issued.



Ministry should constitute an independent committee (Comprising some top officials, policy experts and experienced civil society representatives) to facilitate states to frame rules and establish the mechanisms for proper action and closer of issues or irregularities identified through Social Audit.

CONCLUSION

If Social Audits, as intended, should empowers citizens to ask questions and monitor government programs from below, the process needs to create trust among the people for which timely and effective actions on findings of social audit are needed.

For follow up on the action taken on the issues identified, periodic reviews should be done at district and State level by the State and district level officials. A Vigilance wing has to be set up at the district and State level. Public hearing at block level is mandatory and District Programme Coordinator or his/her representative should preside these public hearings. Social audit findings should be discussed in district level bi-monthly review meetings and also State level review meetings.

The MoRD should collect an action plan to strengthen social audits from each SAU and State and it should follow up to ensure that the action plan is carried out during Midterm review meeting, Performance review committee and other such fora. MoRD also should conduct periodic meetings to review the social audit findings and action taken reports and closure of Issues.

For follow up on the action taken on the issues identified, periodic reviews should be done at district and State level by the State and district level officials.

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Social Impact Funds and Social Audit

This article examines the evolution and the regulatory framework of SEBI in relation to Social Impact Funds. It also briefly touches upon the concept of social audit within the framework of Social Stock Exchange brought in by SEBI.

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"If impact investing is what we do, blended value is what we produce."

- Antony Bugg-Levine, *Impact Investing: Transforming How We Make Money While Making a Difference*

INTRODUCTION

In March 1776, a document was published by Adam Smith¹ titled 'An Inquiry into the Nature and Causes of the Wealth of Nations'. The document was centred on the philosophy of maximisation of wealth for personal benefit and this in turn leads to wealth of nations. In short, it was the law of self-interest – for one's own good. For long, this philosophy took centre stage in debates and beliefs on wealth and investing.

Ever since the evolution of 'joint stock company' as a concept right from 1700s Europe, the value of investing has been a topic of interest among investors – particularly institutional investors - as well as other stakeholders. While for quite a considerable period, investing has always looked at maximisation of wealth as the centrepiece of objectives, things began to change later. This is where a concept like ethical investing started taking wings.

THE ADVENT OF ETHICAL AND IMPACT INVESTING

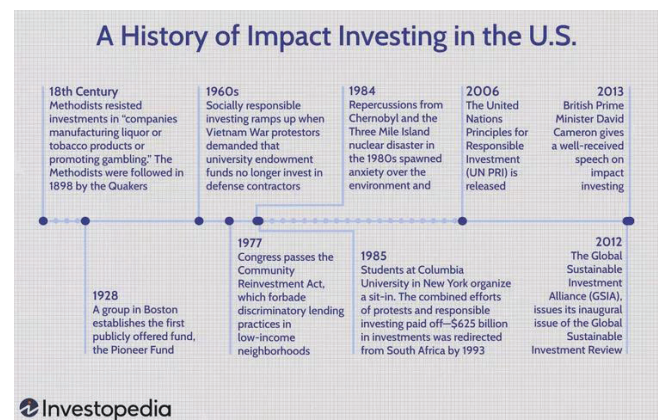
Over time, investing purely for economic value has given way to a nature of altruism embedded in investing, not necessarily tangible. One would call it 'ethical' or 'moral' investing, but a lot of this was alluded to religious and personal beliefs, the impact of which on investment was altruistic. This type of investing hinged on the investor making a choice to invest money in companies whose practices and values align with their personal beliefs - these beliefs could be political, religious or environmental, to name a few.

¹ Scottish economist, pioneered political economic thinking, lived from 1723-1790

It is learnt that even as early as the mid-1700s, by when the concept of joint stock companies was catching on in Europe, certain religious groups chose to avoid investing in the slave trade and industries like tanning and chemical production².

In the early 1900s, a religious group, *The Quakers* took a call to stop investments relating to slavery and war. In 1928, a group in Boston founded the first publicly offered fund, the Pioneer Fund, which had similar restrictions. These early investing strategies applied by these various groups were intended to eliminate so-called 'sin' industries. Today, sin stock sectors usually include alcohol, tobacco, gambling, sex-related industries, and weapons manufacturers³. In 1971, the first 'modern' ethical fund – the Pax Fund - was launched in the United States of America with a mandate to avoid investments that would be associated with or benefit from the Vietnam War⁴.

Impact Investing is a type of investment that seeks to create an impact – social or environmental, while generating a financial return. Impact investments are made in companies, organizations, and funds with the intention of generating positive, measurable impact alongside a financial return. Initially thought of and even dismissed as a fad, it has caught on to be a mainstream topic among institutional investors and the media, to name a few.



The above chart gives a snapshot of impact investing in the USA⁵.

Since 1948 and upto 1994, South Africa was under Apartheid, a system of legal racial segregation. So from

² <https://www.churchillethicalinvestment.com/ethical-investing/history-of-ethical-investing/#:~:text=It%20is%20widely%20believed%20that,like%20tanning%20and%20chemical%20production.>

³ *A history of impact investing* by James Lumberg, (finance and investment specialist), September 2022

⁴ <https://www.castlefield.com/home/thoughtful-investor/history-of-ethical-investing/?Investor=Individual>

⁵ <https://www.investopedia.com/news/history-impact-investing/>

the 1970s and up till the 1990s, companies, pension funds, and individuals around the world stopped investing in South Africa⁶. To bring about change, outsiders divested their financial interests in the country. This forced financially struggling South African-based businesses, then comprising of around 75% of the country's commerce, to negotiate, eventually leading to the dismantling of apartheid in 1994⁷.

IMPACT INVESTING AND ESG INVESTING – ARE THEY DIFFERENT?

Some experts seek to distinguish between ESG investing and impact investing⁸. The argument is that while ESG is a framework, Impact investing is a strategy. But ESG investing in itself has grown over the years, blurring the lines between the two. For example, we are well aware that global warming and climate change is real and these real concerns induce stakeholders to demand increased accountability and transparency in how companies are assessing the likely environmental impact of a business proposal and identifying options to minimise environmental damage. ESG Investing specifically looks at the Environmental, Social and Governance parameters of a company while investing whereas impact investing aims to assist an entity to contribute beneficially to society. The line is thin, perhaps even only academic, because impact investing is but investing with a purpose to achieve certain environmental and social goals while generating wealth returns.

The line is further blurred when the concept of TBL / PPP / 3Ps is applied. The 'Triple Bottom Line' of People, Planet and Profit is a term relevant to investors and business decision-making. Rather than making investment decisions purely based on expected profits and wealth maximisation, investment decisions are increasingly considering environmental and social returns as factors⁹.



image source: Komoneed¹⁰, an online community for sustainability related information

⁶ <https://medium.com/@lesleyannescorgie/apartheid-is-over-but-socially-responsible-investing-is-not-8001bba46f1>

⁷ <https://open.uct.ac.za/handle/11427/29003>

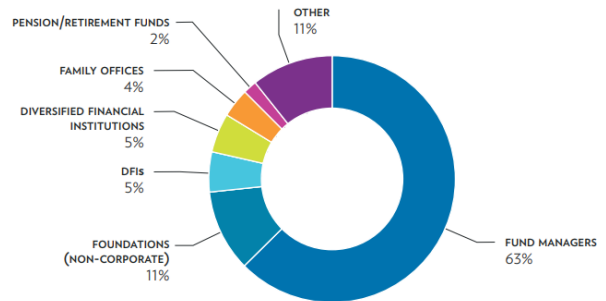
⁸ https://ssir.org/articles/entry/esg_is_not_impact_investing_and_impact_investing_is_not_esg

⁹ <https://netzerocarbon.com/wiki/people-planet-profit-ppp/>

¹⁰ <https://komoneed.com/the-triple-bottom-line-people-planet-and-profit/>

The size of the world's impact investing market is expected to be USD 1.2 trillion¹¹. The following chart gives a snapshot of the types of impact investors as per a survey¹² by Global Investing Impact Network.

n = 896; excludes organizations for which organization type was unknown



ADVENT OF THE REGULATORY FRAMEWORK ON ALTERNATIVE INVESTMENT FUNDS AND VENTURE CAPITAL FUNDS

Before we delve into impact investing in India, one needs a snapshot of the regulatory framework on Alternative Investment Funds and Venture Capital Funds in India. The Venture Capital (VC) industry in India started developing in the 1970s and 1980s with launch of several public sector VC funds; this was largely unregulated. *Venture Capital* is a term commonly associated with provision of equity investment for a predetermined time period in small/medium business with high growth potential and high reward but which could entail high risk.

In 1975, venture capital financing was introduced by the all-India financial institutions with the inauguration of the Risk Capital Foundation (RCF) sponsored by IFCI to supplement promoters' equity as means of encouraging technologists and professionals to promote new industries. In 1976, the seed capital scheme was introduced by IDBI. Until 1984, venture capital took the form of risk capital and seed capital¹³. A need was felt in the late 1980s and early 1990s to develop the VC industry in India; this peaked after India liberalised its economy.

Accordingly, to encourage VC funds in India, SEBI was empowered to register and regulate VC funds with the intention of providing a boost to the sector. As at end-December 1996, according to Venture Capital Association of India, 14 of its members had set up 17 funds, with a pool of funds totalling Rs.1402 crore¹⁴. It was at this juncture that SEBI notified the SEBI (Venture Capital Funds) Regulations ("VCF Regulations") in 1996. Since the Regulations were intended to encourage growth of the sector, the Regulations were light-touch in nature.

WHY DID THE AIF REGULATIONS REPLACE THE VCF REGULATIONS?

While the VCF Regulations were introduced in 1996 by SEBI, in order to encourage foreign investments in

¹¹ <https://thegiin.org/research/publication/impact-investing-market-size-2022/>

¹² 2022: *Sizing the Impact Investing Market report*, by the Global Impact Investing Network

¹³ https://rbi.org.in/scripts/BS_SpeechesView.aspx?Id=265

¹⁴ <https://www.ivca.in/>

India's venture capital industry, SEBI also notified the Regulations for Foreign Venture Capital Investors in 2000. Over a period of time, it was observed that the SEBI VCF Regulations were used by other types of funds such as Private Equity funds, real estate funds etc.

It was felt that the intent of regulating and encouraging VC funds under the then SEBI VCF Regulations was getting diluted with such other funds getting registered. Further, post the global financial crisis in 2008-09, many countries proposed regulation of the alternative investment industry. For example, in 2011, the Alternative Investment Fund Managers Directive (AIFMD) was introduced in the European Union. The EU AIF MD is a European Union law that applies to hedge funds, private equity funds, and real estate funds¹⁵. Accordingly, it was thought fit to introduce a holistic framework for Alternative Investment Funds. On August 01, 2011, a concept paper on the proposed Alternative Investment Funds Regulations was placed on SEBI website for public comments¹⁶. The major proposals were as follows:

- Registration to be made mandatory for all pooled funds
- All types of funds to be covered under different categories
- The duties of a fund manager to be largely shaped by fund documents as negotiated between the fund and its investor
- Skin-in-the-game requirement for fund manager for alignment of interest of fund manager with that of the investors

Based on public comments received, SEBI notified a broader framework of SEBI (Alternative Investment Funds) Regulations in 2012 replacing the VCF Regulations.

- All types of alternative investment funds including venture capital funds, infrastructure funds, private equity funds, etc. are regulated under the AIF Regulations.
- The main principles behind the AIF Regulations are:
 - AIFs are privately pooled investment vehicles
 - The investors are sophisticated
 - Therefore, the Regulations are light-touch in nature
 - No entity can act as an AIF without registration with SEBI
 - All types of funds broadly covered under 3 categories
 - AIF can raise funds only through private placement (through issue of a placement memorandum)
 - A relatively high threshold of minimum investment by an investor in an AIF

¹⁵ https://ec.europa.eu/info/law/alternative-investment-fund-managers-aifm-directive-2011-61-eu_en

¹⁶ https://www.sebi.gov.in/reports/reports/aug-2011/concept-paper-on-proposed-alternative-investment-funds-regulation_20484.html

Over time, investing purely for economic value has given way to a nature of altruism embedded in investing, not necessarily tangible.

- Skin-in-the-game requirement i.e. Sponsor/manager to contribute a certain minimum amount to the corpus of the AIF
- Units of AIFs may be listed, subject to a minimum tradeable lot

A snapshot of these categories is given below for reference:

Category I AIFs:

- *Include those funds which government/ regulators consider as socially or economically desirable*
- *Invest in start-ups / social ventures / SMEs / infrastructure/ special situation assets depending on sub-category*
- *Must be close-ended, with a minimum tenure of 3 years*
- *Shall not engage in leverage (except borrowing for meeting temporary funding requirements)*
- *Depending upon the specific need of each type of funds, Category I funds may be given concessions/ benefits*

Category II AIFs:

- *Include private equity funds, debt funds, real estate funds, etc.*
- *Primarily invest in unlisted securities (No sectoral restrictions)*
- *Must be close-ended, with a minimum tenure of 3 years*
- *Shall not engage in leverage (except borrowing for meeting temporary funding requirements)*

Category III AIFs:

- *Include hedge funds*
- *May employ diverse or complex trading strategies*
- *Can invest 100% of its funds in listed securities*
- *Can undertake leverage (through derivatives or borrowing) within approved limits*
- *May be open-ended or close ended*



IMPACT INVESTING IN INDIA

It is 30 plus years since India chose to liberalise its economy and has become an attractive investment destination. Over the years, a lot of investors have chosen India as a destination of paramount importance owing to the immense growth potential. The advent and march of India's liberalised economy has resulted in varied companies being incorporated – like start-ups in sunshine sectors - and carrying on businesses like water waste management, e-waste management, logistics support for employment, creation of services and other sunshine sectors which has resulted in a plethora of opportunities for impact investors.

With the increasing awareness and push to responsible investing and the availability of opportunities, India is one of the important destinations in the world for impact investing. The Social finance sector is complex because of the measurability of the impact. It is in this context that a Social Venture Fund (now renamed as Social Impact Fund) holds paramount importance.

SOCIAL VENTURE FUND / SOCIAL IMPACT FUND

Social impact investing is a concept that concentrates on investing in sustainable businesses like renewable energy, conservation, etc. This way, the money is invested in gaining returns and promotes fair and ethical work practices at the same time. This contributes to the

betterment of society and the planet at large. The Social Venture Fund was, coinciding with regulations being introduced by SEBI in relation to Social Stock Exchanges, renamed as *Social Impact Fund* in the year 2021. "*Social Impact Fund*" means an Alternative Investment Fund which invests primarily in securities, units or partnership interest of *social ventures* or securities of *social enterprises* and which satisfies the social performance norms laid down by the fund. Two terms deserve attention as regards Social Impact Funds.

"*Social units*" mean units issued by a social impact fund or schemes of a social impact fund to investors who have agreed to receive only social returns or benefits and no financial returns against their contribution.

"*Social Venture*" means a trust, society or company or venture capital undertaking or limited liability partnership formed with the purpose of promoting social welfare or solving social problems or providing social benefits and includes,-

- (i) public charitable trusts registered with Charity Commissioner;
- (ii) societies registered for charitable purposes or for promotion of science, literature, or fine arts;
- (iii) company registered under section 8 of the Companies Act, 2013;
- (iv) micro finance institutions;

A Not for Profit Organization or a *For Profit* Social Enterprise, shall become eligible to be identified as a

Over the years, a lot of investors have chosen India as a destination of paramount importance owing to the immense growth potential.

Social Enterprise, only when it can establish primacy of its social intent.

Thus, in a nutshell,

- A Social Impact Fund:
- Is a Category I AIF;
- Each scheme shall have a corpus of at least five crore rupees
- makes investments which satisfy the social performance norms laid down by the fund
- Has to ensure that 75% of the investible fund to be invested in unlisted securities or partnership interest social ventures or in units of social ventures or in securities of social enterprises.
- May accept grants, provided the amount of grant that may be accepted by the fund from any person is not less than Rs.10 lakh.
- May give grants to social ventures or social enterprises
- May be launched exclusively to deploy or invest hundred percent of the investable funds in the securities of not-for-profit organizations registered or listed on a social stock exchange.

DISCLOSURES BY A SOCIAL IMPACT FUND

A Social Impact Fund shall ensure the following disclosures to investors:

- Initial disclosures (Placement Memorandum)
- Continuous disclosures
 - Periodical disclosures
 - Event-based disclosures
- Disclosures about Conflict of interest- including procedures to avoid such conflict
- Disclosures about Valuation at least on half-yearly basis.

As of June 30, 2022, the cumulative investment of Social Impact Funds is less than ₹ 600 crore. The recent reforms by SEBI including a reduction in the minimum grant size should perk the sector up.

CONCEPT OF SOCIAL AUDIT AND SOCIAL STOCK EXCHANGE

SOCIAL STOCK EXCHANGE

The Social Stock Exchange is a novel concept in India and such a bourse is meant to serve the private and non-profit sectors by channelling greater capital to them. A

Social Stock Exchange shall be a segment of the existing nationwide Stock Exchanges.

The idea of a Social Stock Exchange was first mooted in India in the Finance Minister's budget speech for 2019-20. Globally, countries like Brazil, Portugal, South Africa, Jamaica, the UK, Canada & Singapore already have established Social Stock Exchanges in their respective countries. The idea is to arrange an avenue of funding to social enterprises, which may be 'for profit' or 'not-for-profit' organisations, thus creating a social investment ecosystem. These entities will have social impact as a primary goal.

SEBI INITIATIVES ON SOCIAL STOCK EXCHANGES

SEBI formed a Working Group on Social Stock Exchange (SSE) in September 2019 consisting of representatives of the stakeholders active in the space of social welfare, social impact investing, representatives from Ministry of Finance, the stock exchanges and NGOs. On the basis of the report and public comments, the framework for a Social Stock Exchange was brought in by SEBI in September 2022.¹⁷ A SSE is expected to assist social enterprises to raise money by listing on the SSE. Such a social enterprise should be engaged in atleast one of the activities such as one of the aspects of the framework is the concept of Annual Impact report and Social audit, which are relevant to this article.

ANNUAL IMPACT REPORT AND SOCIAL AUDIT

All Social Enterprises will have to provide a duly audited Annual Impact Report (AIR) to the SSE within 90 days from the end of Financial Year, which shall capture the qualitative and quantitative aspects of the social impact generated by the entity and where applicable, the impact that is generated by the project or solution for which funds have been raised on SSE.

Such a listed NPO shall submit statement of utilisation of funds to SSE, as mandated under Regulation 91F of the LODR Regulations, within 45 days from the end of quarter.

The AIR shall be audited by Social Auditors and the Stock Exchanges shall disclose the report of the Social Auditor along with AIR.

SOCIAL AUDIT

A Social audit assumes significance because it is an evaluation of the enterprise's involvement and achievement in social responsibility projects or endeavors.

Under the SSE framework, the Institute of Chartered Accountants of India (ICAI) has been entrusted with the responsibility of being the self-regulatory organisation for regulating the profession of social auditors. In this regard, on 5 August 2022, ICAI released an Exposure Draft (ED) on Compendium of Social Audit Standards

¹⁷ https://www.sebi.gov.in/legal/circulars/sep-2022/framework-on-social-stock-exchange_63053.html

(SAS).¹⁸ Among the points mentioned in the draft, it is significant to note that *a social auditor/audit firm should establish a system of quality control which must include policies and procedures addressing each of the following elements:*

- i. *Leadership responsibilities for quality within the firm,*
- ii. *Ethical requirements,*
- iii. *Acceptance and continuance of client relationships and specific engagements,*
- iv. *Human resources,*
- v. *Engagement performance, and*
- vi. *Monitoring.*

The quality control policies and procedures should be documented and communicated to the firm's personnel on a timely basis.

IMPORTANCE OF SOCIAL AUDIT

The Food and Agriculture Organisation (FAO) of the United Nations explains the importance of social audit as:

"A social audit is a way of measuring, understanding, reporting and ultimately improving an organization's social and ethical performance. A social audit helps to narrow gaps between vision/goal and reality, between efficiency and effectiveness. It is a technique to understand, measure, verify, report on and to improve the social performance of the organization.

Social auditing creates an impact upon governance. It values the voice of stakeholders, including marginalized/poor groups whose voices are rarely heard. Social auditing is taken up for the purpose of enhancing local governance, particularly for strengthening accountability and transparency in local bodies."

STEPS IN A SOCIAL AUDIT

The said ICAI draft on Social Audit states that the following are the main steps involved in a social audit:

- i. **Understanding the entity and its environment** - A social auditor should conduct a preliminary review of the entity and its environment to establish the primacy of its social intent.
- ii. **Communication with TCWG¹⁹** - A social auditor should communicate clearly with TCWG about the roles and responsibilities of the social auditor with respect to the social audit.
- iii. **Data collection and analysis** - For collecting data on different quantitative and qualitative parameters, the social auditor should use various methods such as interviews, questionnaires, Focussed Group Discussion (FGD), etc.

¹⁸. <https://www.icaai.org/post/srsb-ed-compendium-of-social-audit-standards-for-comments>


¹⁹. 'Those Charged with Governance'

- iv. **Using the work of field level research agency/subject matter experts** - In certain cases a social auditor would need to use the work of assistants/field level research agencies and/or other social auditors and subject matter experts. In such situations, the social auditor should perform relevant procedures to evaluate the appropriateness and adequacy of the work performed
- v. **Materiality** - A social auditor should consider materiality while assessing the overall impact of the project. Materiality should be considered in the context of various quantitative and qualitative factors,
- vi. **Documentation** - The social auditor should prepare engagement documentation on a timely basis
- vii. **Use of technology** - The social auditor should consider the extent of usage of IT tools to be deployed for:
 - *Information database to be maintained at one place for information of all stakeholders, beneficiaries, volunteers, staff*
 - *Data collection process through online surveys, virtual interviews, satellite imagery for monitoring forestry coverage, etc.*
 - *Data sorting and visualisation, data analysis, reporting.*
- viii. **Reporting – Social audit report** - A social auditor needs to issue a written social audit report containing the findings from the assessment in terms of the impact created, gaps, if any, along with the recommendations for improvement.

CONCLUSION

While SEBI has laid down the regulatory framework for Social Impact Funds, the uptake needs to be higher; more so, when there is high potential. It is expected that the recent regulatory push may go in some way to promote them. A challenge will be the development of responsible financial and management skills in the invested companies, and understanding the local conditions by foreign investors. A uniqueness about India is that it has a pool of English-speaking, trained and skilled workforce; this could play a positive role in bridging the gap in comprehension / interpretation issues between the investors and investees.

SEBI's reform relating to the *Social Stock Exchange* is noble as it is created especially for funnelling capital to social enterprises; this will also add a lot to the transparency in the segment.

Social Audit adds credibility to a Social Enterprise in as much that there is independent validation of the activities it is engaged in and will go a long way in furthering the altruistic objectives behind why the SSE framework was established - eradicating hunger, poverty, malnutrition and inequality among others. 

Social Audit: A 360° Analysis

Social Sector plays a significant role in the development of the nation. The conduct of Social Audit can act as an agent of change in social sector comprising of public charitable trusts, societies, NPOs, Public Sector Undertakings, corporates and business houses. The advent of new era in audit is perceived as a positive sign of greater inclusive growth and commitment to social enterprises in India. This article tries to capture the roots and growing need of social audit considering the dynamism of the Indian economy.

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INTRODUCTION

Emerging democracies in the 21st century is characterized by unprecedented challenges in the economic, environmental and social field. While the political leaders have been elected by the people, the implemented social policies prove to be inadequate to fulfil the expectation of the citizens. The civil servants lack efficiency in managing the public funds or are not transparent and accountable enough in front of the people they serve.

In order to keep pace with ever evolving dynamic economy, there is an increased pressure on organizations to extend the boundaries of responsibility in order to protect repute & character and gain competitive advantage. This approach reaffirms that businesses are an integral part of the society and play a pivotal role in improvement of a healthy ecosystem, social inclusiveness and good governance. Accordingly, there is a need to set up a methodology to examine the coherence between current state of affairs of the organisation and values of social economy which has given rise to Social Audit.

Social Audit is founded on the principles of transparency and participation wherein people affected by internal and external activities of the organisations, having stake in the process are engaged. Such audit helps to identify and analyse the deficiencies in the functioning and provides opportunities for timely rectification of such deficiencies and accountability towards the society and the stakeholders.

In India, the term Social Audit came to light in the year 1990s as a powerful evaluation tool to make the government institutions accountable for their performance under the public programs. The 73rd Amendment of the Constitution introduced changes in local self-governance of rural and urban India. The 9th FYP (2002-07) underlined the significance of social audit in efficient operations of Panchayat Raj Institutions (PRIs) and enabled Gram Sabha to conduct social audit in addition to other duties. The objective was to ensure that citizens are well informed about various government policies, potential consequences and impact of such policies in order to empower them with ability to exert pressure on public officials to act in an effective, responsible and transparent manner.

Social Audit has been mandated under Section 17 of Mahatma Gandhi National Rural Employment Guarantee Act,

2005 (“MNREGA”) involving reviewing of official records and determining whether expenditures reported by each state reflected the actual amount spent on ground. Social Audits are collectively organised by Civil Society Organisations (CSOs), Non-Government Organisations, political representatives, and civil servants to prevent mass corruption in public works.

Tata Steel, [Formerly known as Tata Iron and Steel Company (TISCO)], was the first company in India to perform social audit in 1979. The aim of social audit committee was to examine and report the extent to which Tata Steel was able to meet the objectives stated in Articles of Association regarding social and ethical responsibilities today's customers, employees, shareholders and society at large.

Social Audit creates an impact upon governance. It values the inter-activeness of stakeholders at large including the marginalized group whose voices often remain unheard. While social audit of government bodies and corporates can be time consuming and challenging, however, such an audit can prove to be a significant tool to deal with social issues and building up the economy at large.

SOCIAL AUDIT: A MACRO VIEW

Social Audit, a relatively new and significant concept, is based on the premise that organisations need to strike a balance in the way they plan, measure and report their commercial and non-commercial operations. It redefines viability to broader set of values and adherence to social obligations rather than the traditional sole focus on profit and loss accounts and cash flows. The philosophy is basically to return to the society, what is has taken from the very same in quest of wealth creation.

Although Corporate Sustainability and Corporate Social Responsibility (CSR) originated from different roots, they have in due course converged. The Social Audit establishes a cohesive relationship between the corporate social responsibility activities and business goals that should meet or exceed the ethical, legal, commercial and public expectations that society holds from businesses.

Corporate Social Activities in various areas are	
1. Economic Area	Declining Poverty, Contribution to infrastructural development
2. Social Area	Contribution in Rural Development Programs, Slum Area Development, Supporting differently Abled People, Abolition of Unfair Labour practices
3. Cultural Area	Promoting Education, Gender Equality, Protection of national heritage, art, culture

4. Financial Area	Pension Coverage, Ethical Business Practices, Timely and Accurate Disclosures, Fraud Reporting
5. Health care	Access to generic medicines, Sanitation, Safe Drinking Water, Eradication of Diseases, Malnutrition
6. Environmental	Protection of flora and fauna, animal welfare, Conservation of Natural Resources
7. Ethics	Respecting Human Rights, Combating Corruption

Social Audits can be conducted concurrently at various stages of implementation. The scope of a social audit can be wide-ranging to cover various aspects at Internal and External level such as employee treatment, work environmental impact, accounting and financial transparency, non-discriminatory practices, energy consumption, charitable giving etc.

While Social Audit focuses on neglected issues of Social Impact, its objectives are different from financial audit. Stakeholders, in present scenario not only require financial information but also non-commercial information to gain a holistic view of state of affairs of the Company. It is different than internal evaluation of companies activities captured under internal audit. For better understanding, some key differences appraised below are:

Features	Social Audit	Financial Audit	Internal Audit
Data Collection	Interviews / Focus Groups	Management/ Employee	Management/ Employee
Reviewers	Third Party/ External Auditors	Independent/ External Auditors	Internal Employee/ External Auditors
Users	Stakeholders, Govt. agencies	Shareholders/ Stakeholders	Management
Independence	Compulsory Required	Compulsory Required	Not Required
Audit Period	At discretion of the Company either Half Yearly or Annually	Half Yearly/ Annually	Annually
Completion	Report with findings and recommendations	Report expressing an opinion	Report with findings and recommendations

Social Audit is founded on the principles of transparency and participation wherein people affected by internal and external activities of the organisations, having stake in the process are engaged.



Social Audit exert strong influence on public image of Companies, specially publically traded companies as results of such audit helps to analyse if their actions being taken are negatively or positively received. Some of the key objectives of social audit are:

1. To promote transparency and accountability
2. To provide voice to stakeholders directly affected by social impact
3. Scrutiny of various policy decisions keeping in view stakeholders interest
4. To assess the opportunity cost of stakeholders for not giving them access to public service
5. To create awareness among the beneficiaries and social service providers
6. To bridge the gap between current social impact and social benchmarks set by the organisation

Social Audit has become imperative considering the varying interests of different stakeholders. The results of social audit are used to identify opportunities for improvement within the Company. It can help entities gain competitive advantage and public trust by enhancing public relations and goodwill which in turn enhances their earning and share price.

LEGAL FRAMEWORK OF SOCIAL RESPONSIBILITY IN INDIA

There are challenges and difficulties in developing an effective social audit. No clear standards exist as to what activities are to be included and no formal procedure on how it should be carried out. Further, data collection of social issues can also be a problem, but the legal policymakers have for years kept the social perspective in essence over the last decade.

Some recent developments formulated in context of social responsibility and sustainable reporting requirements are:

1. As per Companies Act, 2013, the specified Companies shall disclose the policies developed and implemented on various CSR initiatives undertaken by such Companies. While CSR Reporting was not mandatory

earlier and approach was to “comply or explain”, with enactment of Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, the approach shifted to “comply or pay penalty” rendering Companies to be strictly responsible towards their social responsibility. Further, it is mandatory for specified companies to undertake impact assessment through an independent agency.

2. SEBI has now mandated the new reporting requirements for listed companies named as Business Responsibility and Sustainability Report (BRSR) replacing the former Business Responsibility Report (BRR) in order to bring sustainable reporting at par with financial reporting. With the emergence of Paris Agreement on Climate Change, UN Sustainable Development Goals and an increased focus of investors towards sustainable investing, disclosure requirements were enhanced to keep pace with these changes.
3. Recently NITI Aayog launched its third edition of Sustainable Development Goals (SDG) India Index 2020-21. The SDG India Index articulates the comprehensive nature of Global Goals under Agenda 2030 and computes the goal wise score of 16 SDGs for each state and union territory. India was ranked 120th out of 165 countries with an improved country score of 66 as compared to 57 in 2018-19 and 60 in 2019-20. The SDG India Index composite score being the combined average score of state and union territory for each Sustainable Development Goals is given below:

Sustainable Development Goals		Composite Scores	
		2019-20	2020-21
1.	No Poverty	50	60
2.	Zero Hunger	35	47
3.	Good Health & Well Being	61	74
4.	Quality Education	58	57
5.	Gender Equality	42	48
6.	Clean Water & Sanitation	88	83
7.	Affordable and clean energy	70	92
8.	Decent Work & Economic Growth	64	61
9.	Industry, Innovation and Infrastructure	65	55
10.	Reduced Inequality	64	67
11.	Sustainable Cities and Communities	53	79
12.	Responsible Consumption and Production	55	74
13.	Climate Action	60	54
14.	Life below Water	-	-
15.	Life on Land	66	66
16.	Peace and Justice Strong Institutions	72	74
17.	Partnerships to achieve the goals	-	-

Source: <https://sdgindiaindex.niti.gov.in/#/ranking>

4. SEBI, in May 2021 has published a report on proposed structure of Social Stock Exchange (SSE) in India. SSE act as a common platform for bringing together Social Enterprises, Donors and Investors to facilitate funding and growth of Social Enterprises. The report requires every organisation registered with SSE to get their Social Audits conducted in order to assess social impact.

The scenario provides array of opportunities to professionals like Chartered Accountants, Company Secretaries, Cost Accountants and Lawyers to carry out an effective social

accounting, social audit with a focus on analysing Social Impact rather than traditional Profit and Wealth maximation which they are used to.

OBSERVATIONS ON PROPOSED IMPLEMENTATION OF SOCIAL AUDIT

Social Audit under its wide ambit is deemed to cover Financial and Non-Financial aspects. Considering the current legal structure Non Profit Organisations (NPOs) and For Profit Entities (FPEs) are obligated to get their financial audit conducted. As the skills, expertise and experience required to perform financial audit is completely different, then either the Social Audit should be conducted only of Non-Financial Activities or the need of separate financial audit should be eliminated, if social audit is meant to cover both.

The implementation of social audit will provide for professionals to new opportunities leading to offerings of multidisciplinary services. Some of the services which professionals can offer are:

- Advisory services for compliance of SSE Requirements
- Conceptualisation of the Projects capable of creating Social Impact in line with organisation's goals
- Social Audit Services
- Social Cost Benefit Analysis involving Data collection and Data Analysis;
- Advisory Services in connection with Impact Assessment of CSR Programs, Project Management and Reporting;
- Enhance efficiency and effectiveness of CSR projects through structured, value-added social audit and feedback mechanisms.
- Align CSR programs with a structured international management system framework.
- Fulfil Stakeholder expectations with regards to CSR programs and compliance with the applicable laws, rules and regulations.

CONCLUSION

The social sector in India has been playing a very significant and instrumental role in nation building which was well seen during Covid period. While a plethora of charitable and philanthropic work was undertaken by Companies, there lacked transparency to measure the result of their social impact. The challenge that social audit is currently facing with many companies in India is that it is still a fancy word without the presence of structured legal framework or social auditing standards. The management has the control over the entire process and disseminates only such information which it deems appropriate for a favourable corporate image. However now the government and policymakers are shifting their focus and pushing corporates to realise their social responsibilities but there is still a long way to go.

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Social Auditing - A Paradigm Shift in Wake of Emerging Corporate Governance

This article attempts to undertake a brief overview of the concepts and evolution of social accounting, social audit and the existing framework in view of the emerging ESG trends worldwide. Further, this article correlates the social audit component with the larger picture of ESG considerations which have become indispensable for any business.

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INTRODUCTION

According to Bloomberg Intelligence, social investing / ESG assets are set to climb to \$50 trillion by 2025 from about \$35 trillion now. They have grown from \$30.7 trillion in 2018 and \$22.8 trillion in 2016¹. Hence, the social concerns are indispensable for success and survival of any organization and are increasingly becoming a driving factor for investors, customers, lenders etc.

In layman terms, Sustainable Development refers to meeting today's requirements without compromising on the needs of the future generation. To be sustainable means to be responsible and accountable, towards the environment and the society within which the Company operates.

Predominantly, corporates have followed Shareholder theory which was mooted by the legendary economist Milton Friedman who introduced the theory in a 1970 essay for The New York Times². In it, he concluded by stating: "*there is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud*".

However, the focus has moved on to stakeholder activism. In the stakeholder value model, businesses exist to serve multiple stakeholders including the communities in which

they operate and of course the environment. Similarly, Legitimacy Theory emphasises existence of a relationship between a company and a society it directly or indirectly affects as well as the responsibility on the organization's part to disclose its overall impact on such society.

As we know, ESG stands for Environmental, Social, and Governance ("ESG"). ESG norms expect companies to be socially responsible businesses and align its wealth creation activities with the interests of the larger group stakeholders. Whereas, Social Audit relates to measurability of the impact created by the social endeavours undertaken by the companies. These are bound to complement the traditional financial audit going forward to create a stream of next generation corporate auditing which will aim to achieve a harmonization and integration of shareholder theory and stakeholder theory.

The stakeholders are becoming increasingly concerned about the accountability and responsibility displayed by the business towards the ecosystem within which it operates. Hence, there is a strong inclination towards social accounting, social auditing and impact assessment. This article attempts to provide an overview of this emerging area of relevance.

CONCEPT OF SOCIAL ACCOUNTING

Before understanding the nuances of social audit, it is necessary to understand the contours of social accounting. The concept of 'social accounting' relates to the manner in which an organisation interacts with its social surroundings. Social accounting determines whether organizational goals are in sync with the aspirations of the society. The following are few definitions of Social Accounting:

According to Ramanathan "*Social Accounting is the process of selecting firm level social performance variables, measures and measurement procedures systematically developing information useful for evaluating performance and communicating such information to concerned social groups both within and outside the organisation.*"³

The National Association of Accountants (USA) defined it as "*the identification, measurement, monitoring and reporting of the social and economic effects of an institution on society.*"

¹ Bloomberg Intelligence (2021), "ESG Assets May Hit \$53 Trillion by 2025, a Third of Global AUM", 23 February, 2021

² A Friedman Doctrine: The Social Responsibility of Business is to Increase Its Profits

³ Ramanathan, K.V: Towards a Theory of Corporate Social Accounting, Accounting Review, July 1976, pp 516-28

Ralph Estes states social accounting as the “*measurement reporting, internal or external of information concerning the impact of an entity and its activities on society*”.⁴

As per Institute of Social and Ethical Accountability, 2000, “*Social and ethical accounting is concerned with learning about the effect an organisation has on society and about its relationship with an entire range of stakeholders — all those groups who affect and/or are affected by the organisation and its activities.*”

Social Accounting assists businesses by going beyond quantitative information and taking into account qualitative parameters. It helps build trust and goodwill in eyes of society for the Company and aids in future decision making.

JOURNEY OF SOCIAL AUDIT

Theodore J. Krepes in his 1940 monograph⁵, had articulated the view that individuals were concerned with the evaluation of the social performance of businesses. Krepes looked at social responsibility of corporates in terms of the nation’s wants. He recommended that only the measurable items be included for a business to have objective social audit.

Howard R. Bowen, in 1953, further elaborated the concept of social audit. He vouched for independent assessment conducted by a group of disinterested auditors. These auditors would be socially oriented and technically trained and be conversant with business practices and problems.

Bauer and Fenn are regarded as pioneers of modern form of social audit. In one of their considerations, they took social audit as “*a commitment to systematic assessment of and reporting on some meaningful, definable domain of a company’s activities that have social impact.*”⁶

Social Auditing is “*a process that enables an organization to assess and demonstrate its social, economic, and environmental benefits and limitations. It is a way of measuring the extent to which an organization lives up to the shared values and objectives it has committed itself to. Social auditing provides an assessment of the impact of an organization’s non-financial objectives through systematically and regularly monitoring its performance and the views of its stakeholders*”.⁷

Social Audit “*is an independent evaluation of the performance of an organization as it relates to the attainment of its social goals. It is an instrument of social accountability of an organization. In other words, Social Audit may be defined as an in-depth scrutiny and analysis of the working of any public utility vis-à-vis its social relevance.*”⁸

Social Audit is referred to as a “*means of assessing the social impact and ethical behaviour of an organisation in relation to its aims and those of its stakeholders. Stakeholders include*

ESG norms expect companies to be socially responsible businesses and align its wealth creation activities with the interests of the larger group stakeholders. Whereas, Social Audit relates to measurability of the impact created by the social endeavours undertaken by the companies.

all individuals and groups who are affected by, or can affect, the organisation.”⁹

From the above, we can infer that Social Audit refers to Audit of non-financial impact of the activities/ policies of an organization; Audit in respect of the achievement of social objectives; Audit carried out from the point of view of various social stakeholders.

SOCIAL AUDIT IN INDIA – BEGINNING OF A JOURNEY

The very first reference to deliberation on social endeavours of corporates and social audit may be that in the “Report of the High-Powered Expert Committee on Companies and MRTP Acts August, 1978”.¹⁰ The Report stated that “*The resources and the manpower as well as raw material that the corporate sector has to necessarily employ inevitably cast a responsibility on it to see that balance between the need of the company and requirement of the society are maintained at even level.*”

TATA group was the front runner in implementation of social audit. Tata Iron and Steel Company (“TISCO”) had a committee in place to evaluate the company’s performance against its social goals and the first social audit had taken place in 1981, almost four decades back.

The Institute of Chartered Accountants of India (“ICAI”) had issued “Technical Guide on Social Audit” in 2010, (“Technical Guide”) which details the concept of social auditing, need for social auditing, various contexts of social auditing, regulatory and voluntary codes for social audit, framework for social auditing etc.

India was the first country to mandate Corporate Social Responsibility (“CSR”). Many companies are voluntarily undertaking impact assessments, obtaining external assurances to build transparency and trust amongst its stakeholders. In the near future, it will not be surprising to have a mandated CSR audit.

The relevance of Social Audit is reinforced on account of notification of the broad¹¹ and detailed¹² framework

⁴ Estes Ralph: (1976) *Corporate Social Accounting*, John Wiley and sons, NewYork, pg 3

⁵ *Measurement of the Social Performance of Business*

⁶ *The Corporate Social Audit* Fenn, Dan H., Jr., Bauer, Raymond A.

⁷ *Caledonia Centre for Social Development, United Kingdom.*

⁸ *Centre for Good Governance – Andhra Pradesh.*

⁹ *Dr. Simon Zadek, New Economics Foundation www.neweconomics.org*

¹⁰ <https://indianculture.gov.in/report-high-wer-expert-committee-companies-and-mrtp-acts-august-1978>

¹¹ *Notification dated 25th July, 2022*

¹² *Notification dated 19th September, 2022*



for Social Stock Exchange (“SSE”) by SEBI. This was conceptualized in the budget speech (2019-20) from Hon’ble Finance Minister where it was stated that it is time to take our capital markets closer to the masses and meet various social welfare objectives related to inclusive growth and financial inclusion. Pursuant to this, a Working Group¹³ (“WG”) and Technical Group¹⁴ (“TG”) was constituted by SEBI to work out the contours of the SSE framework. Whereas the Working Group recommended developing new institutions that provide sector-level infrastructure (For Eg. Social Auditor and Information Repositories), the TG envisioned a social audit as having two components: a financial audit, and a non-financial audit. The latter component will include the audit of social impact. Given this definition of a social audit, it is therefore possible for two kinds of actors to perform social audits: financial auditors and non-financial auditors. Only financial auditors can perform financial audits but both financial auditors and non-financial auditors can perform non-financial audits provided they obtain the required qualifications and certifications. This reform is a major initiative towards pushing for social audits and to streamline the efforts of social enterprises.

SOCIAL AUDIT FRAMEWORK – GLOBALLY AND IN INDIA

There are several reporting standards followed across the globe for measuring the social impact of corporate actions. Some of the well accepted Standards / methodology are:

1. Global Reporting Initiative (“GRI”) G3 Guidelines
2. **Social Accountability International - SA 8000:** has been developed by Social Accountability

International (“SAI”). SA 8000 is promoted as a voluntary, universal standard for companies interested in auditing and certifying labour practices in their facilities and those of their suppliers and vendors. It is designed for independent third-party certification.

3. **AA 1000 - Standard for Ethical Performance:** is the work of The Institute for Social and Ethical Accountability (ISEA). “ISEA” is an international membership organisation, based in the UK. It is promoted as a standard for measuring and reporting of ethical behaviour in business. It provides a framework that organisations can use to understand and improve their ethical performance
4. **SEDEX SMETA** audit is an audit methodology and provides guidance rather than certification. It is one of the most widely used social compliance audits in the world and includes environmental principles among its audit principles.

In leading countries across the world, Social Audit is generally not backed by regulatory mandate. The Social Audit Framework has evolved mostly out of best corporate governance practices. The 73rd amendment to the Indian Constitution that empowered the Gram Sabhas to conduct Social Audits appears to be the only legislative reference to the concept of Social Audit in India.

It is largely voluntary action of large Indian corporates to publish details of their social accountability as part of their Annual reports. Now, with the introduction of Business Responsibility and Sustainability Reporting (‘BRSR’), SEBI has mandated sustainability disclosures for top 1000 listed entities by market capitalization from FY 2022-23 onwards.

¹³. Constituted by SEBI on 19th September, 2019

¹⁴. Constituted by SEBI on 21st September, 2020

Social Audit Framework broadly includes objectives, audit process, social accounting and stakeholders. There is a pressing need for development of a comprehensive, uniform framework to provide a structured approach to guide the social auditors.

Social audit has different objective than the conventional financial audit as the focus is on aspects relevant to companies social objectives. Similarly, it is different than sustainability audit which focuses on how companies can become socially and environmentally responsible.

Objectives of Social Audit includes “*assessing the physical and financial gaps between needs and resources available to meet targeted social objectives; creating awareness among beneficiaries and providers of social and productive services; Increasing efficacy and effectiveness of development programmes; scrutiny of various policy decisions, keeping in view stakeholder’s interests and priorities, particularly of marginal sections of the society; estimation of the opportunity cost for stakeholders of not getting timely access to public services.*”¹⁵

Apart from the Technical Guide, ICAI has come out with draft Social Auditing Standards¹⁶ (“Draft”) for audit of social enterprises / projects. According to the draft, there are five elements of a social audit engagement which are:

- (a) A three-party relationship involving a social auditor, a responsible party, and intended users;
- (b) Project/ Program/ Intervention to be covered;
- (c) Project Monitoring Framework;
- (d) Evidence; and
- (e) A written audit report.

Further, as per the Draft, “*Social Audit is an independent, objective and reliable examination of impact of a project / program / project-based activity of a Social Enterprise governed by Self-Regulatory Organization (SRO) or any other regulatory authority so as to –*

- *assess whether the project / program / project-based activity is operating in accordance with the stated Strategic Intent and Planning*
- *assess the stated performance in terms of impacts/ outcomes*
- *suggest ways to improve the impact measurement and/ or performance”*

Steps in conducting of Social Audit involves audit planning, understanding of the entity’s environment including the entity overview and social objective & impact overview, documentation, materiality, fieldwork process which primarily relates to data collection, defining of sample size, collection of data, quality checking / analyzing, interpretation of data, and communication to stakeholders with social audit report.

As per the Draft, the Social Audit Report should address the social impact aspect covered by the project/ program/

project-based activity’s that the intended users will be interested in. Social Auditor should strive to provide audit reports which are not only stakeholder-friendly and timely but also comprehensive, convincing and balanced

STAKEHOLDERS AND THEIR ROLE

A social audit engagement is, normally, aimed at providing information to a finite number and a definitive group of stakeholders. Social audit is conducted from the perspective of various stakeholders who can influence or are affected by the activities of the entity. Stakeholders include Social Enterprise, Beneficiaries, Risk Investor, Outcome Funder, Third Party Evaluator, Intermediaries, Regulators, Society at large, Vendors etc.

Social Audit can bring benefits like enhanced credibility, help in policy making decision of Board, support of stakeholders etc. An increasing number of investors are using social and environmental performance as a key criterion for their investment decisions. Additionally, “*there is a growing belief that social and environmental issues represent a source of risk in terms of unforeseen (or foreseen) liabilities, reputational damage, or similar risks.*”¹⁷

One of the core characteristics of Social Audit is Transparency. Social Auditing leads to transparent reporting and communication to stakeholders and thus inculcates trust on the business through transparency.

CONCLUSION

We are used to the statement that “tone at the top” is essential to steer the best corporate governance practices. However, the “mood in the middle” and the “buzz at the bottom” is equally relevant and critical.

Apart from the Corporates, Social Audit has also played a vital role in assessment of social welfare programs of the Government, for example, scheme under Mahatma Gandhi National Rural Employment Guarantee Act, 2005 (“MGNREGA”).

Social Audit Framework are required to be developed as a different field altogether and the existing traditional audit framework may not be applied as it is. The challenges are many, including but not limited to the evolving of literature, applicability and implementation of the social audit standards. Substantial efforts will be required for creation of framework, formulation of standards, and building the necessary ecosystem for social audit.

In 2010, India became the first country to mandate CSR. Today, we might as well become the first nation to take such a huge stride in creating a comprehensive and holistic framework for fostering social audit ecosystem. This assumes much importance and relevance considering the fact that India will be holding the G20 presidency in 2023 and the Company Secretaries, being leaders and specialist in corporate governance can be the torch bearers in this emerging domain.

Ultimately, question boils down to the approach to be followed with respect to the applicability of Social Audit Framework. Whether Social Audit should be “Voluntary and Incentivising” or “Compulsory and Penalizing??”.....only time will tell! ☑

¹⁵ ICAI, Technical Guide on Social Audit, Para 2.3, page 9

¹⁶ Compendium of Social Audit Standards (Exposure Draft), August 2022

¹⁷ ICAI, Technical Guide on Social Audit, Para 3.8, page 16

INVITATION OF APPLICATIONS FOR EMPANELMENT AS EXAMINER FOR THE COMPANY SECRETARIES EXAMINATIONS

The Institute prepares and updates the panel of Examiners at regular intervals for conduct of CS Examinations. In this regard, the Institute invites applications from suitably qualified, competent and experienced persons having academic flair and willingness to undertake such academic and confidential assignments in the following subjects of Company Secretaries Examinations.

Sl. No.	Stage/ Subject(s) of Examination	
<u>SYLLABUS – 2022</u>		
<u>PROGRAMME/ STAGE : EXECUTIVE PROGRAMME</u> <i>(Examination under this syllabus will be held from December, 2023)</i>		
Subjects:		
1.	Jurisprudence, Interpretation and General Laws	
2.	Company Law and Practice	
3.	Setting up of Business, Industrial and Labour Laws	
4.	Corporate Accounting and Financial Management	
5.	Capital Market and Securities Laws	
6.	Economic, Commercial and Intellectual Property Laws	
7.	Tax Laws and Practice	
<u>PROGRAMME/ STAGE : PROFESSIONAL PROGRAMME</u> <i>(Examination under this syllabus will be held from June, 2024)</i>		
Subjects:		
1.	Environmental, Social and Governance(ESG) – Principles and Practice	
2.	Drafting, Pleadings and Appearances	
3.	Compliance Management, Audit and Due Diligence	
4.1	CSR and Social Governance	} Open Book Examination
4.2	Internal and Forensic Audit	
4.3	Intellectual Property Rights – Law and Practice	
4.4	Artificial Intelligence, Data Analytics and Cyber Security – Laws and Practice	
5.	Strategic Management and Corporate Finance	
6.	Corporate Restructuring, Valuation and Insolvency	
7.1	Arbitration, Mediation and Conciliation	} Open Book Examination
7.2	Goods and Services Tax(GST) and Corporate Tax Planning	
7.3	Labour Laws and Practice	
7.4	Banking and Insurance – Laws and Practice	
7.5	Insolvency and Bankruptcy – Law and Practice	

Note: Subject wise detailed syllabus is available on the Website: www.icsi.edu . The prescribed application form can be downloaded from the Institute's website: <http://www.icsi.edu/webmodules/member/forms/examnew.pdf> . The Candidates fulfilling the required criteria may send duly filled-in application form along with all relevant Documents/ Certificates to : The Joint Secretary (Examinations), The Institute of Company Secretaries of India (ICSI), C-37, Institutional Area, Sector-62, NOIDA – 201309.



RESEARCH PAPER

Invitation For Research Papers In CS Journal – January 2023 Issue

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

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

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

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

Members and other readers desirous of contributing articles may send the same latest by **Friday, December 23, 2022** at cs.journal@icsi.edu for the January 2023 issue of Chartered Secretary Journal.

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

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

Regards,
Team ICSI

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RESEARCH CORNER



■ SOCIAL AUDIT OF DAY-NRLM IN JHARKHAND

Social Audit of DAY-NRLM in Jharkhand

Social Audit has emerged as one of the important mechanisms to enforce accountability in Government programmes. Jharkhand is among the leading States to have conducted social audit of more than a dozen government programmes and schemes in the past, including the Deendayal Antyodaya Yojana-National Rural Livelihoods Mission (DAY-NRLM). DAY-NRLM is a flagship government programme aiming at poverty reduction through promotion of self-help, micro-credit and micro-entrepreneurship. Jharkhand, with substantial tribal population, is one of the poor States of India and hence coverage and role of DAY-NRLM in the State is significant. To ensure accountable implementation of DAY-NRLM and also to identify gaps, the Government of Jharkhand has got pilot social audit of the scheme conducted in four districts through Social Audit Unit (SAU) in the year 2020. After giving some background information on DAY-NRLM and social audit of rural development programmes, this chapter describes the process, findings and recommendations of the social audit of DAY-NRLM in Jharkhand. Learnings from this chapter may be useful for other State governments and SAUs in planning and executing social audit of DAY-NRLM in future.

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INTRODUCTION

1.1 DAY-NRLM

The Framework for Implementation for DAY-NRLM was approved by the Government of India on 9th December, 2010 and the Mission was formally launched on 3rd June, 2011. It aims to reach out to all the rural poor families and link them to sustainable livelihoods opportunities. It will nurture them till they come out of poverty and enjoy a decent quality of life. At least one woman member from each identified rural poor household is to be brought under the Self Help Group (SHG) network in a time bound manner. Special emphasis is particularly on vulnerable communities such as manual scavengers, victims of human trafficking, Particularly Vulnerable Tribal Groups (PVTGs), Persons with Disabilities (PwDs) and bonded labour. DAY-NRLM has devised special strategies to reach out to these communities and help them graduate out of poverty. The Institutions of the poor—SHGs, their federations and livelihoods collectives - provide the poor the platforms for collective action based on self-help and mutual cooperation. They become a strong demand system and build linkages with mainstream institutions, including

banks, and Government departments to address core livelihoods issues and other dimensions of poverty. DAY-NRLM works on three pillars – enhancing and expanding existing livelihoods options of the poor; building skills for the job market outside; and nurturing self-employed and entrepreneurs. Rs. 10,000 per SHG is given to NGOs/CBOs/Community Coordinators/Facilitators/Animators towards group formation and development. Revolving Fund (RF) as a corpus to SHG with a minimum of Rs. 10,000 to a maximum of Rs. 15,000 per SHG is given to all SHGs with more than 70% BPL members that have not received RF earlier. Capital subsidy is given both for members of SHGs and individual beneficiaries @Rs. 15,000 per general category and Rs. 20,000 per SC/ST category. The maximum amount of subsidy that an SHG is eligible for is Rs. 2.50 lakh. Only BPL members are eligible for individual subsidy, and only those SHGs with more than 70% BPL members are eligible for the subsidy to SHGs. Subsidy on interest rate above 7% per annum for all SHG loans availed from banks, based on prompt repayment is also given. One time grant for corpus fund for sustainability and effectiveness of federations to the tune of Rs 10,000 for Village/Panchayat level federation Rs 20,000 for Block level federation Rs 100,000 for District level federation is given. DAY-NRLM intends to work in a block for a period of ten years till community federations take responsibility of implementation. A typical block having about 13,500 (90% of total poor) mobilize-able poor households spread over 100-120 villages is divided into 4 clusters of 30 villages each. In a typical intensive block, the first 3 years are spent in building the organisations of the poor by mobilising them into SHGs, Federations at Village, Cluster level and Block level. Funds flow to the community institutions over the first 4-5 years. The middle years, years 3-6, are invested in deepening the activities and addition of various layers such as health, nutrition, interventions for Persons with Disability (PwD), etc. Last 4 years is essentially a maintenance and withdrawal phase where the community institutions graduate to self-reliance and self-sustainability. By the end of financial year 2019-20, progress of DAY NRLM are given in Table 1 below.

Table 1: Progress of DAY-NRLM (2019-20)

Number of States/Union Territories transitioned to NRLM	34	Number of Village Organisations promoted	213457
Number of Districts with intensive blocks	649	Number of SHGs provided with Revolving Fund	1471966
Number of Blocks where intensive implementation has started	6055	Amount of Revolving Fund disbursed to SHGs (In Rs. Lakh)	199801.9
Number of GP in which intensive implementation has started	218545	Number of SHGs provided Community Investment Fund	862747
Number of villages in which intensive implementation has started	706891	Amount of Community Investment Fund disbursed to SHGs (In Rs. Lakh)	539520
Number of households mobilized into SHGs (in Lakh)	648.5	Number of Community Resource Persons developed	277666
Number of SHGs promoted (in Lakh)	213457		

(Source: DAY-NRLM MIS <https://nrlm.gov.in/dashboardForOuter.do?methodName=dashboard>)

1.2 DAY-NRLM Implementation in Jharkhand

The Rural Development Department of Government of Jharkhand (GoJ) has established a separate and autonomous society named as “Jharkhand State livelihood Promotion society” (JSLPS) in 2009 which works as a nodal agency for effective implementation of livelihood promotion in the state. Jharkhand State Livelihood Promotion Society (JSLPS) has been designated by the State Government to implement the National Rural Livelihood Mission (NRLM) in Jharkhand in September 2011. It functions democratically through its Executive Council (EC) and General Body (GB), which is represented by Secretaries from different Government Departments, policy makers, NABARD, bankers, social workers and representatives of NGOs. The Chairperson of the General Body is the ex-officio Minister, Rural Development, Government of Jharkhand, while the Executive Committee is headed by the Principal Secretary, Rural Development Department. The EC of the society is empowered to approve the systems and policies of the society as well as supervise day-to-day business. The state level State Mission Management Unit (SPMU) was established within the society. The society has been headed by a full-time Chief Executive Officer (CEO) who is supported by a Chief Operating Officer (COO) to look after the operational issues. A team of senior level professionals and thematic experts have been inducted in the team. The SPMU has unveiled its independent vertical at district and blocks as DPMU and BMMU respectively. JSLPS initiated implementation of NRLM in the financial year 2012-13. All the intensive blocks in the State is supported by World Bank through a National Rural Livelihood Project (NRLP). The program started by putting its first foothold in eight blocks across three Intensive Districts of Pakur, West Singhbhum and Ranchi. Presently, a total of 17 blocks from nine districts are currently being developed as Resource Blocks. Services of externally Community Resource Persons (CRPs) from two National Resource Organisations (NRO) namely - Society for Elimination of Rural Poverty (SERP), Andhra Pradesh (A.P) and Bihar Rural Livelihood Promotion Society (BRLPS), Bihar are

being taken to undertake systematic Social Mobilisation Process and create a pool of local community resource persons. Apart from Resource Block strategy, in FY 2015-16 Jharkhand SRLM is developing additional selected 105 blocks as intensive blocks by using its own internal community resources either from existing resource blocks or with women SHG federations under Home Grown Model (HGM) or partnership model. The list of districts and blocks is in annexure - I Currently, the State Rural Livelihood Mission (SRLM) has presence in total of 93 blocks under intensive strategy. Other than the above 83 blocks, NRLM has its interventions through DRDA (District Rural Development agency) which are categorised as non-intensive blocks. It is envisaged that by the end of 2020-21, outreach of SRLM would increase to all villages of the State with a total of around 2.91 lakh SHGs Self Help Groups (JSLPS, 2017).

SOCIAL AUDIT OF DAY-NRLM IN JHARKHAND

In the year 2020, Social Audit Unit, on the request of JSLPS, Govt. of Jharkhand, has conducted Audit for DAY-NRLM in four districts namely Bokaro, Garhwa, Pakur, Ranchi. This section will describe the objectives, parameters, key findings, case examples and key findings of this social audit.

2.1 Objectives and Parameters

In the year 2020, Social Audit Unit has conducted Audit for DAY-NRLM three objectives: (i) assess overall no. of SHG members found to be active; (ii) examine inter loaning process among the group, caste wise coverage SHG, vulnerability wise coverage in SHG; and (iii) assess knowledge of SHG members on PMAY- G (Pradhan Mantri Awas Yojna ,Gramin) and MGNREGA (Mhatma Gandhi National Rural Employment Guarantee Following parameters were used for the conduct of social audit:

- SHG Formation, Training, Functioning, Linkages and Role of VOs (Village Organisations)/CLFs (Cluster level Federations)

Social Audit of DAY-NRLM in Jharkhand

- ii. VO Formation, Training, Functioning, Linkages and Role of CLFs
- iii. CLF formation, Training, Functioning, Linkages and Role of VOs/SHGs
- iv. Skill Trainings
- v. Support Mechanism of Block/Dist./State team
- vi. Role of Technical Support Agencies
- vii. Impact on Knowledge, Skills, Income, social prestige

2.2 Coverage

Social Audit Unit of Jharkhand facilitated social audit of total 200 SHGs based in 4 districts. District-wise list of SHGs covered are given in Table-2:

Table 2: District-Wise CLFs, VOs, SHGs and Members Covered

Sr. No.	Name of Districts	Total no. of CLF covered	Total no. of VO covered	Total no. of SHG covered	Total no. of SHG Members covered
1.	Bokaro	2	10	50	579
2.	Ranchi	1	10	52	577
3.	Garhwa	1	8	46	501
4.	Pakur	2	10	52	584
Total		6	38	200	2241

(Source: Social Audit Unit Jharkhand)

2.3 Process of Social Audit

As preparatory exercise, first of all, an initial discussion with JSLPS team on DAY-NRLM plan and objectives as well as methodology of social audit was held. Thereafter tools for the social audit such as formats for collecting and compiling information were prepared. These tools were tested in the field and necessary changes were made before finalising them. SAU prepared a calendar and budget for the social audit of DAY-NRLM and submitted to the JSLPS for approval. SAU team had an entry point meeting with JSLPS team. District, Block and CLF offices were visited to understand the DAY-NRLM scheme and its implementation structure and process. After approval of the budget and calendar for social audit, the actual process began. Social audit team members were identified and trained on facilitation and conduct of social audit of DAY-NRLM. Fifty percent of total CLFs, 10 VOs and 50 SHGs in each of the four districts have been selected through random sampling for field verification. Such verification included oral verification of information from SHG members and other stakeholders, physical verification by observing functioning of SHGs and other institutions, and documents verification of various records of DAY-NRLM at different levels. Findings of verification were compiled and report was prepared and presented. Detailed activities undertaken as part of the social audit are given in the Table-3.

Table 3: Calendar-wise Activities Undertaken by SAU and JSLPS Teams

DATE	ACTIVITIES
02 – 07 – 2020	NRLM Plan discussed with SAU team and interns
13 – 07 – 2020	Meeting with JSLPS's officers to discuss the plan of upcoming Social Audit of NRLM – DAY Scheme.
17 – 07 – 2020	Visit to Angara Block of Namkum to understand the process and working of SHG, VO and CLF and Did discussion with CLF's Didi. Meeting with Secretary and CEO and discuss the plan and got the permission to go ahead with this plan.
20 – 07 – 2020	Initiated preparation of various questionnaire for social audit.
28 – 07 – 2020	Meeting with In-charge of Monitoring and Evaluation in JSLPS regarding our questionnaire and took suggestions for improve the audit process and questionnaire.
31 – 07 – 2020	Field testing of questionnaire related to SHG and VO in Hulhundu village with SHG and VO's Didi.
01 – 08 – 2020	Conducted Video Conference with JSLPS team regarding the social audit process of NRLM – DAY.
04 – 08 – 2020	Conducted Video Conference with JSLPS team regarding the training program of team.
05 – 08 – 2020	Field testing of CLF questionnaire in Hardag CLF with CLF's Didi.
06 – 08 – 2020	Conducted training of DRPs and team regarding audit process and questionnaire of VO and CLF.
07 – 08 – 2020	Finalized all questionnaires and shared it with social audit teams of all the districts and allotted the intern with responsibility of each district (from training to monitoring). DRPs (District Resource Persons) of social audit unit met with BPM of all four blocks in each districts.
08 – 08 – 2020	Conducted training programme of BRPs (Block Resource Persons) and VRPs (Village Resource Persons) in Ranchi, Bokaro and Pakur districts regarding the SHG's questionnaire. Conducted training of BPRs and VRPs of Pakur through Google meet.
10 – 08 – 2020	Conducted training programme of BRPs and VRPs of Garhwa regarding the SHG's questionnaire through Google meet. Shared the calendar of Social Audit programme to every person concerned and social audit team.

11 – 08 – 2020	Started the Social Audit of Ranchi, Bokaro, Garwha and Pakur. Audit conducted in one block of each district namely Namkum, Petarwar, Meral and Littipada respectively. This is the first day of audit so team of social audit office went with the team for monitoring in Ranchi.	30 – 08 - 2020	Test audit with interns initiated
18 – 08 – 2020	Mr. Sandeep Surin and two interns from social audit office, Ranchi went Bokaro for monitoring the Audit process.	01 – 09 – 2020	Completed the test audit of 07 non-functional SHG.
19 – 08 – 2020	Ms. Susmita Ghatuary and two interns from social audit office, Ranchi went Garwha for monitoring the Audit process.	04 – 09 – 2020	Received the document and questionnaire of Ranchi District and distributed it among interns for data entry.
22 – 08 – 2020	Intern of social audit unit went for monitoring of Hajam CLF's audit process and audit of NRLM – DAY scheme got over in all four districts.	05 – 09 – 2020	Data entry started
24 – 08 - 2020	All the district teams started writing the Social audit Report and verified all the documents and questionnaires.	06 – 09 – 2020	Test audit of Ragini SHG conducted
25 – 08 – 2020	Conducted the VC (Video Conferencing) with JSLPS team to clarify points raised after social audit.	07 – 09 – 2020	Received the document and questionnaire of Bokaro and Garwha District and distributed it among interns for data entry.
26 – 08 – 2020	All the district's DRPs started sending the document and questionnaire of social audit of respective districts.	15 – 09 – 2020	Received the document and questionnaire of Pakur District and distributed it among interns for data entry.
27 – 08 – 2020	Decided to do test audit of 07 SHG's Non-functional SHG and one SHG (Ragini Self Help Group) which left out because of misunderstanding of CC (Cluster Coordinator) of Ranchi.	21 – 09 – 2020	Finished the data entry of all the questionnaires.
29 – 08 – 2020	Informed the concerned person about test audit.	23 – 09 – 2020	Distributed the Social Audit Report of all districts among intern for data entry.
		24 – 09 – 2020	Started the data entry of Social audit Report and started writing the report.
		30 – 09 - 2020	Completed the all the Data entry and submitted the documents to Social Audit Unit.

(Source: Social Audit Unit Jharkhand)

Key Findings

2.4 Findings of the social audit of DAY-NRLM carried out as mentioned above have been summarised in this section. Verification of 200 selected SHGs in one block each of four districts were done. Findings on status of SHGs in these blocks are given in Table-4.

Table 4: Status of SHGs Social Audited

Districts	Blocks	No. of SHGs selected for Social audits	No of SHGs social audited	SHGs found to be dysfunctional	SHG Merged	Test Audit (With dysfunctional SHGs)
Bokaro	Peterwar	50	50	0	1	0
Garhwa	Meral	46	43	3	0	0
Pakur	Littipara	52	51	1	0	0
Ranchi	Namkum	52	46	6	0	7
Total		200	190	10	1	7

Table 4 shows that in Peterwar block of Bokaro district 50 SHGs were audited and it was found that all the SHGs are functional but one SHG has merged. In Meral block of Garhwa district, out of 43 SHGs social audited, 03 SHGs were found to be inactive. In Littipara block of Pakur district, out of 51 SHGs social audited, 01 SHG was found to be dysfunctional. In Namkum block of Ranchi district, out of 46 SHGs social audited 06 SHGs were found to be dysfunctional which is highest of the four. Overall,

approximately 95% of the SHGs social audited in the State are functional.

Total 579 SHG members in Bokaro, 501 SHG members in Garhwa, 584 SHG members in Pakur, and 577 SHG members in Ranchi district were covered during the social audit exercise. One of the indicators of robust functioning of SHGs is whether all its members are active and regularly taking part in the activities of the group or not. Findings on status of these SHG members are given in Table 5.

Table 5: Status of SHG Members Social Audited

Districts	District-wise no. of SHGs with 01 to 06 inactive members						Average member inactive
	01 member in active	02 members inactive	03 members inactive	04 members inactive	05 members inactive	06 members active	
Bokaro	11	12	12	4	10	0	8.17
Garhwa	4	6	9	0	0	0	3.17
Pakur	9	12	0	0	10	0	5.17
Ranchi	18	10	6	4	15	6	9.83
Total	42	40	27	8	35	6	6.58
Total members found to be inactive - 158							

Table 5 depicts that in Ranchi district 9.83% members, in Bokaro district 8.17% members, in Pakur district 5.7% and in Garhwa district 3.17 % SHG members were found to be inactive. During the social audit it was also found that in total 18 SHGs, meeting registers were not updated.

During the social audit, the status of receipt of One Time Management Cost (OTMC) by SHGs has also been examined. Findings are given in Table 6.

Table 6: Status of Receipt of OTMC by SHGs Social Audited

District	Total no. of SHGs	Data Not shared by SHG members	Not Received	Received	Percentage of Yes
Bokaro	50	4	29	17	37%
Garhwa	43	1	18	24	57%
Pakur	51	30	16	5	24%
Ranchi	46	12	4	30	88%
Grand Total	190	47	67	76	

Table 6 shows that in Bokaro district 37% of audited SHGs have received OTMC, where as in Garhwa district 57% SHGs who received OTMC, in Ranchi district 88% and in Pakur district only 24% SHGs have received OTMC.

Opening of a bank account by SHGs is an important activity and contributes significantly to the thrift, saving and also availing credit facilities by SHGs. Status of opening of bank account of SHGs since their date of formation was also examined as part of social audit exercise. Although all SHGs have opened their bank accounts the period was analysed for gap period between SHG formation and bank account opening period. Findings are given in Table 7.

Table 7: District-wise Status of SHG Bank Account Opening

District	Total SHGs Social Audited	% Bank A/C Opened on SHG Formation Day	% A/C Opening within 3 months of formation	% Opening 3.1 to 6 months	% opening 6.1 to 12 months	% opening after 12 months
Bokaro	50	2.08%	10.42%	10.42%	14.58%	62.50%
Garhwa	43	7.32%	2.44%	9.76%	31.71%	48.78%
Pakur	51	25.00%	12.50%	18.75%	18.75%	25.00%
Ranchi	46	7.32%	21.95%	19.51%	24.39%	26.83%
Bokaro	50	2.08%	10.42%	10.42%	14.58%	62.50%

Table 7 shows that in Bokaro district, 62.50% SHGs opened bank account after a period of 12 months and above, whereas 2.08% SHGs opened their bank account on the date of their formation. In Pakur 25% SHGs opened their bank account on the date of their formation. In Garhwa 48.78% SHGs opened their bank account after a gap of 12 months. In Ranchi 26.86% of SHGs opened their bank account after 12 months whereas 7.32% of SHGs opened on the date of SHG formation.

As mentioned in earlier, Revolving Fund (RF) as a corpus to SHG with a minimum of Rs. 10,000 to a maximum of Rs. 15,000 per SHG is given to all SHGs with more than 70% BPL members that have not received RF earlier. During the social audit exercise, status of receipt RF by SHGs was also examined. Findings have been summarised in Table 8.

Table 8: Status of Receipt of Revolving Fund (RF) by SHGs

District	Total no. of SHGs	Data not shared by SHG Members	Not Received	Received	Percentage of Yes
Bokaro	50	1	11	38	78%
Garhwa	43	1	2	40	95%
Pakur	51	18	10	23	70%
Ranchi	46	8	0	38	100%
Grand Total	190	28	23	139	

As depicted in the Table 8, it was found that in Bokaro district, 78% SHGs have received their RF, in Ranchi district 100% SHGs received RF, in Garhwa district 95% of SHGs have received RF and in Pakur 70% of SHGs have received RF.

At least one woman member from each identified rural poor household is to be brought under the Self Help Group (SHG) network in a time bound manner.

- vii. There is need for further strengthening of VOs and CLFs as an autonomous body and as well as avoiding shortcuts to collect information and beneficiaries lists etc.
- viii. SHGs, PG, and FFC should again be revisited and strengthened in drive mode like earlier done with different parameters like credit absorption, leadership changes, livelihood (Especially on scaling of proved LH Models), etc. There is a need for timely chasing of AAP and regular consultation with key stakeholders.
- ix. Non-Farm activities must work on mission mode to create business opportunities which may lead to a better economy. There is need to consolidate its work for 1-2 years before further expanding.

CONCLUSIONS

2.5 Based on the observations in the field and findings of social audit, following suggestions have been made to improve the overall implementation of the DAY-NRLM scheme. Adequate and timely action on these suggestions will help in achieving goals of the scheme in Jharkhand.

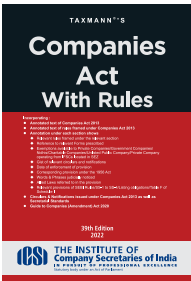
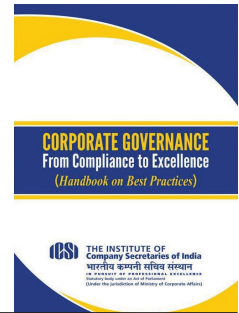
- i. There is a need to restructure and redesign based on paradigm shift in the goal, objective, and functioning of the JSLPS. Focus may be on livelihoods interventions and self-sustainable institutions.
- ii. Autonomy to JSLP Society need to be further strengthened for better implementation of DAY-NRLM and achievement of it's goal.
- iii. JSLPS may look at human resources improvement. Quality dedicated inevitable team of professionals with ethics and requisite competency staff are important. Coordination between the staffs and enhanced interactions with subject matter specialists are required.
- iv. Regular capacity building and periodic monitoring of staff, especially the field level staff of DAY-NRLM in Jharkhand, is needed.
- v. Fund is required for infrastructure support.
- vi. Management Systems needs to be strengthened at all levels. Reporting through MIS needs to be strengthened covering more points.

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CORPORATE GOVERNANCE – FROM COMPLIANCE TO EXCELLENCE (A HANDBOOK ON BEST PRACTICES)

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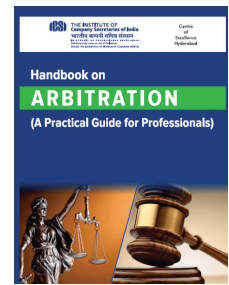


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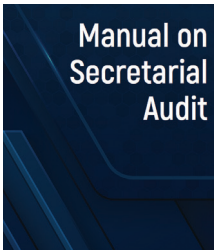
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3

LEGAL WORLD



- MARUTI UDYOG LTD v. MAHINDER C. MEHTA & ORS [SC]
- THE EMPLOYEES PROVIDENT FUND ORGANISATION & ORS v. SUNIL KUMAR & ORS [SC]
- ADITI GAUR v. GENERAL MANAGER UCO BANK & ANR [DEL]
- REGISTRAR OF ASSURANCES & ANR v. ASL VYAPAR PRIVATE LTD & ANR [SC]
- FOOD CORPORATION OF INDIA & ORS v. ABHIJIT PAUL [SC]
- SUNHARI BAGH BUILDERS PVT LTD v. AIRPORTS AUTHORITY OF INDIA [DEL]
- BAWA PAULINS PVT LTD v. UPS FREIGHT SERVICES (INDIA) PVT LTD [SC]
- POLYFLEX (INDIA) PVT LTD v. THE COMMISSIONER OF INCOME TAX & ANR [SC]
- SINGAPORE AIRLINES LTD v. C.I.T., DELHI [SC]



Corporate Laws

Landmark Judgement

LMJ 12:12:2022

MARUTI UDYOG LTD v. MAHINDER C. MEHTA & ORS [SC]

Contempt Petition (Civil) 289 of 2003

S.B. Sinha & Harjit Singh Reddy,JI. [Decided on 10/10/2007]

Equivalent Citations: (2007) 140 Comp Cas 449; (2007) 21 CLA 328

Contempt of Courts Act, 1971 - Contempt by directors-arbitrators directed the directors to furnish bank guarantees- failure to provide bank guarantees-whether contempt of court-Held, Yes.

Brief facts:

This contempt petition arose in a somewhat peculiar circumstance. Petitioner herein is manufacturer of cars. Alleged contemnors were Directors of a Company known as M/s. Mahalaxmi Motors Limited (Company). The Company obtained various advances from the customers on behalf of the petitioner. It, however, did not pay the amount to petitioner herein. Respondents admitted their liability of the petitioner to the extent of Rs. 7.63 crores in respect of supply of vehicles made by it. The respondents agreed to furnish bank guarantees. But on various pretexts they failed to furnish. Therefore, the petitioner filed the contempt petition before the Supreme Court.

Decision: Allowed.

Reason:

The fact of the matter, as noticed hereinbefore, clearly goes to show that the alleged contemnors not only prevaricated their stand at different stages in different proceedings, they intended to prolong the litigation one way or the other. They had accepted their liability at least to the extent of 7.63 crores. They must have invested the said amount. The parties hereto accepted that the disputes and differences pending between them should be referred to an arbitrator. It was agreed to by the

petitioner only on the representation made by the alleged contemnors that they would furnish a bank guarantee provided an order is passed in that behalf by the learned Arbitrator.

The fact that the learned Arbitrator issued such a direction is not in dispute. The learned Arbitrator even otherwise had the jurisdiction to pass interim order in terms of Section 9 of the Act. Correctness or otherwise of the said order has not been questioned. Despite undertaking given before this Court, in the aforesaid matter, the alleged contemnors did not furnish any bank guarantee. Admittedly, their application for modification was also dismissed. Not only, they went back from the undertaking given before this Court, they also sold away the only property which was in their possession. The property situate at Secunderabad admittedly had been claimed by the State of Andhra Pradesh. The alleged contemnors even did not disclose that the said property was an encumbered one. The same was disclosed only at a later stage.

If they were not in a position to furnish any bank guarantee or otherwise, they could have taken such an unequivocal stand before the courts. They not only suppressed material facts, but also made a wrong representation that in the event the property at Secunderabad is sold, the price whereof is about 11 crores and, thus, from the sale proceeds the dues of the debtors would be satisfied. Such a claim was evidently made, as would now appear, that an application for regularization was pending before the State. The alleged contemnors did not have any subsisting right, title, and interest in or over the said property. They could not have made a proposal before this Court for sale of the property only on the basis of a title which they could only derive on happening of a contingency, viz., regularization thereof by the State. A proposal for sale of the property could be made only if the respondents had any subsisting title thereto and not otherwise.

We, therefore, keeping in view the peculiar facts and circumstances of this case and the conduct of the alleged contemnors, are of the opinion that they have committed contempt of this Court. We are clearly of the opinion that it is eminently a fit case where jurisdiction of this Court under Article 129 of the Constitution of India as also the provisions of the Contempt of Courts Act, 1970 should be invoked.

However, the fact that the alleged contemnor No. 3 has resigned, being not in dispute, no action is being taken against him. So far as, the alleged contemnor No. 1 is concerned, we are of the opinion that he being the Managing Director of the Company, is liable to be punished. He is sentenced to undergo six months imprisonment. The alleged contemnor No. 2 is also held guilty but as he was not the Managing Director, we are of the view that sentencing him three months imprisonment shall meet the ends of justice.



Labour Laws

LW 85:12:2022

THE EMPLOYEES PROVIDENT FUND ORGANISATION & ORS v. SUNIL KUMAR & ORS[SC]

Civil Appeal Nos..... of 2022 [@ SLP (C) Nos. 8658-8659 of 2019] with connected batch of appeals

Uday Umesh Lalit, Aniruddha Bose & Sudhanshu Dhulia, JJ. [Decided on 04/11/2022]

Employees' Pension Scheme – Amendment in 2014-exercise of option to join the scheme- employees excess contribution to the scheme- SC explains the scheme and issues directions.

Brief facts:

In this judgment, the supreme Court dealt with the legality of certain amendments and modifications made by the Central Government to the Employees' Pension Scheme, 1995 ("1995 Scheme"). Such scheme has been made in pursuance of, *inter alia*, Section 6A of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 ("the Act"). Such changes, *inter alia*, are sought to be effected in paragraphs 3, 6, 11, 12 and 14 of the 1995 scheme. The Act originally did not provide for any pension scheme and Section 6A was introduced to the said Act by way of an amendment made in 1995. The amendment of 1995 contemplated formulation of a scheme for employees' pension and the pension fund was to comprise of deposit of 8.33 per cent of the employers' contribution made towards provident fund corpus as per the prevailing Statute. Paragraph 11 of the scheme dealt with determination of pensionable salary. At that point of time, maximum pensionable salary was Rs.5000/ and this sum had been enhanced subsequently to Rs.6500/. Pensionable salary was raised to Rs.15000/ by a notification dated 22nd August 2014 [numbered G.S.R. 609 (E)], which was to be effective from 1st September 2014. This notification brought certain other modifications in the scheme mainly restricting its coverage.

Decision: Petitions disposed of with directions.

Reason:

We accordingly hold and direct:

(i) The provisions contained in the notification no. G.S.R.609(E) dated 22nd August 2014 are legal and valid. So far as present members of the fund are

concerned, we have read down certain provisions of the scheme as applicable in their cases and we shall give our findings and directions on these provisions in the subsequent subparagraphs.

- (ii) Amendment to the pension scheme brought about by the notification no. G.S.R. 609(E) dated 22nd August 2014 shall apply to the employees of the exempted establishments in the same manner as the employees of the regular establishments. Transfer of funds from the exempted establishments shall be in the manner as we have already directed.
- (iii) The employees who had exercised option under the proviso to paragraph 11(3) of the 1995 scheme and continued to be in service as on 1st September 2014, will be guided by the amended provisions of paragraph 11(4) of the pension scheme.
- (iv) The members of the scheme, who did not exercise option, as contemplated in the proviso to paragraph 11(3) of the pension scheme (as it was before the 2014 Amendment) would be entitled to exercise option under paragraph 11(4) of the post amendment scheme. Their right to exercise option before 1st September 2014 stands crystallised in the judgment of this Court in the case of R.C. Gupta (supra). The scheme as it stood before 1st September 2014 did not provide for any cut off date and thus those members shall be entitled to exercise option in terms of paragraph 11(4) of the scheme, as it stands at present. Their exercise of option shall be in the nature of joint options covering pre-amended paragraph 11(3) as also the amended paragraph 11(4) of the pension scheme.

There was uncertainty as regards validity of the post amendment scheme, which was quashed by the aforesaid judgments of the three High Courts. Thus, all the employees who did not exercise option but were entitled to do so but could not due to the interpretation on cut-off date by the authorities, ought to be given a further chance to exercise their option. Time to exercise option under paragraph 11(4) of the scheme, under these circumstances, shall stand extended by a further period of four months. We are giving this direction in exercise of our jurisdiction under Article 142 of the Constitution of India. Rest of the requirements as per the amended provision shall be complied with.

- (v) The employees who had retired prior to 1st September 2014 without exercising any option under paragraph 11(3) of the pre-amendment scheme have already exited from the membership thereof. They would not be entitled to the benefit of this judgment.
- (vi) The employees who have retired before 1st September 2014 upon exercising option under paragraph 11(3) of the 1995 scheme shall be covered by the provisions of the paragraph 11(3) of the pension scheme as it stood prior to the amendment of 2014.
- (vii) The requirement of the members to contribute at the rate of 1.16 per cent of their salary to the extent such salary exceeds Rs.15000/ per month as an additional

contribution under the amended scheme is held to be ultra vires the provisions of the 1952 Act. But for the reasons already explained above, we suspend operation of this part of our order for a period of six months. We do so to enable the authorities to make adjustments in the scheme so that the additional contribution can be generated from some other legitimate source within the scope of the Act, which could include enhancing the rate of contribution of the employers. We are not speculating on what steps the authorities will take as it would be for the legislature or the framers of the scheme to make necessary amendment. For the aforesaid period of six months or till such time any amendment is made, whichever is earlier, the employees' contribution shall be as stop gap measure. The said sum shall be adjustable on the basis of alteration to the scheme that may be made.

- (viii) We do not find any flaw in altering the basis for computation of pensionable salary.
- (ix) We agree with the view taken by the Division Bench in the case of R.C. Gupta (supra) so far as interpretation of the proviso to paragraph 11(3) (pre-amendment) pension scheme is concerned. The fund authorities shall implement the directives contained in the said judgment within a period of eight weeks, subject to our directions contained earlier in this paragraph.
- (x) The Contempt Petition (C) Nos.19171918 of 2018 and Contempt Petition (C) Nos. 619620 of 2019 in Civil Appeal Nos. 1001310014 of 2016 are disposed of in the above terms.

All the appeals which we have heard simultaneously are allowed in the above terms and the judgments impugned are modified accordingly. The writ petitions brought by employees or their representatives shall also stand disposed of in the same terms.

LW 86:12:2022

ADITI GAUR v. GENERAL MANAGER UCO BANK & ANR [DEL]

W.R(C) 7710 of 2020

Rekha Palli , J.[Decided on 24/11/2022]

Pension scheme- employee voluntarily retired before the scheme was introduced- scheme provided for such employees to get benefit- employer denied the benefit- whether tenable-Held, No.

Brief facts:

The petitioner joined the respondent/bank as a probationary officer in 1977 and left the services on 30.10.1998 after taking voluntary retirement, which was duly accepted on 26.10.1998. While she was in service, the respondent, on 29.09.1995, issued a circular which gave an option to the employees to opt for pension scheme as promulgated by the bank. This option was accepted by about 48% of

bank's employees but the petitioner, like many others, did not opt for pension and consequently, upon her voluntary retirement, she was not entitled to any pension under this scheme.

On 01.01.2013, the respondents came up with yet another circular giving an option to employees, who were in service prior to 29.09.1995, and had sought voluntary retirement from service before 27.04.2010, to opt for pension. It is the petitioner's case that since her representation dated 13.10.2010 was still pending consideration, she was not informed of this circular and therefore, she did not apply under the said circular. The petitioner's representation, however, came to be rejected on 24.05.2014, whereby she was informed that since she had resigned from service, she was not eligible to opt for pension under the circular dated 20.08.2010. Upon receipt of this reply, the petitioner once again approached the respondents with a grievance that she never resigned from service but had taken voluntary retirement, and it is then that she was, for the first time, informed that only vide circular dated 01.01.2013, options for pension were sought from voluntary retired officers and the circular dated 20.08.2010, under which she had applied, was not applicable to her. The petitioner made further representations including raising a grievance with the PMO but received no response thereto. It is in these circumstances that the present petition came to be filed.

Decision: Allowed

Reason:

Having considered the submissions of learned counsel for the parties and perused the record, I find that it is an admitted position that employees who took voluntary retirement, like the petitioner, were declared to be eligible to apply for pension vide circular dated 01.01.2013. The respondents do not deny that the petitioner's option dated 13.10.2010 made under circular dated 20.08.2010, was not decided till 24.05.2014. It is thus an undisputed position that the petitioner's application submitted much prior thereto was still pending consideration with the respondents on the date when the circular dated 01.01.2013, under which she was fully eligible to opt for pension was issued. In my view, once the petitioner's application for being governed by the pension scheme was pending on 01.01.2013, it would be a travesty of justice to deny her the benefits thereof, when it is clear that she was entitled to opt for pension in terms of the said circular.

Even though I am inclined to accept the respondents' plea that they cannot be expected to inform every voluntarily retired or retired employees about circulars being issued from time to time, which are in public domain, in the peculiar facts of this case when the petitioner's application opting for pension was pending consideration with the respondents, she cannot be denied benefits of the circular dated 01.01.2013, when it undisputed that her application for pension dated 13.10.2010, was rejected much after the cut-off date for applying under the circular dated 01.01.2013.

For the aforesaid reasons, the writ petition deserves to be allowed and is, accordingly, allowed by directing the

respondents to extend to the petitioner, the benefits of the pension Scheme in terms of the circular dated 01.01.2013.

The respondents are, accordingly, directed to calculate the pension payable to the petitioner from the date of her voluntary retirement i.e., 30.10.1998. In case, it is found that the amount already paid to her towards provident fund exceeds the amount payable to her towards arrears of pension, the petitioner will be informed about the differential amount to be refunded by her, which differential amount will, within two weeks, be refunded by her with interest @ 6% per annum. However, in case, it is found that the amount which the respondents are liable to pay towards arrears of pension is more than the amount already paid to the petitioner, the same will be paid by the respondents on or before 31.12.2022, whereafter the petitioner will be paid regular pension w.e.f. 01.01.2023.



General Laws

LW 87:12:2022

REGISTRAR OF ASSURANCES & ANR v. ASL VYAPAR PRIVATE LTD & ANR [SC]

Civil Appeal No.8281 of 2022 [@ S.L.P(C) No 21405 of 2010]

Sanjay Kishan Kaul, Abhay S. Oka & Vikram Nath,J. [Decided on 10/11/2022]

Sale of property through court auction- sale value determined by the court- higher market value of the property worked out under the Stamp Act- whether stamp duty has to be paid on the value determined by the court-Held, Yes.

Brief facts:

The issue involved in this case is on what value the stamp duty payable on court sale i.e. on the value decided by the court or the market value worked out under section 47A of the Stamp Act?

The High Court held that in court sale the sale value determined by the court would be the value for the purposes of paying stamp duty on the sale of property. The Revenue challenged this before the Supreme Court that the value should be the market value worked out under section 47A of the Act.

Decision: Dismissed.

Reason:

On the conspectus of the matter, we have not the slightest hesitation in upholding the view that the provision

of Section 47A of the Act cannot be said to have any application to a public auction carried out through court process/receiver as that is the most transparent manner of obtaining the correct market value of the property.

It is no doubt true that in a court auction, the price obtainable may be slightly less as any bidder has to take care of a scenario where the auction may be challenged which could result in passage of time in obtaining perfection of title, with also the possibility of it being overturned. But then that is a price obtainable as a result of the process by which the property has to be disposed of. We cannot lose sight of the very objective of the introduction of the Section whether under the West Bengal Amendment Act or in any other State, i.e., that in case of under valuation of property, an aspect not uncommon in our country, where consideration may be passing through two modes – one the declared price and the other undeclared component, the State should not be deprived of the revenue. Such transactions do not reflect the correct price in the document as something more has been paid through a different method. The objective is to take care of such a scenario so that the State revenue is not affected and the price actually obtainable in a free market should be capable of being stamped. If one may say, it is, in fact, a reflection on the manner in which the transfer of an immovable property takes place as the price obtainable in a transparent manner would be different. An auction of a property is possibly one of the most transparent methods by which the property can be sold. Thus, to say that even in a court monitored auction, the Registering Authority would have a say on what is the market price, would amount to the Registering Authority sitting in appeal over the decision of the Court permitting sale at a particular price.

It is not as if a public auction is carried out just like that. The necessary pre-requisites require fixation of a minimum price and other aspects to be taken care of so that the bidding process is transparent. Even after the bidding process is completed the court has a right to cancel the bid and such bids are subject to confirmation by the court. Once the court is satisfied that the bid price is the appropriate price on the basis of the material before it and gives its imprimatur to it, any interference by the Registering Authority on the aspect of price of transaction would be wholly unjustified.

We do not accept the contention that the mere wordings of these different provisions in any way take away the fundamental intent with which the provision was brought into force and specifies so in the same manner though albeit in a different language. In a court auction following its own procedure, the Registering Officer cannot have any reason to believe that the market value of the property was not duly set forth – a pre-requisite for a Registering Authority to exercise its power under the said Section.

If we see in the factual context of the two scenarios before us in respect of the two cases, the telling aspect in a partition case was the existence of 98 tenants on a land at a monthly rent of Rs.8,000 for the entire land and 80 vendors occupying the land for hawking business during day time. It is trite to say that the mere existence of tenancy

results in a considerable decline in the market value of the property as they may have their statutory rights and even otherwise, the purchaser would be acquiring the property hardly in an ideal scenario and would be left with the burden to take legal processes for the eviction. In such a scenario, there is actually a great depression in the market value of the property as even if a fair transaction without an auction takes place with full reflection of price, the transacted value would be half or less of a vacant property. The tenancy aspect can hardly be said to be an aspect which could be ignored in the determination of the price.

We find hardly any rational in adopting the submissions on behalf of the appellant. The provisions are not dissimilar in the different enactments in its fundamentals; the “reason to believe” of a Registering Officer has to be based on ground realities and not some whimsical determination; the Registering Authority cannot be permitted to doubt the liquidation proceedings as having some superior knowledge when it is a court monitored process where the court would take care of aspects such as cartelization; the Registering Authority can hardly be said to be the only authority with knowledge of the subject to the exclusion of the court; the independent determination by a Registering Officer would not apply to a court sale but to a private transaction; the Stamp Act being a fiscal statute, while being interpreted strictly and literally would not imply some kind of absolute power.

We are, thus, of the view that this reference is required to be answered by opining that in case of a public auction monitored by the court, the discretion would not be available to the Registering Authority under Section 47A of the Act.

We may further add that while making the reference, the Bench itself had noted some aspects of the impugned judgment which could not find favour with it. Thus, we are not giving our imprimatur to some of the rational adopted in the impugned judgment as already mentioned in the order of reference. These have been set out, once again, aforesaid as (supra) small paras (a), (b) & (c) while dealing with the aspect of reference and on these aspects, the impugned judgment cannot be said to be laying down the correct principles of law.

However, no further inquiry in that aspect is necessary in view of what we have opined herein and, thus, the appeals can stand disposed of without the requirement of further reference to a two Judges Bench to deal with the facts and circumstances of the case as those aspects have also been dealt with by us.

LW 88:12:2022

FOOD CORPORATION OF INDIA & ORS v. ABHIJIT PAUL [SC]

Civil Appeal Nos. 8572-8573/2022 [@SLP (C) Nos. 16009-16010 of 2019]

A.S. Bopanna & P.S. Narasimha, JJ. [Decided on 18/11/2022]

Distribution contract- provision for recovery of losses incurred due to contractors action-Demurrage

charges imposed by railways- whether recoverable from the contractors as loss caused by their action-Held, No.

Brief facts:

Food Corporation of India, the Appellant herein, procures and distributes foodgrains across the length and breadth of the country as a part of its statutory duties. In the process, it enters into many contracts with transport contractors. In one such contract, the subject matter of present appeals, the Corporation empowered itself (under clause XII (a)) to recover damages, losses, charges, costs, and other expenses suffered due to the contractors’ negligence from the sums payable to them. The short question arising for consideration is whether the demurrages imposed on the Corporation by the Railways can be, in turn, recovered by the Corporation from the contractors as “charges” recoverable under clause XII (a) of the contract. In other words, does contractors’ liability for “charges”, if any, include demurrages?

The Single Judge and the Division Bench of the High Court of Tripura have held that demurrages cannot be recovered as a charge by the Corporation. Against this judgement the corporation was before the Supreme Court.

Decision: Dismissed

Reason:

The core question arising for our consideration is whether the contractual clause enabling the Corporation to recover “charges” includes the recovery of demurrages. Keeping in mind the above referred principles we have to examine the expression “charges” in the context of its related words in the contract, which are costs, damages, registration fees, and expenses. These expressions indicate the different heads under which losses are recoverable from the contractors for acts of negligence, unworkmanlike performance of any service, breach of terms and failure to carry out the work in the context of the working of the contract. These expressions are equally wide and do not aid us in understanding the meaning of the expression “charges”. Under these circumstances, we have to understand the meaning of the expression “charges” in the larger context of the contract.

We have scanned the entire contract, in addition to scrutinising the provisions extracted above, and seen that there is no contractual provision requiring the contractors to undertake the task of loading and unloading of foodgrains from the railway wagons. This is confirmed by the written submissions on behalf of the Corporation, where the imposition of demurrages is justified only for the reason that the contractor did not provide adequate number of trucks near the railway sidings, to enable the Corporation to promptly hand over the foodgrains to them to commence transportation.

We may note that there is a dispute about the availability of trucks for the transportation of foodgrains by the

contractor. While the Corporation asserts that trucks were not made available in numbers as well as in time, the contractor denies the same stating that their trucks were kept waiting at the Corporation's Food Security Depots.

Irrespective of the disputed fact, the real question is whether the contractors had any obligation towards loading and unloading of foodgrains from the railway wagons. It is evident from the contractual provisions and also the admissions of the Corporation in written submissions, that the task of loading or unloading of foodgrains from the railway wagons was not a part of the contract. Thus, based on interpretation of the expression "charges" in the contractual context, we are of the opinion that it did not include liability on account of demurrages. Consequently, the Corporation cannot impose and collect demurrages from the contractors.

It is evident from the above that the contracts delegating the responsibility of loading and unloading of foodgrains from railway wagons, as an integral part of the contract, include a clear and distinctive clause for the imposition of liability, inter alia, on account of demurrages. Evidently, the liability clause in these contracts, termed the Handling and Transport Contracts, is starkly distinct from the present Road Transport Contracts.

We have every reason to believe that the Corporation, statutorily obligated to procure and distribute foodgrains across the nation, enters into contracts depending on the services it requires. These contracts naturally vary depending on the needs and purposes of the Corporation. With the aid of the provisions in the Handling and Transport Contract from 2010, we are able to understand the intention of the parties while entering into the present Road Transport Contracts. As the present contracts do not involve the task of loading and unloading of foodgrains from the railway wagons as a part of the contractors' responsibility, there is no clause enabling the recovery of demurrages from them by the Corporation. Thus, our interpretation of the expression "charges", as exclusive of liability for demurrages, stands confirmed.

In light of the foregoing conclusions, we are not inclined to adopt a textual approach for the interpretation of the contractual term "charges". Demurrage is undoubtedly a charge, however, such a textual understanding would not help us decipher the true and correct intention of the parties to the present contract. For these reasons, Civil Appeals filed by the Corporation are dismissed. The decisions of the High Court of Tripura in are upheld.

LW 89:12:2022

SUNHARI BAGH BUILDERS PVT LTD v. AIRPORTS AUTHORITY OF INDIA [DEL]

ARB.P 1065/2022 and I.A. 14679/2022

Mini Pushkarna, J. [Decided on 23/11/2022]

Arbitration and Conciliation Act,1996- section 11(6)- arbitrator appointed to adjudicate 5 claims-

application filed for appointment of arbitrator to adjudicate further 2 claims- whether tenable-Held, No.

Brief facts:

By way of the present petition under Section 11(6) of the Arbitration and Conciliation Act, 1996 (hereinafter called "The Act"), the petitioner seeks appointment of a sole arbitrator to adjudicate the additional disputes between the parties. The petitioner has alternatively prayed for reference of additional disputes/claims no. 6 and 7 to the Learned sole arbitrator, already appointed vide letter dated 13.12.2021.

The arbitration clause contained in the agreement between the parties provided for referring the disputed claims, firstly to a Dispute Resolution Committee(DRC) and thereafter for the DRC to appoint the arbitrator and to refer the claims for adjudication. Accordingly, the petitioner herein submitted 5 claims before the DRC on 02.02.2021. Subsequently, the DRC passed its order/recommendation on 22.09.2021. Since the petitioner was also aggrieved of the delay caused by DRC in its decision, the petitioner added two additional claims viz claim no. 6 and 7 before the learned Arbitrator pertaining to compensation for delay in decision by the DRC and cost for arbitration. The petitioner moved the present petition for the appointment of arbitrator to adjudicate the claims 6 & 7.

Decision: Dismissed

Reason:

Perusal of the aforesaid arbitration clause between the parties clearly shows that the disputes in the first instance were to be referred to the Dispute Resolution Committee (DRC) appointed by the Chairman of the respondent. Pursuant thereto, petitioner herein submitted 5 claims before the DRC on 02.02.2021. Subsequently, the DRC passed its order/recommendation on 22.09.2021. Since the petitioner was also aggrieved of the delay caused by DRC in its decision, the petitioner added two additional claims viz claim no. 6 and 7 before the learned Arbitrator pertaining to compensation for delay in decision by the DRC and cost for arbitration.

Reading the arbitration agreement between the parties, it is clear that the parties have agreed that the arbitrator shall adjudicate on only such disputes as are referred to him by the appointing authority. Thus, in the present case, the appointing authority referred five claims of the petitioner to the arbitrator which have been raised by the petitioner before the DRC. The question raised before this Court is with respect to reference of additional claims viz. claim no. 6 and 7 to the arbitrator. While adjudicating this issue, it is pertinent to bear in mind that the learned arbitrator has already considered the said request of the petitioner with respect to considering claim nos. 6 and 7 and given a finding thereof.

As per Clause 25 of GCC, the party invoking arbitration shall have to give list of disputes with amounts claimed

in respect of each such disputes along with the notice of appointment of the arbitrator and giving reference to the rejection of their claims by DRC. Thus, Clause 25 sets the jurisdiction for the arbitrator to adjudicate upon the disputes raised by the party and duly referred to the arbitrator. As a consequence, no other claim can be raised by the party before the arbitrator, which has not been raised before the DRC.

Perusal of present case shows that the petitioner has already raised the issue as regards the reference of additional claims no. 6 and 7 before the learned arbitrator. This is in tandem with the law laid down by Supreme Court which empowers an Arbitral Tribunal to rule upon its own jurisdiction as per the Doctrine of “kompetenz-kompetenz”. Thus, in the present case, the learned arbitrator has already given his finding as regards the reference of the said disputes before him.

Section 16 of the Act accords mandate to the Arbitral Tribunal to rule upon its own jurisdiction. Thus, whether or not the matters and claims submitted for arbitration are in accordance with the arbitration agreement are issues within the scope of the authority of the Arbitral Tribunal to give finding on the said issues.

In the present case the sole arbitrator has already decided his jurisdiction by giving a finding that he would not arbitrate on claim nos. 6 & 7 of the statement of claim filed by the petitioner. Thus, petitioner cannot invoke the jurisdiction of this court under Section 11 of the Act. The petitioner would have to avail other remedies as provided under the Act or which are available under law. In view of the aforesaid discussion, the present petition is found without any merits and is accordingly dismissed.



Consumer Laws

LW 90:12:2022

BAWA PAULINS PVT LTD v. UPS FREIGHT SERVICES (INDIA) PVT LTD [SC]

Civil Appeal No. ___ of 2022 (@ SLP (Civil) No. 16722 of 2015)

B.R. Gavai & B.V. Nagarathna, JJ. [Decided on 10/11/2022]

Consumer Protection Act, 1986- quantum of compensation- national commission reduced the quantum of compensation- whether correct- Held, No.

Brief facts:

The issue involved in the present appeal is in a very narrow compass and relates only to the quantum of compensation that the appellant is entitled to receive from the respondents.

The State Commission had awarded compensation of Rs.13,79,901/- towards loss suffered by the appellant plus Rs.50,000/- towards compensation for mental agony and harassment plus Rs.10,000/- towards cost of litigation. The National Commission, on the other hand, reduced the compensation to Rs.10,000/- only along with an interest at the rate of 9% per annum from the date of filing the complaint till the date of payment. It is also noted that the National Commission directed the payment of such amount from the amount deposited by the respondent No.1 before the National Commission while filing the appeal and the remaining amount was directed to be refunded to respondent No.1 after deducting the amount payable to the appellant herein.

Decision: Appeal allowed

Reason:

It is an admitted position that the goods in the consignment have been delivered to the respondent No.5 on 17.02.1999 and this fact has not been disputed any of the parties herein. The only issue before this Court is whether the compensation ought to have been paid to the appellant and as to what should be the quantum of the said compensation, if at all the same is to be allowed.

In the instant case, the sale of goods was through a ‘FOB’ contract. ‘FOB’ contract means a contract “Free on Board”. By such a contract the seller is to put on board at his own expenses which means this is a contract for sale of goods to be delivered free on board a ship. The buyer must name the ship upon which they are to be delivered and the seller must put them safely on board, meet the cost of doing so and for the buyer’s protection, give possession of them to the ship only upon the terms of a reasonable and ordinary bill of lading or other contract of carriage; there the contractual liability of the seller as seller ceases and delivery to the buyer is complete as far as he is concerned. The goods are then at the risk of the buyer, he is responsible for the freight, and subject to the seller reserving the right of disposal, the property passes to the buyer. The price being payable against the bill of lading, they are at the risk of the buyer and he must pay the price on presentation of the bill of lading even if the goods have been lost.

It is common knowledge that in international transactions, letter of credit is used as a mode of ensuring payment and performance of the contractual terms. A letter of credit is a document issued by a bank (issuing bank) on behalf of a party (applicant) in favour of another party (beneficiary) under which, the issuing bank undertakes to pay to the beneficiary, certain sums of money subject to compliance of the terms and conditions of the letter of

credit. In an international transaction, the beneficiary is the seller who requests the applicant (buyer) to furnish a letter of credit from any bank which is recognized worldwide (issuing bank). The letter of credit is issued in favour of a beneficiary on the request of an applicant after furnishing securities as may be demanded by the issuing bank. A seller can ask the issuing bank to honour the letter of credit to his own bank (confirming bank) within a certain maturity date. The seller is required to produce certain documents regarding proof of delivery of goods, commercial invoice, bill of lading, insurance documents etc. before the confirming bank. On scrutiny the confirming bank would ask for advice of the issuing bank to confirm whether the documents produced by the beneficiary is compliant to the terms and conditions of the letter of credit. Once the issuing bank confirms the document, the confirming bank is obligated to pay to the beneficiary on demand, the credit amount and in turn recover the same from the issuing bank.

What is needed to be assessed here is whether the admitted error on the part of the respondent Nos. 1 to 3 would amount to deficiency in service or not. In the factual matrix of the present case, it is noted that the appellant herein vide its letter dated 11.02.1999 gave shipping instructions to respondent Nos. 1 to 3 wherein it was mentioned that the shipment is from FOB, New Delhi to Baltimore. However, despite clear instructions vide the said letter, respondent Nos. 1 to 3 negligently recorded the port of loading to be JNPT Bombay. It is due to this negligence as well as deficiency in service of the respondent Nos. 1 to 3 that the respondent No. 4 Bank refused to accept/honour the documents including the FCR and the same was returned to the bank of the appellant. Due to refusal of honouring the said documents, the sale consideration was not paid to the appellant herein who suffered loss as well as mental harassment and agony.

It is further observed that the appellant herein received the telex/letter on 08.03.1999 wherein the documents including the FCR were refused. It is only after the appellant approached respondent No.1 to issue a certificate/letter rectifying the error regarding the wrong point of loading that the respondent No.1 issued such a certificate/letter dated 30.03.1999 mentioning that the shipment was loaded from FOB New Delhi and effected from JNPT Bombay.

The National Commission in the impugned order has held that it is an admitted position that a mistake was committed by the respondent No.1 while issuing the FCR to the appellant. The State Commission has based its decision on the said reasoning. When it is admitted that a mistake was committed by the respondent No.1, it is not correct to say that the said mistake was not noticed by the appellant while forwarding the documents to its bank and that the appellant should have been more vigilant. It would be incorrect to now say that the appellant should have exercised due diligence in that regard. The National Commission has categorically held that there was deficiency in rendering services by the respondent No.1, therefore, the National Commission ought not have reduced the compensation payable to the appellant herein.

In view of the aforesaid discussion, we find that the National Commission was not right in setting aside the judgment and order passed by the State Commission and therefore, the impugned judgment and order passed by the National Commission is liable to be set aside.



LW 91:12:2022

POLYFLEX (INDIA) PVT LTD v. THE COMMISSIONER OF INCOME TAX & ANR [SC]

Civil Appeal No. 8260 of 2022

M.R. Shah & M.M. Sundresh, JJ. [Decided on 17/11/2022]

Income Tax Act, 1961- section 80IB- manufacture of polyurethane foam- used by automakers for automobile seats- revenue denied tax benefit as the product falls under the eleventh schedule- whether correct-Held, Yes.

Brief facts:

The appellant – assessee is having a manufacturing unit at Pune in which the appellant – assessee is manufacturing ‘polyurethane foam,’ which is ultimately used as automobile seat. The assessee filed its return of income for the assessment year 2003-04 and claimed deduction under Section 80-IB of the Income Tax Act (for short, ‘IT Act’). The assessing officer disallowed the deduction under Section 80-IB of the IT Act by observing that the nature of the business of the assessee is “manufacturer of polyurethane foam seats” which falls under entry 25 to the Eleventh Schedule of the IT Act and therefore the assessee shall not be entitled to deduction under Section 80-IB. However, it was the case on behalf of the assessee that different sizes of polyurethane foam are used as automobile seats and therefore the end product can be said to be the automobile seat which is different than the polyurethane foam and therefore the same does not fall under entry 25 to the Eleventh Schedule of the IT Act. The Appellant assessee was unsuccessful before the revenue authorities and was only before the ITAT and was at the receiving end before the High Court. Hence the controversy ultimately reached the supreme court for determination.

Decision: Allowed

Reason:

We have heard learned counsel for the respective parties at length. The assessee shall not be eligible for the benefit under Section 80-IB of the IT Act if it is found that the articles and/or goods manufactured by the assessee do not fall and/or classifiable under Eleventh Schedule. According to the revenue, the assessee is manufacturing polyurethane foam which falls under the Eleventh Schedule. However, it is the case on behalf of the assessee that the final product manufactured and sold by the assessee is automobile seats/ car seats which is other than the manufacture of polyurethane foam.

By the impugned judgment and order, the High Court has specifically observed and held that what is manufactured and sold by the assessee is polyurethane foam which is manufactured by injecting two chemicals, namely, Polyol and Isocyanate and the polyurethane foam which is manufactured by the assessee is used as ingredient for manufacture of automobile seats. The assessee is manufacturing polyurethane foam and supplying the same in different sizes/designs to the assembly operator, which ultimately is being used for car seats. The assessee is not undertaking any further process for end product, namely, car seats. The polyurethane foam which is supplied in different designs/sizes is being used as ingredient by others, namely, assembly operators for the car seats. Merely because the assessee is using the chemicals and ultimately what is manufactured is polyurethane foam and the same is used by assembly operators after the process of moulding as car seats, it cannot be said that the end product manufactured by the assessee is car seats/automobile seats. There must be a further process to be undertaken by the very assessee in manufacturing of the car seats. No further process seems to have been undertaken by the assessee except supplying/selling the polyurethane foam in different sizes/designs/shapes which may be ultimately used for end product by others as car seats/automobile seats.

In view of the above when the articles/goods which are manufactured by the assessee, namely, polyurethane foam is an article classifiable in the Eleventh Schedule (entry 25), considering Section 80-IB(2)(iii), the assessee shall not be entitled to the benefit under Section 80-IB of the IT Act. The High Court has rightly held so and has rightly set aside the order passed by the ITAT and has rightly restored the order passed by the assessing officer denying the deduction/benefit claimed under Section 80-IB of the IT Act. We are in complete agreement with the view taken by the High Court and that of the assessing officer, confirmed by the CIT(Appeals). In view of the above and for the reasons stated above, the present appeal fails and the same deserves to be dismissed and is accordingly dismissed. However, there shall be no order as to costs.

LW 92:12:2022

SINGAPORE AIRLINES LTD v. C.I.T., DELHI [SC]

Civil Appeal No. 6964-6965 of 2015 with connected batch of appeals

Surya Kant & M.M. Sundresh, JJ. [Decided on 14/11/2022]

Income tax Act, 1961- section 194H- deduction of TDS from commission- supplementary commission paid to travel agents by airlines- whether falls under section 194H-Held, Yes.

Brief facts:

The question that arose for the Court's consideration pertains to the interpretation of Section 194H of the Income Tax Act, 1961 ("IT Act") as introduced by the Finance Act, 2001, with effect from 01.04.2000. The provision requires deduction of tax at source ("TDS") at 10% plus surcharge from payments falling under the definition of "Commission" or "Brokerage" under the Section.

Decision: Partly allowed

Reason:

Our conclusion in terms of the application of Section 194H of the IT Act to the Supplementary Commission amounts earned by the travel agent is unequivocally in favour of the Revenue. Section 194H is to be read with Section 182 of the Contract Act. If a relationship between two parties as culled out from their intentions as manifested in the terms of the contract between them indicate the existence of a principal agent relationship as defined under Section 182 of the Contract Act, then the definition of "Commission" under Section 194H of the IT Act stands attracted and the requirement to deduct TDS arises. The realities of how the airline industry functioned during the period in question bolsters our conclusion that it was practical and feasible for the Assesseees to utilize the information provided by the BSP and the payment machinery employed by the IATA to make a consolidated deduction of TDS from the Supplementary Commission to satisfy their mandatory duties under Chapter XVIII B of the IT Act.

Having said this, in light of the consensus between the parties that the travel agents have already paid income tax on the Supplementary Commission, there can be no further recovery of the shortfall in TDS owed by the Assesseees. However, interest may be levied under Section 201(1A) of the IT Act. As an epilogue to this aspect of the matter, the Assessing Officer is directed to compute the interest payable by the Assesseees for the period from the date of default by them in terms of failure to deduct TDS, till the date of payment of income tax by the travel agents. It will be open to the Assessing Officer to look into any details that are necessary for completion of this exercise, including verification of whether tax was actually paid at all by the agents on the amounts from which TDS was supposed to be subtracted. Given that no documentary evidence was placed before us, we are conscious that there may be certain anomalies which the Assessing Officer is best positioned to iron out.

In the eventuality that any of the agents have not yet paid taxes on the Supplementary Commission, the Revenue will be at liberty to proceed in accordance with law under the IT Act for recover of shortfall in TDS from the airlines. However, we limit the ability to levy penalties against the Assesseees in light of Section 273B of the IT Act.

Having concluded so, we hope that closure has been brought to a legal controversy that has persisted for two decades. While we reject the arguments of the Assesseees on merits in terms of their liability under Section 194H of the IT Act, we hold in their favour on the count of the matter having been rendered revenue neutral due to the apparent payment of income taxes on the amounts in question by the travel agents. The Assessing Officer is directed to expeditiously complete the assignment of determining the interest payable in accordance with the guidelines laid down above, so as to bring a quietus to the litigation. In summation, we allow the appeals in part.

4

FROM THE GOVERNMENT



- COMPANIES (REGISTERED VALUERS AND VALUATION) AMENDMENT RULES, 2022
- TIMELINES FOR TRANSFER OF DIVIDEND AND REDEMPTION PROCEEDS TO UNITHOLDERS
- EXTENSION OF TIMELINES FOR IMPLEMENTATION OF SEBI CIRCULARS SEBI/HO/MIRSD/MIRSD-POD-1/P/CIR/2022/137 AND SEBI/HO/MIRSD/ DOP/P/ CIR/2022/119
- FRAMEWORK TO ADDRESS THE 'TECHNICAL GLITCHES' IN STOCK BROKERS' ELECTRONIC TRADING SYSTEMS
- REPORTING OF TRADES IN NON-CONVERTIBLE SECURITIES UNDER SEBI (ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES) REGULATIONS, 2021
- DISCLOSURES AND COMPLIANCE REQUIREMENTS FOR ISSUANCE AND LISTING OF MUNICIPAL DEBT SECURITIES UNDER SEBI (ISSUE AND LISTING OF MUNICIPAL DEBT SECURITIES) REGULATIONS, 2015, WHICH FALL WITHIN THE DEFINITION OF "GREEN DEBT SECURITY"
- SCHEMES OF AIFS WHICH HAVE ADOPTED PRIORITY IN DISTRIBUTION AMONG INVESTORS
- SCHEME(S) OF ARRANGEMENT BY ENTITIES WHO HAVE LISTED THEIR NON-CONVERTIBLE DEBT SECURITIES (NCDS)/ NON-CONVERTIBLE REDEEMABLE PREFERENCE SHARES (NCRPS)
- GUIDELINES FOR AIFS FOR DECLARATION OF FIRST CLOSE, CALCULATION OF TENURE AND CHANGE OF SPONSOR/MANAGER OR CHANGE IN CONTROL OF SPONSOR/MANAGER
- REGISTRATION AND REGULATORY FRAMEWORK FOR ONLINE BOND PLATFORM PROVIDERS (OBPPS)
- HANDLING OF CLIENTS' SECURITIES BY TRADING MEMBERS(TM) / CLEARING MEMBERS (CM)
- APPLICABILITY OF GST ON FEES REMITTED TO SEBI - REVISION IN CHAPTER - XX OF OPERATIONAL CIRCULAR FOR ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES, SECURITISED DEBT INSTRUMENTS, SECURITY RECEIPTS, MUNICIPAL DEBT SECURITIES AND COMMERCIAL PAPER
- BASEL III FRAMEWORK ON LIQUIDITY STANDARDS – STANDING DEPOSIT FACILITY
- INCLUSION OF GOODS AND SERVICE TAX NETWORK (GSTN) AS A FINANCIAL INFORMATION PROVIDER UNDER ACCOUNT AGGREGATOR FRAMEWORK
- MODIFIED INTEREST SUBVENTION SCHEME FOR SHORT TERM LOANS FOR AGRICULTURE AND ALLIED ACTIVITIES AVAILED THROUGH KISAN CREDIT CARD (KCC) DURING THE FINANCIAL YEARS 2022-23 AND 2023-24
- FORMATION OF NEW DISTRICTS IN THE STATE OF NAGALAND – ASSIGNMENT OF LEAD BANK RESPONSIBILITY
- EXIM BANK'S GOI SUPPORTED LINE OF CREDIT OF USD 300 MN TO THE SBM (MAURITIUS) INFRASTRUCTURE DEVELOPMENT COMPANY LTD. FOR CONSTRUCTION OF PHASE-IV OF THE MAURITIUS METRO EXPRESS PROJECT IN MAURITIUS
- AGENCY COMMISSION FOR DIRECT TAX COLLECTION UNDER TIN 2.0 REGIME
- ELIGIBILITY CRITERIA FOR OFFERING INTERNET BANKING FACILITY BY REGIONAL RURAL BANKS, 2022



Corporate Laws

01 Companies (Registered Valuers and Valuation) Amendment Rules, 2022

[Issued by the Ministry of Corporate Affairs E.No.1/27/2013-CL-V (Part)] dated 21.11.2022. Published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-Section (1)]

In exercise of the powers conferred by section 247 read with sections 458, 459 and 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Registered Valuers and Valuation) Rules, 2017, namely:-

1. **Short title and commencement.** – (1) These rules may be called the Companies (Registered Valuers and Valuation) Amendment Rules, 2022.
 - (2) They shall come into force on the date of their publication in the Official Gazette.
2. In the Companies (Registered Valuers and Valuation) Rules, 2017 (hereafter referred to as the said rules), in rule 3, in sub-rule (2),-
 - (i) in clause (c), for the word "ineligible", the word "eligible" shall be substituted;
 - (ii) after clause (e), the following clause shall be inserted, namely:-

“(f) it is not a member of a registered valuers organisation:

Provided that it shall not be a member of more than one such registered valuers organisation at a given point of time:

Provided further that the partnership entity or company, already registered as valuers, on the date of commencement of the Companies (Registered Valuers and Valuation) Amendment Rules, 2022, shall comply within six months of such commencement with the conditions specified under this clause.”

3. In the said rules, after rule 7, the following rule shall be inserted, namely:-

“7A. Intimation of changes in personal details etc., by registered valuer to authority. - A registered valuer shall intimate the authority for change in the personal details, or any modification in the composition of partners or directors, or any modification in any clause of the partnership agreement or Memorandum of Association,

which may affect registration of registered valuer, after paying fee as per the Table -I in Annexure V.”

4. In the said rules, in rule 8, in the proviso, in clause (a), for the word, “standards;”, the words, “standards; or” shall be substituted.
5. In the said rules, after rule 14, the following rule shall be inserted, namely:-

“14A. Intimation of changes in composition of governing board, etc. by the registered valuers organisations to the authority.- A registered valuers organisation shall intimate the authority for change in composition of its governing board, or its committees or appellate panel, or other details, after payment of fee as per the Table II in Annexure V.”

6. In the said rules, in Annexure-III, in Part II, in serial number XI, relating to SURRENDER OF MEMBERSHIP AND EXPULSION FROM MEMBERSHIP, in clause 26, in sub-clause (1), in item (b), the following Explanation shall be inserted, namely:-

“Explanation.- For the removal of doubts, it is hereby clarified that a member functioning as a whole time director in the company registered as valuer shall not be treated as taking up employment for the purpose of this provision.”

7. In the said rules, in Annexure IV, the existing Note shall be numbered as Note 1 thereof, and after the Note 1, as so numbered, the following Note shall be inserted, namely:-

“Note 2: In case of asset classes namely, the ‘plant and machinery’ and ‘land and building’, the corresponding relevant nomenclature for the branches of the engineering and technology of graduate and post-graduate courses referred to in the notification number F. No. 27/RIFD/Pay/01/2017-18, dated the 28th April, 2017, issued by the All India Council for Technical Education, shall also be considered.”

MANOJ PANDEY
Joint Secretary

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02 Timelines for transfer of dividend and redemption proceeds to unitholders

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/IMD/IMD-I DOF2/P/CIR/2022/161 dated 25.11.2022]

1. SEBI has amended Regulation 53 of SEBI (Mutual Funds) Regulations, 1996 vide Gazette Notification No. SEBI/LAD-NRO/GN/2022/106 dated November 15, 2022.
2. Consequent to the above amendment, the following has been decided:
 - I. Transfer of Dividend Payments

- a. In partial modification of paragraph II(c) of SEBI Circular SEBI/IMD/CIR No.1/64057/06 dated April 4, 2006, the record date shall be two working days from the issue of public notice, wherever applicable, for the purpose of payment of dividend.
 - b. The payment of dividend to the unitholders shall be made within seven working days from the record date.
- II. Transfer of Redemption or Repurchase Proceeds
- a. The transfer of redemption or repurchase proceeds to the unitholders shall be made within three working days from the date of redemption or repurchase.
 - b. Vide SEBI Circular SEBI/IMD/CIR No.7/104753/07 dated September 26, 2007, a list of permissible investments was prescribed for the purpose of overseas investments. For schemes investing atleast 80% of total assets in such permissible overseas investments, the transfer of redemption or repurchase proceeds to the unitholders shall be made within five working days from the date of redemption or repurchase.
 - c. AMFI, in consultation with SEBI, shall publish a list of exceptional circumstances for schemes unable to transfer redemption or repurchase proceeds to investors within time as stipulated at II (a) and II (b) above, along with applicable time frame for transfer of redemption or repurchase proceeds to the unitholders in such exceptional circumstances. The list shall be published within 30 days of issuance of this circular.
- III. Interest for the period of delay in transfer of redemption or repurchase or dividend shall be payable to unitholders at the rate of 15% per annum along with the proceeds of redemption or repurchase or dividend, as the case may be. Such Interest shall be borne by AMCs. The details of such payments shall be sent to SEBI as part of Compliance Test Reports in the format placed at Annexure A. Investors shall also be informed about the rate and amount of interest paid to them. Accordingly, circular SEBI/MFD/CIR/2/266/2000 dated May 19, 2000 is rescinded.

CHHAVI M KAPOOR
General Manager

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03 Extension of timelines for implementation of SEBI circulars SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2022/137 and SEBI/HO/MIRSD/ DoP/P/CIR/2022/119

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/MIRSD/DoP/P/CIR/2022/162 dated 25.11.2022]

1. SEBI had issued circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2022/137 dated October 06, 2022 on "Execution of 'Demat Debit and Pledge Instruction'

(DDPI) for transfer of securities towards deliveries / settlement obligations and pledging / repledging of securities – Clarification". The provisions of the same were to come into effect from November 18, 2022.

2. SEBI had issued circular SEBI/HO/MIRSD/DoP/P/CIR/2022/119 dated September 19, 2022 on "Validation of Instructions for Pay-In of Securities from Client demat account to Trading Member (TM) Pool Account against obligations received from the Clearing Corporations". The provisions of the same were to come into effect from November 25, 2022.
3. In this regard, based on representation from depositories and further consultations, it has been decided that:
 - 3.1. the provisions of the circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2022/137 dated October 06, 2022 shall come into effect on or before January 20, 2023.
 - 3.2. the provisions of the circular SEBI/HO/MIRSD/DoP/P/CIR/2022/119 dated September 19, 2022 shall come into effect from January 27, 2023.
4. The provisions of the respective circulars stand modified to this extent.
5. Stock Exchanges and Depositories are directed to:
 - 5.1. bring the provisions of this circular to the notice of their members / participants and also disseminate the same on their websites;
 - 5.2. make necessary amendments to the relevant Bye-laws, Rules and Regulations for the implementation of the above decision.
 - 5.3. communicate to SEBI, the status of the implementation of the provisions of this circular within 7 working days after implementation and in their Monthly Development Reports.
6. This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992, and Section 19 of the Depositories Act, 1996 to protect the interests of investors in securities and to promote the development of, and to regulate the securities markets.

ARADHANA VERMA
Deputy General Manager

04 Framework to address the 'technical glitches' in Stock Brokers' Electronic Trading Systems

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/MIRSD/TPD-1/P/CIR/2022/160 dated 25.11.2022]

1. Rapid technological developments have increased the ease of electronic trading in securities markets. Technology related interruptions and glitches (technical glitches) and their impact on the investors' opportunity

to trade constitutes major technology related risk. Considering the growing number of such incidents, SEBI constituted a working group to recommend suitable measures to address the issue. Based on the recommendations of working group and views obtained from stakeholders & industry experts, it has been decided to put in place the following framework to deal with technical glitches occurring in the trading systems of stock brokers.

2. Definition of Technical Glitch:

2.1 Technical glitch shall mean any malfunction in the systems of stock broker including malfunction in its hardware, software, networks, processes or any products or services provided by the stock broker in the electronic form. The malfunction can be on account of inadequate Infrastructure / systems, cyberattacks / incidents, procedural errors and omissions, or process failures or otherwise, in their own systems or the one outsourced from any third parties, which may lead to either stoppage, slowing down or variance in the normal functions / operations / services of systems of the stock broker for a contiguous period of five minutes or more.

3. Reporting Requirements:

3.1 Stock brokers shall inform about the technical glitch to the stock exchanges immediately but not later than 1 hour from the time of occurrence of the glitch.

3.2 Stock brokers shall submit a Preliminary Incident Report to the Exchange within T+1 day of the incident (T being the date of the incident). The report shall include the date and time of the incident, the details of the incident, effect of the incident and the immediate action taken to rectify the problem.

3.3 Stock brokers shall submit a Root Cause Analysis (RCA) Report (**as per Annexure I**) of the technical glitch to stock exchange, within 14 days from the date of the incident.

3.4 RCA report submitted by the stock brokers shall, *inter-alia*, include time of incident, cause of the technical glitch (including root cause from vendor(s), if applicable), duration, chronology of events, impact analysis and details of corrective/preventive measures taken (or to be taken), restoration of operations etc.

3.5 Stock brokers shall submit information stated in para 3.1, 3.2 and 3.3 above, by e-mail at infotechglitch@nse.co.in, a common email address for reporting across all stock exchanges.

3.6 All technical glitches reported by stock brokers as well as independently monitored by stock

exchanges, shall be examined collectively by the stock exchanges along with the report/RCA and appropriate action shall be taken.

VISHAL M PADOLE

Deputy General Manager

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05 Reporting of trades in non-convertible securities under SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/159 dated 24.11.2022]

1. SEBI, vide Operational Circular No. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 (as amended from time to time), has prescribed the requirements pertaining to operational and other aspects relating to the issue and listing of Non-convertible Securities. In the said Operational Circular, Chapter XVI on 'Reporting of Trades', inter alia, contains provisions relating to reporting, clearing and settlement of OTC trades by all person(s) dealing in non-convertible securities.

2. It is observed that information on OTC trades in listed Non-convertible Securities provided to the Stock Exchange(s) by the investors is incomplete and/ or inaccurate. This, in turn, amounts to incorrect and distorted information being displayed on the Stock Exchanges' websites. In order to address the issue, it has been decided all OTC trades shall be reported in a uniform format specified in (3) below.

3. Consequently, paragraph 1.3 of Chapter XVI, titled, "Reporting of Trades", of the Operational Circular shall be replaced as follows:

"1.3. The reporting of OTC trades in non-convertible securities shall be made by all person(s) dealing in such securities irrespective of whether they are SEBI registered intermediaries or otherwise, as per below mentioned format:

PRADEEP RAMAKRISHNAN

General Manager

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06 Disclosures and compliance requirements for Issuance and Listing of Municipal Debt Securities under SEBI (Issue and Listing of Municipal Debt Securities) Regulations, 2015, which fall within the definition of "green debt security"

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/158 dated 24.11.2022]

1. SEBI (Issue and Listing of Municipal Debt Securities) Regulations, 2015 (ILMDS Regulations) and circulars

issued thereunder, provide the framework for issuance and listing of municipal debt securities. SEBI has also specified the continuous disclosure and compliance requirements to be complied with by issuers of Municipal Debt Securities¹.

2. The ILMDS Regulations do not define 'green debt security'.
3. It is pertinent to mention that Regulation 2(1)(q) of the SEBI (Issue and Listing of Non- Convertible Securities) Regulations, 2021 (NCS Regulations), defines "green debt security". Further, Chapter IX of the Operational Circular dated August 10, 2021², inter alia, provides the initial and continuous disclosure requirements for entities issuing/ proposing to issue green debt securities.
4. SEBI has received representations from market participants on the compliances an issuer under the ILMDS Regulations would have to undertake in case it is desirous of issuing a green debt security, in the absence of similar provisions in the ILMDS Regulations.
5. Accordingly, an issuer under the ILMDS Regulations may issue a green debt security if it falls within the definition of "green debt security", as per Regulation 2(1)(q) of the NCS Regulations.
6. Such issuer, shall, in addition to the requirements prescribed under the ILMDS Regulations and circulars issued thereunder, comply with the provisions for 'green debt security', as specified under the NCS Regulations and circulars issued thereunder.
7. The Stock Exchanges and Depositories are advised to:
 - a. make amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision, as may be applicable/ necessary;
 - b. carry out system changes, if any, to implement the above;
 - c. disseminate the provisions of this circular on their website;
 - d. communicate to SEBI, the status of implementation of the provisions of this circular; and
 - e. monitor the compliance of such issuances in terms of relevant provisions under NCS regulations including circular issued thereunder.

PRADEEP RAMAKRISHNAN

General Manager

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07 Schemes of AIFs which have adopted priority in distribution among investors

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/AFD-1/PoD/P/CIR/2022/157 dated 23.11.2022]

1. As per SEBI (Alternative Investment Funds) Regulations, 2012 ('AIF Regulations'), "Alternative Investment Fund"

is a privately pooled investment vehicle, which collects funds from investors, for investing it in accordance with a defined investment policy for the benefit of its investors.

2. As per clause 3(c) of SEBI circular no. CIR/IMD/DF/14/2014 dated June 19, 2014, with respect to investment by the sponsor/manager in the AIF, the sharing of loss by the sponsor/manager shall not be less than pro rata to their holding in the AIF *vis-à-vis* other unit holders.
3. While it has not been explicitly restricted in AIF Regulations that the sharing of loss by a class of investors shall not be less than pro rata to their holding in the AIF *vis-à-vis* other classes of investors/unit holders, it has been brought to SEBI's attention that certain schemes of AIFs have adopted a distribution waterfall in such a way that one class of investors (other than sponsor/manager) share loss more than pro rata to their holding in the AIF *vis-à-vis* other classes of investors/unit holders, since the later has priority in distribution over former (**'priority distribution model'**).
4. The aforesaid matter is being examined by SEBI in consultation with Alternative Investment Policy Advisory Committee, AIF industry associations and other stakeholders. Meanwhile, it has been decided that schemes of AIFs which have adopted aforesaid priority distribution model, shall not accept any fresh commitment or make investment in a new investee company, till a view is taken by SEBI in this regard.
5. This circular shall come into force with immediate effect.
6. This circular is issued with the approval of the competent authority.
7. This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
8. The circular is available on SEBI website at www.sebi.gov.in under the categories "Legal framework - Circulars" and "Info for - Alternative Investment Funds".

SANJAY SINGH BHATI

Deputy General Manager

08 Scheme(s) of Arrangement by entities who have listed their Non-convertible Debt securities (NCDs)/ Non-convertible Redeemable Preference shares (NCRPS)

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2022/156 dated 17.11.2022]

1. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter

referred to as “Listing Regulations”) was amended vide notification dated November 14, 2022, through insertion of Regulation 59A and 94A with respect to Scheme(s) of Arrangement by entities who have listed their NCDs/ NCRPS.

2. The newly inserted Regulation 59A of the Listing Regulations provides that the listed entity that has listed NCDs or NCRPS, which intends to undertake a scheme of arrangement or is involved in a scheme of arrangement shall file the draft scheme with Stock Exchange(s) for obtaining the No-Objection Letter, before filing such scheme with any court or Tribunal. Regulation 94 of the Listing Regulations requires the designated Stock Exchange to forward such draft schemes to SEBI in the manner prescribed by SEBI.
3. It is pertinent to note that Regulation 11 of the Listing Regulations, *inter-alia*, provides that any scheme of arrangement/ amalgamation/ merger/ reconstruction/ reduction of capital etc. to be presented to any Court or Tribunal, does not in any way violate, override or limit the provisions of securities laws or requirements of the Stock Exchanges.
4. This circular contains the operational aspects with reference to scheme(s) of arrangement by entities who have listed their NCDs/ NCRPS. The details of the requirements to be complied with are given in **Annex-I**.
5. **Applicability:** Chapter XV of the Companies Act, 2013 deals with compromises, arrangements and amalgamations by companies. This circular is applicable to all listed entities that have listed NCDs/ NCRPS and intend to undertake or are involved in a scheme of arrangement as per Chapter XV of the Companies Act, 2013. The provisions of this circular shall be applicable with immediate effect.
6. An entity that has listed only NCDs/ NCRPS, shall file the draft scheme of arrangement in terms of Regulation 59A alongwith fees as specified in Clause 2 of Schedule XI of the Listing Regulations.
7. In case an entity has listed both specified securities and NCDs/ NCRPS, a single filing of the draft scheme of arrangement in terms of Regulations 37 and 59A of the Listing Regulations would suffice. However, fees shall be paid in terms of clause 1 of Schedule XI of the Listing Regulations.
8. The Stock Exchanges are advised to bring the provisions of this circular to the notice of listed entities and also to disseminate the same on their websites.
9. The provisions of this circular shall be inserted as Chapter VIA of the LODR Operational Circular dated July 29, 2022.
10. This Circular is available at www.sebi.gov.in under the link “Legal →Circulars”.

PRADEEP RAMAKRISHNAN

General Manager

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09

Guidelines for AIFs for declaration of first close, calculation of tenure and change of sponsor/manager or change in control of sponsor/manager

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/AFD-1/PoD/P/CIR/2022/155 dated 17.11.2022]

1. SEBI (Alternative Investment Funds) Regulations, 2012 (“AIF Regulations”), have been amended and notified on November 15, 2022. Copy of the notification is available at [link](#).
2. **Timeline for declaration of First Close of schemes of AIFs:**

In terms of Regulation 12(4) of AIF Regulations, the first close of the scheme shall be declared by an AIF in the manner as may be specified by SEBI from time to time. In this regard, the following is specified:

- 2.1. The First Close of a scheme shall be declared not later than 12 months from the date of SEBI communication for taking the PPM of the scheme on record.
- 2.2. In case of open ended schemes of Category III AIFs, the First Close shall refer to the close of their Initial Offer Period.
- 2.3. Corpus of the scheme at the time of declaring its First Close shall not be less than the minimum corpus prescribed in AIF Regulations for the respective category/sub-category of the AIF.
- 2.4. The commitment provided by sponsor or manager at the time of declaration of First Close, to the extent to meet the aforesaid minimum corpus requirement, shall not be reduced or withdrawn or transferred, post First Close.
- 2.5. Existing schemes of AIFs, who have not declared their First Close, shall declare their First Close not later than 12 months from the date of this circular.
- 2.6. Existing schemes of AIFs, whose PPMs were taken on record prior to 12 months from the date of this circular and have not declared their First Close, shall submit updated PPM with SEBI in the format specified in SEBI circular SEBI/HO/IMD/DF6/CIR/P/2020/24 dated February 05, 2020, through a SEBI registered merchant banker along with due diligence certificate from the merchant banker as specified in **Annexure A** of SEBI Circular SEBI/HO/IMD/IMD-I/DF6/P/CIR/2021/645 dated October 21, 2021 and such updated PPM shall be circulated to investors before declaration of First Close.
- 2.7. The First Close of Large Value Fund for Accredited Investors (“LVF”) scheme shall be declared not later than 12 months from the date of grant of

registration of the AIF or date of filing of PPM of scheme with SEBI, whichever is later.

2.8. Existing LVF schemes shall declare their First Close not later than 12 months from the date of this circular.

2.9. In case the First Close of a scheme is not declared within the timeline prescribed above, the AIF shall file a fresh application for launch of the said scheme as per applicable provisions of AIF Regulations by paying requisite fee to SEBI.

3. Calculation of tenure of close-ended schemes of AIFs:

In terms of Regulation 13(4) of AIF Regulations, the manner of calculating the tenure of a close ended scheme of an AIF, including the manner of modification of the tenure, may be specified by SEBI from time to time. In this regard, the following is specified:

3.1. The tenure of close ended schemes of AIFs shall be calculated from the date of declaration of the First Close.

3.2. AIF may modify the tenure of a scheme at any time before declaration of its First Close. Prior to declaration of the First Close, the investor may withdraw or reduce commitment provided to such scheme of an AIF.

3.3. Existing schemes of AIFs which have declared their First Close, may continue to calculate their tenure from the date of Final Close in terms of SEBI Circular CIR/IMD/DF/7/2015 dated October 1, 2015. Such existing schemes of AIFs, which are yet to declare Final Close, shall declare their Final Close as per the timeline provided in the PPM of the scheme and the AIF/manager shall not have any discretion to extend the said timeline provided in the PPM.

4. Fee for change in control of manager/sponsor or change in manager/sponsor of AIFs:

In terms of Regulation 20(13) of AIF Regulations, in case of change of Sponsor or Manager, or change in control of the AIF, Sponsor or Manager, prior approval from the Board shall be taken by the AIF, subject to levy of fees and any other conditions as may be specified by SEBI from time to time. In this regard, the following is specified:

4.1. A fee equivalent to the registration fee applicable to the respective category / sub-category of the AIF, shall be levied in case of change in control of manager/sponsor and in case of change in manager/sponsor. The cost paid towards such fee by manager/sponsor shall not be passed on to the investors of the AIF in any manner.

4.2. In case change in control of manager/change of manager and change in control of sponsor/change

of sponsor of an AIF is proposed simultaneously, aforesaid fee equivalent to single registration fee shall be levied.

4.3. The aforesaid fee shall not be levied in the following cases for change in sponsor or change in control of sponsor:

- i) The manager is acquiring control in or replacing the sponsor and
- ii) Exit of sponsor(s) in case of AIF having multiple sponsors.

4.4. The aforesaid fee shall be paid within 15 days of effecting the proposed change in manager/sponsor or change in control of manager/sponsor.

4.5. In case of the applications pending with SEBI as on the date of this circular, for change in control of manager/sponsor or change in manager/sponsor, the requirement of fee shall be applicable only in those applications where none of the schemes of AIFs managed/sponsored by manager/sponsor have declared their First Close.

4.6. The prior approval granted by SEBI in this regard shall be valid for a period of

6 months from the date of SEBI communication for the approval.

5. This circular shall come into force with immediate effect.

SANJAY SINGH BHATI

Deputy General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.sebi.gov.in

10 Registration and regulatory framework for Online Bond Platform Providers (OBPPs)

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2022/154 dated 14.11.2022]

1. During the past few years, there has been an increase in the number of Online Bond Platforms (OBPs), offering debt securities (obtained through subscriptions to public issues / private placements and through secondary market), to non-institutional investors. Most of such OBPs are *fintech* companies or are backed by Stock brokers/ SEBI registered intermediaries. There has been a significant increase in the number of registered users who have transacted through such OBPs.

2. While OBPs provide an avenue for investors, particularly non-institutional investors to access the bond market, their operations were outside SEBI's regulatory purview.

3. With the bond market offering tremendous scope for development, particularly in the noninstitutional space, there is a need to place checks and balances in the form of transparency in operations and disclosures to the investors dealing with such OBPs, measures for mitigation of payment and settlement risk, availability of redress mechanism in case of complaints, etc.
4. Thus, in order to streamline the operations of these OBPs and to facilitate the participation of investors in the bond market, there was a need to provide a regulatory framework for the working of such OBPs.
5. Pursuant to discussions with market participants and stakeholders, vide notification dated November 09, 2022, a framework has been prescribed for entities operating/ desirous of operating as OBPPs under regulation 51A of the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 ('NCS Regulations'):
 - 5.1. Such entity shall be a company incorporated in India and register itself as a stock broker in the debt segment of the Stock Exchange(s);
 - 5.2. An entity acting as an OBPP on or prior to this circular coming into force, shall cease to offer products or services or securities on its OBP other than the following:
 - 5.2.1. Listed debt securities and
 - 5.2.2. Debt securities proposed to be listed through a public offering. Such OBPP shall divest itself of offerings of other products or services or securities.

PRADEEP RAMAKRISHNAN

General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.sebi.gov.in

11 Handling of Clients' Securities by Trading Members(TM) / Clearing Members (CM)

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2022/153 dated 11.11.2022]

1. In order to protect clients' funds and securities and to ensure that the Stock Broker segregates securities or moneys of the client or clients and does not use the securities or moneys of a client or clients for self or for any other client, SEBI has issued various circulars from time to time.
2. SEBI, vide circular no. CIR/HO/MIRSD/DOP/CIR/P/2019/75 dated June 20, 2019, introduced the "client unpaid securities account" and *inter-alia* specified the following:

"4.2 With regard to securities that have not been paid for in full by the clients (unpaid securities), a separate client account titled – "client unpaid securities account"

shall be opened by the TM/CM. Unpaid securities shall be transferred to such "client unpaid securities account" from the pool account of the concerned TM/CM.

4.3 The securities kept in the 'client unpaid securities account' shall either be transferred to the demat account of the respective client upon fulfilment of client's funds obligation or shall be disposed off in the market by TM/CM within five trading days after the pay-out. The unpaid securities shall be sold from the Unique Client Code (UCC) of the respective client. Profit/loss on the sale transaction of the unpaid securities, if any, shall be transferred to/adjusted from the respective client account.

4.4 In case the clients' securities are kept in the 'client unpaid securities account' beyond seven trading days after the pay-out, the depositories shall under their bye-laws levy appropriate penalties upon such TM/CM which shall not be permitted to be recovered from the client."

3. In order to further streamline the process of handling of unpaid securities by TM/CM and also to prevent any kind of misuse of such unpaid securities, after extensive consultations with Exchanges, Depositories and Clearing Corporations, the following is decided:

3.1. All the securities received in pay-out, shall be transferred to the demat account of the respective clients directly from the pool account of the TM/CM within one working day of the pay-out.

3.2. With regard to the unpaid securities (i.e., the securities that have not been paid for in full by the clients), such securities shall be transferred to respective client's demat account followed by creation of an auto-pledge (i.e., without any specific instruction from the client) with the reason "unpaid", in favor of a separate account titled – "client unpaid securities pledgee account", which shall be opened by TM/CM.

3.3. After the creation of pledge, a communication (email / SMS) shall be sent by TM/CM informing the client about their funds obligation and also about the right of TM/CM to sell such securities in event of failure by client to fulfill their obligation.

3.4. If the client fulfills its funds obligation within five trading days after the payout, TM/CM shall release the pledge so that the securities are available to the client as free balance.

3.5. If the client does not fulfill its funds obligation, TM / CM shall dispose off such unpaid securities in the market within five trading days after the pay-out.

TM/CM, before disposing the securities, shall give an intimation (email / SMS) to the client, one trading day before such sale.

- 3.6. The unpaid securities shall be sold in the market with the Unique Client Code (UCC) of the respective client. Profit/loss on the sale transaction of the unpaid securities, if any, shall be transferred to/adjusted from the respective client account.
- 3.7. TM / CM shall invoke the pledge only against the delivery obligation of the client. On invocation, the securities shall be blocked for early pay-in in the client's demat account with a trail being maintained in the TM/CM's client unpaid securities pledgee account.
- 3.8. Once such securities are blocked for early pay-in in client's demat account, the depositories shall verify the block details against the client level obligation in accordance with the SEBI Circular No. SEBI/HO/MIRSD/DOP/P/CIR/2021/595 dated July 16, 2021 and SEBI/HO/MIRSD/DoP/P/CIR/2022/109 dated August 18, 2022.
- 3.9. In case, such pledge is neither invoked nor released within seven trading days after the pay-out, the pledge on securities shall be auto released and the securities shall be available to the client as free balance without encumbrance.
- 3.10. Such unpaid securities pledged in client's account shall not be considered for the margin obligations of the client.
- 3.11. All the existing "client unpaid securities accounts" shall be wound up on or before April 15, 2023. The securities lying in such accounts shall either be disposed off in the market or be transferred to the client's demat account by the TM/CM accordingly, failing which such accounts shall be frozen for debit and credit.

ARADHANA VERMA
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

12 Applicability of GST on fees remitted to SEBI - Revision in Chapter - XX of Operational Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/000000152 dated 10.11.2022]

1. Chapter XX of the Operational Circular ref. no. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 (updated as on April 13, 2022) (NCS Operational Circular), regarding 'Bank account details for payment of fees', *inter alia*, provides the procedure to be followed for payment of fees, as applicable, under the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and the SEBI (Issue and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008.

2. SEBI vide circular ref. no. SEBI/HO/GSD/TAD/CIR/P/2022/0097 dated July 18, 2022, w.r.t. Levy of Goods & Services Tax (GST) on the fees payable to SEBI, informed Market Infrastructure Institutions (MIIs), intermediaries registered with SEBI and companies which have listed/ are intending to list their securities on the Stock Exchange(s) and persons who are dealing in the securities market, that the fees and other charges payable to SEBI shall become subject to GST at the rate of 18% w.e.f. July 18, 2022.
3. Accordingly, the following amendment is being made to Chapter - XX (Bank account details for payment of fees) of the NCS Operational Circular:

Paragraph b of the said chapter shall be replaced with the following:

"Provide the remittance particulars by email at od-ddhs@sebi.gov.in, immediately after the remittance is made, in the following format:

Sl. No.	Particulars	Remarks
1.	Date of remittance	
2.	Amount remitted (break-up of fee and GST thereof) (Amount in INR)	Fees amount GST @ 18% Total amount paid
3.	Remitter account number	
4.	Name of the Origin Bank	
5.	Remitter IFSC code	
6.	UTR No./ Transaction Reference No.	
7.	Payment product code (NEFT, RTGS, etc.)	
8.	Registered name of remitter	
9.	Registered office address of remitter including State/ UT	
10.	Email address	
11.	Complete address from where the money is being remitted including State/ UT	
12.	GST Registration Number of Remitter	
13.	Purpose for which remittance is made	

4. The provisions of this circular shall come into force with immediate effect.
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 55 (1) of the SEBI (Issue and Listing of Non-convertible Securities) Regulations, 2021 and Regulation 48 of the SEBI (Issue and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008, 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".

PRADEEP RAMAKRISHNAN
General Manager

13 Basel III Framework on Liquidity Standards – Standing Deposit Facility

[Issued by the Reserve Bank of India vide Circular No. RBI/2022-23/141 DOR. LRG.REC.83/03.10.001/2022-23 dated 23.11.2022]

1. 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 the Press Release 2022-2023/41 dated April 08, 2022 on operationalising of Standing Deposit Facility (SDF).
2. We have received queries from banks seeking clarification on the treatment of SDF under Liquidity Risk Management Framework.
3. Accordingly, it is advised that the overnight balances held by banks with RBI under SDF shall be eligible as 'Level 1 High Quality Liquid Assets (HQLA)' for computation of LCR.

Applicability

4. This circular is applicable to all Commercial Banks (excluding Local Area Banks, Regional Rural Banks and Payments Banks).
5. These instructions shall come into force with immediate effect.

USHA JANAKIRAMAN
Chief General Manager

14 Inclusion of Goods and Service Tax Network (GSTN) as a Financial Information Provider under Account Aggregator Framework

[Issued by the Reserve Bank of India vide Circular No. RBI/2022-23/140 DoR. FIN.REC.82/03.10.123/2022-23 dated 23.11.2022]

1. Please refer to the Master Direction – Non-Banking Financial Company - Account Aggregator (Reserve Bank) Directions, 2016 dated September 02, 2016.
2. With a view to facilitate cash flow-based lending to MSMEs, it has been decided to include Goods and Services Tax Network (GSTN) as a Financial Information Provider (FIP) under the Account Aggregator (AA) framework. Department of Revenue shall be the regulator of GSTN for this specific purpose and Goods and Services Tax (GST) Returns, viz. Form GSTR-1 and Form GSTR-3B, shall be the Financial Information.
3. Accordingly, the select instructions contained in the Master Direction referred to above have been amended, as detailed in the Annex.

J.P. SHARMA
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

15 Modified Interest Subvention Scheme for Short Term Loans for Agriculture and Allied Activities availed through Kisan Credit Card (KCC) during the financial years 2022-23 and 2023-24

[Issued by the Reserve Bank of India vide Circular No. RBI/2022-23/139 FIDD. CO.FSD.BC.No.13/05.02.001/2022-23 dated 23.11.2022]

Please refer to our circular FIDD.CO.FSD.BC.No.3/05.02.001 /2022-23 dated April 28, 2022 conveying the decision of the Government of India for continuation of the Modified Interest Subvention Scheme for short term loans for agriculture and allied activities for the year 2021 22.

2. In this regard, it is advised that Government of India has approved the continuation of the Interest Subvention Scheme (ISS) with modification for the financial years 2022-23 and 2023-24 with the following stipulations:

(i) In order to provide short term crop loans and short term loans for allied activities including animal husbandry, dairy, fisheries, bee keeping etc. upto an overall limit of ₹3 lakh to farmers through KCC at concessional interest rate during the years 2022-23 and 2023-24, it has been decided to provide interest subvention to lending institutions viz. Public Sector Banks (PSBs) and Private Sector Banks (in respect of loans given by their rural and semi-urban branches only), Small Finance Banks (SFBs) and computerized Primary Agriculture Cooperative Societies (PACS) which have been ceded with Scheduled Commercial Banks (SCBs), on use of their own resources. This interest subvention will be calculated on the loan amount from the date of disbursement/drawal up to the date of actual repayment of the loan by the farmer or up to the due date of the loan fixed by the banks, whichever is earlier, subject to a maximum period of one year. The applicable lending rate to farmers and the rate of interest subvention for the financial years 2022-23 and 2023-24 will be as follows:

Financial Year	Lending rate to farmers	Rate of Interest Subvention to Lending Institutions
2022-23	7%	1.50%
2023-24	7%	1.50%

NISHA NAMBIAR
Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

16 Formation of new districts in the State of Nagaland – Assignment of Lead Bank Responsibility

[Issued by the Reserve Bank of India vide Circular No. RBI/2022-23/138 FIDD. CO.LBS.BC.No.12/02.08.001/2022-23 dated 17.11.2022]

1. The Government of Nagaland has notified formation of four new districts in the state of Nagaland vide Gazette Notifications No. NO.GAB-I/COM/DIST.ADMIN/2019 (Pt-1)/116, 117 and 118, all dated December 20, 2021 and Gazette Notification No NO.GAB-I/COM/DIST.

ADMIN/2019 (Pt-1) dated January 20, 2022. Accordingly, it has been decided to designate Lead Banks of the new districts as below:

Sr. No	Newly Created District	Erstwhile District (s)	Sub-Division under newly created district	Lead Bank Responsibility assigned to	District Working Code allotted to new district
1.	Tseminyu	Kohima	Tseminyu	State Bank of India	01K
2.	Niuland		Niuland	State Bank of India	01L
3.	Chumou-kedima	Dimapur	Medziphema Dhansiripar and Seithekema EAC Circle	Bank of Baroda	01M
4.	Shamator	Tuensang and Kiphire	Shamator Chessore Sotokur EAC Circle and Tsurungto EAC Circle	State Bank of India	01N

- The District Working Codes of the new districts have also been allotted for the purpose of BSR reporting by banks.
- There is no change in the Lead Banks of the other districts in the state of Nagaland.

SONALI SEN GUPTA
Chief General Manager

VIVEK SRIVASTAVA
Chief General Manager

17 Exim Bank's Gol supported Line of Credit of USD 300 Mn to the SBM (Mauritius) Infrastructure Development Company Ltd. for Construction of Phase-IV of the Mauritius Metro Express Project in Mauritius

[Issued by the Reserve Bank of India vide Circular No. RBI/2022-2023/137 A.P. (DIR Series) Circular No. 18 dated 17.11.2022]

Export-Import Bank of India (Exim Bank) has entered into an agreement dated October 17, 2022 with the SBM (Mauritius) Infrastructure Development Company Ltd (SBMIDCL), for making available to the latter, Government of India supported Line of Credit (LoC) of USD 300 million (USD Three Hundred Million Only) for the purpose of financing its participation through Redeemable Preference Shares in public sector entities to implement the construction of Phase-IV of the Metro Express Project in Mauritius. The export of eligible goods and services from India for the purpose of the construction of Phase-IV of the Metro Express Project in Mauritius, as defined under the agreement, would be allowed subject to their eligibility under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this agreement. Out of the total credit by Exim Bank under the agreement, goods, works and services of the value of at least 75 per cent of the contract price shall be supplied by the seller from India, and the remaining 25 per

cent of goods and services may be procured by the seller for the purpose of the eligible contract from outside India.

- The Agreement under the LoC is effective from November 07, 2022. Under the LoC, the terminal utilization period is 48 months from the scheduled completion date of the project.
- Shipments under the LoC shall be declared in Export Declaration Form/Shipping Bill as per instructions issued by the Reserve Bank from time to time.
- No agency commission is payable for export under the above LoC. However, if required, the exporter may use his own resources or utilize balances in his Exchange Earners' Foreign Currency Account for payment of commission in free foreign exchange. Authorised Dealer (AD) Category-I banks may allow such remittance after realization of full eligible value of export subject to compliance with the extant instructions for payment of agency commission.
- AD Category – I banks may bring the contents of this circular to the notice of their exporter constituents and advise them to obtain complete details of the LoC from the Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or from their website www.eximbankindia.in
- The directions contained in this circular have been issued under section 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.

18 Agency Commission for Direct Tax collection under TIN 2.0 regime

[Issued by the Reserve Bank of India vide Circular No. RBI/2022-23/136 CO.DGBA.GBD.No.5957/43-33-005/2022-2023 dated 14.11.2022]

Please refer to Para 21 of our Master Circular on Conduct of Government Business by Agency Banks - Payment of Agency Commission dated April 1, 2022 related to claiming of agency commission.

- After implementation of TIN 2.0 regime for collection of direct taxes, it has been decided to modify paragraph 21 of the captioned Master Circular. The modified paragraph 21 will read as follows:

"Agency banks are required to submit their claims for agency commission in the prescribed format to CAS Nagpur in respect of Central government transactions and the respective Regional Office of Reserve Bank of India for State government transactions. However, agency commission claims with respect to GST receipt transactions and transactions related to direct tax collection under TIN 2.0 regime will be settled at Mumbai Regional Office of Reserve Bank of India only and accordingly all agency banks, authorized to collect GST and direct tax collection under TIN 2.0, are advised to submit their agency commission claims pertaining to the respective receipt transactions at Mumbai Regional Office only. The agency commission for transactions related to direct tax

under OLTAS will be continued to be settled at CAS, Nagpur, RBI. The formats for claiming agency commission for all agency banks and separate and distinctive set of certificates to be signed by the branch officials and Chartered Accountants or Cost Accountants are given in Annex 2, Annex 2A and Annex 2B respectively. These certificates would be in addition to the usual Certificate from ED / CGM (in charge of government business) to the effect that there are no pension arrears to be credited / delays in crediting regular pension / arrears thereof.”

3. All other instructions of the said Master Circular remain unchanged.

INDRANIL CHAKRABORTY
Chief General Manager

19 Eligibility Criteria for offering Internet Banking Facility by Regional Rural Banks, 2022

[Issued by the Reserve Bank of India vide Circular No. RBI/2022-23/135 DoR. AUT. REC.81/24.01.001/2022-23 dated 01.11.2022]

In exercise of the powers conferred by Sections 35A of the Banking Regulation Act, 1949, the Reserve Bank of India being

satisfied that it is necessary and expedient in the public interest so to do, hereby, amends the instructions issued vide circular DBR.RRB.BC.No.59/31.01.001/2015-16 dated November 19, 2015 on 'Internet Banking Facility for Customers of Regional Rural Banks'.

Keeping in view the need to promote the spread of digital banking for customers in rural areas, the eligibility criteria applicable to Regional Rural Banks for offering Internet Banking with transactional facility to their customers have been revised, the details of which are enclosed in the **Annex**.

2. Commencement

The circular comes into force from November 01, 2022.

3. Applicability

This circular is applicable to all Regional Rural Banks (RRBs).

PRAKASH BALIARSINGH
Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in



ANNOUNCEMENT

QUALITY REVIEW BOARD OF ICSI INVITES APPLICATIONS FOR EMPANELMENT OF “QUALITY REVIEWERS”

The Quality review Board (Board) of ICSI has been constituted by the Ministry of Corporate Affairs to make recommendations to the Council with regard to the quality of services provided by the members of the Institute; to review the quality of services provided by the members of the Institute including secretarial services; and to guide the members of the Institute to improve the quality of services and adherence to the various statutory and other regulatory requirements.

With a view to carry out the above mentioned functions, the Board contemplates to avail the services of senior members of the profession as Quality Reviewers to assess the quality of services being rendered by Company Secretaries both in practice and in employment.

Revised Eligibility criterion for Quality Reviewers-

A Quality Reviewer shall fulfil the criteria mentioned in para I or para II:-

- I. An individual desiring to be empanelled:
 - a) Be a Fellow member of ICSI; and

- b) Possess at least fifteen years of post-membership experience as Company Secretary in Practice or employment in the Secretarial Department of a Company or as a combination of practice and employment in the Secretarial Department of a Company; and
- c) Be currently in practice of the profession of company secretaries.”

- II. An individual desiring to be empanelled

- a) Be empanelled Peer Reviewers and has completed minimum 5 assignments of Peer Review

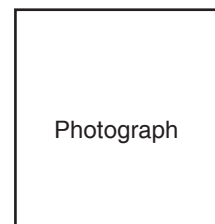
The Board assigns review of Quality of services rendered by the members to Quality Reviewers.

For payment terms and other details please refer to Terms of Reference for Quality Reviewers available at <https://www.icsi.edu/qrboard/home/>

Interested persons may kindly apply in the enclosed format and send it through e-mail to qrb@icsi.edu

PROFORMA FOR INCLUSION OF NAME IN THE PANEL OF “QUALITY REVIEWERS” CONSTITUTED UNDER THE AEGIS OF “QUALITY REVIEW BOARD”

To,
 Quality Review Board
 The Institute of Company Secretaries of India
 ICSI House
 22, Institutional Area, Lodi Road
 New Delhi - 1100 003



1. Applicant's Name Mr/Ms/Dr. (in Capital Letter)

FIRST	MIDDLE	LAST

2. Father's/Husband's Name Mr. (in Capital Letter)

FIRST	MIDDLE	LAST

3. Date of Birth (DD MM YYYY)

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4. Institute's Membership details:

Particulars	Membership Number	Month & Year of membership
ACS details		
FCS details		
COP details		

5. Contact details in CAPITAL letters

	Residential	Professional
Address		
City		
State		
PIN Code		
Phone No With STD Code:		
Mobile No.		
E-mail Address		

6. Details of academic, professional and Post Membership qualifications (Graduation onwards):

Examination Passed		University / Institution	Main subjects, if any
Name of Exam	Year		

7. Current Occupation (indicate major area(s) in which services rendered):

8. Work experience:

Do you possess minimum fifteen years of post-membership experience as Company Secretary in Practice or employment in the Secretarial Department of a Company or as a combination of practice and employment in the Secretarial Department of a Company;

(Yes/No)

9. Are you empanelled Peer Reviewers who has completed minimum 5 assignments of Peer Review. If yes, please share the below details: (Yes / No)

a. Peer Reviewer Code: _____

b. Details of the Peer Review done:

Sl. no.	Name of the Practice Unit	Year of Review

Please add separate sheet, if required.

10. Details of Post Qualification Experience in Employment/Practice (if require, attach separate sheet)

Name of the Employer/s	Designation	Professional Experience		Work Assigned / Performed
		From	To	

11. Are you member of Council / Regional Council / Managing Committee of Chapter, if yes; please provide the details:

12. Other professional achievements, if any:

13. Whether any penal action under any law has been taken/pending against you during last 5 financial years and/or thereafter? (Yes/No)

If yes, please give details thereof:

14. Whether you have been charged for any criminal proceedings / cognizance of offence. (Yes/No)
If yes, please give details thereof:

I hereby declare that the information given above is true and correct to the best of my knowledge and belief and that nothing has been concealed therefrom.

Place:

Date:

(Signature)

(Name _____)

For Office Use Only:

1. Whether complete information in the prescribed format is given:

a.	a Fellow member of ICSI	Yes	No
b.	Possess at least fifteen years of post- membership experience as Company Secretary in Practice or employment in the Secretarial Department of a Company or as a combination of practice and employment in the Secretarial Department of a Company	Yes	No
c.	Be currently in practice of the of profession company secretaries	Yes	No
d.	Empanelled Peer Reviewers who has completed minimum 5 assignment of Peer Review	Yes	No

2. Whether all other applicable points of the form have been filled:

Yes No

If no, give details _____

3. Whether applicant is to be considered for allotment of reviews:

Yes No

Remarks _____

4. Reference No. allotted



THE INSTITUTE OF
Company Secretaries of India

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

(Under the jurisdiction of Ministry of Corporate Affairs)

Vision

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

Motto

सत्यं वद। धर्मं चर। इच्छते फेद तन्मते. बोलेते ह्यु फेद त्वय.

Mission

"To develop high calibre professionals facilitating good corporate governance"

ICSI BLOOD Bank Portal



**Dedicated to
the Service
of the Nation**

The ICSI Blood Bank Portal has a huge database of blood donors with information on Blood Groups with their location

To find a donor near you or
to register as a donor visit
<https://www.icsi.in/bloodbank/>

Connect with ICSI

www.icsi.edu | | Online helpdesk : <http://support.icsi.edu>

5

NEWS FROM THE INSTITUTE



- MEMBERS RESTORED DURING THE MONTH OF OCTOBER 2022
- CERTIFICATE OF PRACTICE SURRENDERED DURING THE MONTH OF OCTOBER 2022
- ATTENTION MEMBERS
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- RESTORATION OF MEMBERSHIP
- RESTORATION OF CERTIFICATE OF PRACTICE
- LIST OF PRACTICE UNITS PEER REVIEWED / CERTIFICATE ISSUED DURING NOVEMBER, 2022



Institute News

MEMBERS RESTORED DURING THE MONTH OF OCTOBER 2022

SL. NO	NAME	MEMB NO	REGION
1	CS HARISH KUMARGUPTA	ACS - 13793	NIRC
2	CS GRAJAGOPAL	ACS - 14319	SIRC
3	CS RABINARAYANKAR	ACS - 18172	EIRC
4	CS POOJAGUPTA	ACS - 22436	NIRC
5	CS POORNIMAGOUR	ACS - 24462	NIRC
6	CS MANIKA MAHENDRAJAIN	ACS - 28179	NIRC
7	CS VIKASGUPTA	ACS - 30124	SIRC
8	CS SAKSHINARANG	ACS - 31640	NIRC
9	CS ANUJAYADAV	ACS - 32059	NIRC
10	CS VISHALKHERA	ACS - 32272	NIRC
11	CS PADMAPRIYAA	ACS - 32656	SIRC
12	CS MONALI HARSHADBHAIPATEL	ACS - 32794	WIRC
13	CS BHAWNAMITTAL	ACS - 33609	NIRC
14	CS MEHIKAMISHRA	ACS - 35270	NIRC
15	CS RAUNAK SINGHRAHANGDALE	ACS - 38604	NIRC
16	CS NIKHILBHATNAGAR	ACS - 39795	NIRC
17	CS RAJESH KUMAR	ACS - 40006	EIRC
18	CS PRIYANKABADOLA	ACS - 40888	NIRC
19	CS SWETABOTHRA	ACS - 40956	EIRC
20	CS KAMLESHUPADHYAYA	ACS - 4160	WIRC
21	CS PREETISHAH	ACS - 42162	WIRC
22	CS MUNISHKUMAR	ACS - 43710	NIRC
23	CS ATUL KUMAR ASHOK KUMARSHUKLA	ACS - 46854	WIRC
24	CS PRIYANKA GOWTHAMMEHTA	ACS - 46905	WIRC
25	CS ANCHALJAIN	ACS - 47003	EIRC
26	CS RADHAKANTADAS	ACS - 48039	EIRC
27	CS SORAVAHUJA	ACS - 48074	NIRC
28	CS KIRAN BALAAGGARWAL	ACS - 48301	NIRC
29	CS NEHASHARMA	ACS - 49932	SIRC

30	CS TITHI MAYURJOSHI	ACS - 53628	WIRC
31	CS MANOWARALI	ACS - 55140	NIRC
32	CS KOMAL SURESHGUPTA	ACS - 56226	WIRC
33	CS KETAKI SANJEEVAKSHIKAR	ACS - 56341	WIRC
34	CS CHAIN PRAKASHKABRA	ACS - 56908	WIRC
35	CS SUNNYKATESARIA	ACS - 57873	EIRC
36	CS AYUSHIGARG	ACS - 58149	WIRC
37	CS DIVISHAROHATGI	ACS - 59013	NIRC
38	CS MONIKAAGARWAL	ACS - 59831	NIRC
39	CS MAULIK KALYANJIGOSHER	ACS - 59948	WIRC
40	CS APURVA MAHENDRABHANGDIA	ACS - 60740	WIRC
41	CS CHANDNISHAH	ACS - 62962	WIRC
42	CS RADHIKAAGARWAL	ACS - 63662	SIRC
43	CS MADHURIGAUTAM	ACS - 64103	NIRC
44	CS MBAFNA	ACS - 64687	SIRC
45	CS V DGOODE	FCS - 1676	WIRC
46	CS RATTAN SINGHYADAV	FCS - 1804	NIRC
47	CS B MANAND	FCS - 2735	SIRC
48	CS RANAND	FCS - 2863	SIRC
49	CS VSUNDER	FCS - 4141	SIRC
50	CS SHIV SHANKARSHARMA	FCS - 4771	NIRC
51	CS RAJ KUMARJHA	FCS - 5192	NIRC
52	CS VIKASRUNGTA	FCS - 6913	NIRC
53	CS SANJIVAGRAWAL	FCS - 8065	NIRC

CERTIFICATE OF PRACTICE SURRENDERED DURING THE MONTH OF OCTOBER 2022

SL. NO	NAME	MEMB NO	COP No.	REGION
1	CS ADITI SHARMA	ACS - 38719	18781	NIRC
2	CS ANJALI JAIN	ACS - 65232	24867	NIRC
3	CS ARJUN SINGH PATWAL	ACS - 43460	15989	NIRC
4	CS BHANVI CHOUDHARY	ACS - 46548	17061	NIRC
5	CS BHAVYA TANEJA	ACS - 41567	19427	NIRC
6	CS DEEPAK MOHAN	ACS - 51272	22583	SIRC
7	CS DISHA VIPUL SHAH	ACS - 46867	19235	WIRC
8	CS HARSHITA AGGARWAL	ACS - 55717	21189	WIRC
9	CS HIMANSHU DUBEY	ACS - 67739	25793	NIRC
10	CS HONEY GUPTA	ACS - 40776	22339	EIRC
11	CS KAMLESH RANOTE	FCS - 10522	13701	NIRC

12	CS LEKHA RAVINDRA MAHAJAN	ACS - 51543	20439	WIRC
13	CS MADHUSUDHAN REDDY	ACS - 33355	22751	SIRC
14	CS MEENAKSHI SUNDARAM UMA MAHESWARI	FCS - 10442	23788	SIRC
15	CS MEENU GUPTA	ACS - 52702	19501	NIRC
16	CS MONIKA TYAGI	ACS - 67275	25144	NIRC
17	CS NEHA SHARMA	ACS - 63186	24479	EIRC
18	CS NIKITA AGARWAL	ACS - 35747	21789	SIRC
19	CS NILESH SHARMA	ACS - 43178	22389	WIRC
20	CS PAYAL AGARWAL	ACS - 23988	10360	EIRC
21	CS POOJA JAIN	ACS - 69217	25970	NIRC
22	CS POOJA MEHTA	ACS - 52055	23099	NIRC
23	CS PRASHANT AWASTHI	ACS - 62802	23701	NIRC

24	CS PUSHPENDRA SINGH	ACS - 51609	25706	NIRC
25	CS RAJASHREE SAMEER DHUMALE	ACS - 31033	24859	WIRC
26	CS RAKSHA MITRA	ACS - 67691	25256	NIRC
27	CS RUDRA DEO	ACS - 62445	23289	EIRC
28	CS RUTA RAJESH KABRA	ACS - 65937	24807	WIRC
29	CS SHALU SARAF	ACS - 38352	25995	NIRC
30	CS SHYAM ARORA	ACS - 9790	15698	NIRC
31	CS SUMIT JAGDISHBHAI CHUDASAMA	ACS - 50800	21261	WIRC
32	CS TANISHA JAIN	ACS - 54998	23749	SIRC
33	CS VASUNDHARA JOSHI	ACS - 57091	22428	EIRC
34	CS VIKAS MEHTA	FCS - 9985	12789	NIRC

ATTENTION!

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>



ATTENTION MEMBERS

The CD containing List of Members of ICSI as on 1st April, 2022 is available in the Institute on payment of Rs.295/-* for members and Rs.590/-* for non-members (*including GST@18%). Request along with payment by way of cheque at par or demand draft payable at New Delhi favouring "The Institute of Company Secretaries of India" may please be sent to Joint Secretary, Directorate of Membership, ICSI House, C-36, Sector-62, Noida - 201309. For queries if any, please write to member@icsi.edu

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 More option
- Upload/update the photo and signature as required
- Press Save button

CHANGE / UPDATION OF ADDRESS

The members are requested to check and update (if required) your professional and residential addresses ONLINE only through Member Login. Please indicate your correspondence address too.

The steps to see your details in the records of the Institute:

1. Go to www.icsi.edu
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 More 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>

RESTORATION OF MEMBERSHIP

The members who have not paid the Annual Membership Fee by the due date i.e. 31-07-2022 can now restore their membership by making the payment of the annual membership fee for the year 2022-2023 including GST@18% (Associates admitted on or after 1-4-2021 – Rs. 1770/-, Associates admitted till 31-03-2021 – Rs. 2950/- and Fellow – Rs. 3540/-) with the entrance fee of Rs. 2360/- and restoration fee of Rs. 295/- .

Particulars	Associate (admitted till 31.03.2021)	Associate (admitted on or after 01.04.2021)	Fellow
Annual Membership fee*	Rs. 2950	Rs. 1770	Rs. 3540
Entrance fee*	Rs. 2360	Rs. 2360	Rs. 2360
Restoration fee*	Rs. 295	Rs. 295	Rs. 295

* Fee inclusive of applicable GST@18%.

MODE OF REMITTANCE OF FEE

The fee can be remitted through ONLINE mode only using the payment gateway of the Institute's website www.icsi.edu. Payment made through any other mode will not be accepted.

The steps for online restoration of membership

- 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
- Select Track ACS /FCS Membership from dropdown menu ACS/FCS Membership
- Search your detail and select the radio button on visible record
- Click on Restoration Request tab
- Fill the detail and Proceed for Payment

For specific assistance raise a ticket at <http://support.icsi.edu>

RESTORATION OF CERTIFICATE OF PRACTICE

The process of Restoration of Certificate of Practice is now enabled for the members who have not paid the COP fees by the due date i.e. 31-07-2022.

The certificate of practice fee and restoration fee payable is as follows:

Particulars	Admitted as associate member till 31.03.2021)	Admitted as associate member on or after 01.04.2021)	Fellow
Certificate of Practice fee*	Rs. 2360	Rs. 1770	Rs. 2360
Restoration fee**	Rs. 295	Rs. 295	Rs. 295

* Fee inclusive of applicable GST@18%.

** Fee inclusive of applicable GST@18% and applicable as certificate of practice fee is not received by 31st July, 2022

MODE OF REMITTANCE OF FEE

The fee can be remitted through ONLINE mode only using the payment gateway of the Institute's website www.icsi.edu. Payment made through any other mode will not be accepted.

The steps for online COP restoration

- 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
- Select the Track COP option in the COP menu
- Select the request type "Restoration" and search
- Click on the radio button and select Restoration Request option
- Check the details and pay the fee.

For specific assistance raise a ticket at <http://support.icsi.edu>



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

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.

LIST OF PRACTICE UNITS PEER REVIEWED / CERTIFICATE ISSUED DURING NOVEMBER, 2022

1	M/s. Kavita Khatri & Associates	Ahmedabad	2021-22	2795/2022
2	CS Sanil Dhayalkar	Thane	2021-22	2796/2022
3	M/s. KJ & Co. LLP	Mumbai	2021-22	2797/2022
4	M/s. Sourav Kedia & Associates	Kolkata	2021-22	2798/2022
5	CS Gaurav Goyal	Jaipur	2021-22	2799/2022
6	CS Bikash Prasad	Bengaluru	2021-22	2800/2022
7	M/s. Shobhit Tandon & Associates	New Delhi	2021-22	2801/2022
8	CS Puthucode Subramaniam Ramnath	Mumbai	2021-22	2802/2022
9	CS Ramanathan Kannan	Chennai	2021-22	2803/2022
10	CS Sriram Krishnamoorthy	Chennai	2021-22	2804/2022
11	M/s. Dureja & Associates	Panipat	2021-22	2805/2022
12	M/s. Jaivindra Singh & Associates	Greater Noida	2021-22	2806/2022
13	M/s. Rajendra & Co.	Mumbai	2021-22	2807/2022
14	CS Sudipto Roy Chowdhury	Kolkata	2021-22	2808/2022
15	M/s. Abhinav Agarwal & Associates	New Delhi	2021-22	2809/2022
16	M/s. Abhijit Gaonkar & Associates	Goa	2021-22	2810/2022
17	CS Priyanka Chawla	Delhi	2021-22	2811/2022
18	M/s. Mayur Sharma & Associates	Washim	2021-22	2812/2022
19	M/s. Jai Bohra & Associates	Jaipur	2021-22	2813/2022
20	M/s. Naredi Vinod & Associates	Jaipur	2021-22	2814/2022
21	M/s. S S Lunkad & Associates	Jalgaon	2021-22	2815/2022
22	M/s. Sohini Dongre & Co.	Pune	2021-22	2816/2022
23	CS Rupa Gupta	Kolkata	2021-22	2817/2022
24	CS Seema Manglunia	Guwahati	2020-21	2818/2022
25	M/s. P D Rao & Associates	Kolkata	2021-22	2819/2022
26	M/s. Siya Ram & Associates	Delhi	2021-22	2820/2022
27	CS N. Selvam	Chennai	2021-22	2821/2022
28	M/s. S.A.E. & Associates LLP	Chennai	2021-22	2822/2022
29	CS Nidhi Choudhary Khandelwa	Gurgaon	2021-22	2823/2022
30	M/s. Sangeeta Brar & Associates	New Delhi	2021-22	2824/2022
31	M/s. JNSJ & Associates LLP	Chennai	2021-22	2825/2022
32	M/s. MMJB & Associates LLP	Mumbai	2021-22	2826/2022
33	CS D. Sivasubramanian	Madurai	2021-22	2827/2022
34	M/s. Shroff Negandhi and Associates LLP	Mumbai	2021-22	2828/2022
35	M/s. Shruti & Associates	Delhi	2021-22	2829/2022
36	M/s. A. Chaturvedi & Associates	Mumbai	2021-22	2830/2022
37	M/s. Jay Jain & Associates	Mumbai	2021-22	2831/2022



Dear Members/Employees,

As part of our initiatives, we would like to inform you about Bajaj Allianz Life Insurance Co. Ltd., one of India's leading private life insurer who will be providing you its Bajaj Allianz Life Smart Protect Goal - A Non Linked, Non-Participating, Pure Life Term Insurance Plan.

Key Benefits:

- Dedicated relationship managers to address your queries and do need analysis
- Virtual Policy servicing of your insurance policy

Bajaj Allianz Life Insurance Co. Ltd. will also be able to assist you with your life insurance journey via their innovative tech solutions to enable a virtually assisted sales and service process.

Kindly go through the special value packed offering from Bajaj Allianz Life Insurance Co. Ltd. to help secure the life goals of your loved ones

AGE	25	30	35	40	45	50	55
	PT - 45 Years PPT - 45 Years	PT - 40 Years PPT - 40 Years	PT - 35 Years PPT - 35 Years	PT - 30 Years PPT - 30 Years	PT - 25 Years PPT - 25 Years	PT - 20 Years PPT - 20 Years	PT - 15 Years PPT - 15 Years
Male- ₹50 Lakh Life Cover	₹ 5266	₹ 6240	₹ 7917	₹ 10329	₹ 14026	₹ 18865	₹ 23980
Male- ₹1Cr Life Cover	₹ 9296	₹ 11211	₹ 14488	₹ 19212	₹ 26616	₹ 36113	₹ 46190
Female- ₹50 Lakh Life Cover	₹ 4751	₹ 5400	₹ 6575	₹ 8326	₹ 11122	₹ 14980	₹ 19287
Female- ₹1Cr Life Cover	₹ 8301	₹ 9584	₹ 11884	₹ 15322	₹ 20969	₹ 28537	₹ 37033

¹Above illustration is considering Male & Female | Standard Life | Non-Smoker | Life Cover Variant | Medical Rates | Policy term (PT) | Premium Payment Term (PPT) | Yearly Premium Payment Mode | Premium shown above is inclusive of Goods & Service Tax/any other applicable tax levied and is for illustrative purpose only.

Have us call you

BWARE OF SPURIOUS PHONE CALLS AND FICTITIOUS / FRAUDULENT OFFERS IRDAI is not involved in activities like selling insurance policies, announcing bonus or investment of premiums. Public receiving such phone calls are requested to lodge a police complaint.

Risk Factors and Warning Statements: Bajaj Allianz Life Insurance Company Limited and Bajaj Allianz Life Smart Protect Goal are the names of the company and the product respectively and do not in any way indicate the quality of the product and its future prospects or returns. For more details on risk factors, terms and conditions please read sales brochure & policy document (available on www.bajajallianzlife.com) carefully before concluding a sale. Bajaj Allianz Life Smart Protect Goal - A Non Linked, Non-Participating, Pure Life Term Insurance Plan. Regd. Office Address: Bajaj Allianz House, Airport Road, Yerawada, Pune - 411006. Reg. No.: 116. CIN : U66010PNZ0001PLC015959 | Mail us : customercare@bajajallianz.co.in | Call on : Toll free no. 1800 209 7272 | Fax No: 02066026789. Bajaj Allianz Life Smart Protect Goal (UIN: 116N163V02). The Logo of Bajaj Allianz Life Insurance Co. Ltd. is provided on the basis of license given by Bajaj Finserv Ltd. to use its "Bajaj" Logo and Allianz SE to use its "Allianz" logo. All charges/taxes, as applicable, will be borne by the Policyholder.

The above offer is underwritten by Bajaj Allianz Life Insurance Company Limited. The purchase of the insurance plan by the members of ICSI is purely on voluntary basis. ICSI takes no responsibility and has no obligations in relation to the aforementioned policy. ICSI is merely disseminating this information to its members.



**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)






Balmer Lawrie
TRAVEL & VACATIONS
(A Government of India Enterprise)



YOUR TRAVEL NOW HAS NEW WINGS...

The ICSI is pleased to announce the signing of Memorandum of Understanding (MOU) between Balmer Lawrie Co Ltd and the Institute of Company Secretaries of India to offer professional travel services to all the Members, Students and Employees of the ICSI.

SALIENT FEATURES

- Personalized access of online Self Booking Tool to all the ICSI Students, Members, Employees. Enhanced security features already incorporated in the tool.
- Provides 100% transparency of Fares & Availability and Facility to book domestic international air tickets directly from our online platforms on real time basis with no hidden costs.
- **Passing of Corporate deal Benefits -**
 -  Free Meal Options
 -  Free Seat Selection
 -  Nominal Cancellation fee.
- No Service fee from Balmer Lawrie on Cancellation of Air tickets.
- Inventory of 400000 domestic hotels and 100000 international hotels, holiday homes at special contracted rates on our SBT.
- Arrangement of LTC tickets as per Govt of India guidelines as well as booking LTC holiday packages at special discounted rates.
- Domestic/International holiday packages at special discount rate for ICSI Members, Students and Employees
- VISA facilitation, travel insurance, forex other ancillary services.
- 24x7 call center support services with dedicated key account managers for hassle free consultation, transactions and settlements.
- Digital/Online payment options.



COMPANY SECRETARIES BENEVOLENT FUND

Be a proud member of CSBF

The Company Secretaries Benevolent Fund (CSBF) provides safety net to the Company Secretaries who are members of the Fund and their family members in distress.

CSBF

- Registered under the Societies Registration Act, 1860 Recognised under Section 12A of the Income Tax Act, 1961
- Subscription/Contribution to the Fund qualifies for deduction under section 80G of the Income Tax Act, 1961
- Has a membership base of over 15000

ELIGIBILITY : A member of the Institute of Company Secretaries of India (ICSI) is eligible for the membership of the CSBF.

HOW TO JOIN : By making an online application using the link <https://stimulate.icsi.edu/> alongwith one time subscription of ₹10,000/-.

BENEFITS

- ₹10,00,000 in the event of death of a member under the age of 60 years
- Upto ₹3,00,000 in the event of death of a member above the age of 60 years
- Upto ₹50,000 per child on time (upto two children) for education of minor children of a deceased member upto the age of 60 years.
- Upto ₹75,000 for medical expenses in deserving cases
- Limited benefits for Company Secretaries who are not members of the CSBF

DONATION : The donation to CSBF can be made online at link www.icsi.in/ICSIDonation

CONTACT : For further information / clarification, please write at email id csbf@icsi.edu or contact on telephone no. 0120-4522000

For more details please visit <https://www.icsi.edu/csbf/home/>



**THE INSTITUTE OF
Company Secretaries of India**

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

(Under the jurisdiction of Ministry of Corporate Affairs)

VISION

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

ICSI Motto

सत्यं वद। धर्मं चर। इष्टकारं कुरु। अहितं न कुरु।
इष्टकारं कुरु। अहितं न कुरु।

MISSION

"To develop high calibre professionals facilitating good corporate governance"

Connect with ICSI

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



ICSI Signs MoU with Poonawalla Fincorp

Poonawalla Fincorp offers a special loan scheme with affordable interest rate and unmatched product features for Company Secretaries.

	In Full-Time Employment	Practicing Professionals
Product	<p>Personal Loan (Unsecured Term Loan): Customized solutions based on your need. These include financial support for medical emergency, higher education, home renovation, wedding or dream vacation amongst others.</p>	<p>Loan for Professionals (Unsecured Term Loan): Specially designed loans to help you reach the next level in professional practice, or go for business expansion. We also takeover existing high cost loans with clean track.</p>
Features	<ul style="list-style-type: none"> Loan amount: Min INR 1 Lakh. Max INR 30 Lakh. Processing fee: NIL for loan up to 36 months. 1%+ applicable taxes for above 36 months. Tenure: Min 12 months. Max 60 months. Rate of Interest*: 9.99% p.a. up to 36 months & 10.99% p.a. above 36 months. *Reducing balance method 	<ul style="list-style-type: none"> Loan amount: Min INR 1 lakh. Max INR 10 lakh for a member having less than 5 years of experience. Maximum INR 30 lakh for a member having equal to or more than 5 years of experience. Processing fee: NIL for loan up to 36 months. 1%+ applicable taxes for above 36 months. Tenure: Min 12 months. Max 60 months. Rate of Interest*: 9.99% p.a. up to 36 months and 10.99% p.a. above 36 months. *Reducing balance method
Eligibility Criteria	<ul style="list-style-type: none"> Age: Minimum 22 years (subject to 1 year experience in employment) and maximum up to 60 years. Income: Minimum net salary of INR 20,000/-. Stability: 1 year with 2 months' stability with current employer. 	<ul style="list-style-type: none"> Age: Minimum 22 years (subject to 1 year experience in practice) and maximum up to 60 years. Income: Minimum annual gross receipt of INR 3 lakh subject to minimum 1- year vintage in COP/experience in employment. However, please note this will not be applicable for fresher CS. Stability: 2 years. Minimum 1 year experience in employment for those members who later on intend to start their own practice.

Poonawalla Advantage



Collateral Free



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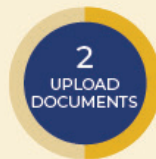
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भारतीय कम्पनी सचिव संस्थान
IN PURSUIT OF PROFESSIONAL EXCELLENCE
Statutory body under an Act of Parliament
(Under the jurisdiction of Ministry of Corporate Affairs)

POST MEMBERSHIP QUALIFICATION (PMQ) COURSE IN INTERNAL AUDIT



INTRODUCTION

Company Secretary being a key functionary in the corporate pyramid with expertise in vivid laws and Corporate Governance can lead the corporate with utmost excellence and efficiency in establishing self-regulation through internal audit. With increasing emphasis on the principles of good governance and compliances, Company Secretaries have a significant role to play and keeping same in the backdrop ICSI has launched the "Post Membership Qualification (PMQ) Course in Internal Audit".

ELIGIBILITY: Members of ICSI

COURSE STRUCTURE

The PMQ Course shall be conducted in 4 stages

- ❖ Online web-based classes including Recorded Lectures
- ❖ Online MCQ based Assessment at the LMS Portal of the Institute
- ❖ Project Report Submission
- ❖ Presentation by the candidates

COURSE COVERAGE

- ❖ Internal Controls: An Introduction and Overview
- ❖ Framework for Internal Audit Reports
- ❖ Introduction and Evolution of Internal Audit
- ❖ Tools and Techniques: Internal Audit
- ❖ Internal Audit of Specific Functions
- ❖ Planning Internal Audit and Internal Audit Programme
- ❖ Internal Audit and Organizational Structure
- ❖ Foundation of Internal Auditing

CS Devendra V Deshpande
President, ICSI

- ❖ Internal Auditing: Standards and Laws
- ❖ Fraud and Related Concepts
- ❖ Emerging Issues and Challenges
- ❖ Company Secretary and Internal Audit: Role, Responsibilities and Duties

PASSING CRITERIA

- ❖ Passing percentage of 50% in online examination of 100 marks. Negative marking of 1/4th for every incorrect answer.
- ❖ Passing percentage of 50% in project report and presentation.

FEE STRUCTURE

- ❖ 1st Installment of Registration: Rs. 12,500/- (to be paid at the time of registration)
- ❖ 2nd Installment of Registration: Rs. 12,500/- (to be paid before 31st March (for registrations done till 31st December))
- ❖ Course Examination Fee: Rs. 1,500/- plus applicable taxes

TERM OF COURSE

The registration for PMQ course will be valid for a period of 3 years from the date of registration.

AWARD OF DIPLOMA CERTIFICATE

All successful candidates of PMQ Course after qualifying all the stages shall be awarded with a Diploma Certificate by the Institute of Company Secretaries of India and shall be permitted to use the descriptive letters.

AWARD OF CPE CREDITS

All successful candidates shall be awarded with 20 Structured CPE Credits in the year of completion.

CS Asish Mohan
Secretary, ICSI

For Registrations please visit: <https://tinyurl.com/pmqcourses>

For Queries: For further queries you may write to pmq@icsi.edu

(Admissions are open throughout the year in online mode)

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POST MEMBERSHIP QUALIFICATION (PMQ) COURSE ON ARBITRATION



INTRODUCTION

The Post Membership Qualification (PMQ) course on Arbitration is offered to the members of ICSI to familiarize them with legal framework of arbitration, arbitration procedures, and arbitration practice. Keeping in view the wide area of domestic, international Arbitration, Mediation, Conciliation and amendments recently taken place in the statutes and amendments to the Arbitration and Conciliation Act, 1996 (by the Arbitration and Conciliation (Amendment) Act, 2015) and Notification of the Companies (Mediation and Conciliation) Rules, 2016 in September 2016 & section 442 of the Companies Act, 2013 and appreciating the importance of the matter, the Institute has taken initiative to equip its members in this niche area through the PMQ Course on Arbitration.

ELIGIBILITY: Members of ICSI

COURSE STRUCTURE

The PMQ Course shall be conducted in 4 stages

- ❖ Online web-based classes including Recorded Lectures
- ❖ Online MCQ based Assessment at the LMS Portal of the Institute
- ❖ Project Report Submission
- ❖ Presentation by the candidates

COURSE COVERAGE

- ❖ Arbitration: An Introduction
- ❖ Conciliation and Mediation
- ❖ Commercial Transactions and Arbitration Clauses
- ❖ Conceptual Framework of International Commercial Arbitration
- ❖ Limited Liability and Related Aspects
- ❖ Appointment of Arbitrator and Other Aspects

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President, ICSI

- ❖ Arbitration Agreement
- ❖ Arbitral Proceedings and Evidences in Arbitration
- ❖ Execution of Arbitral Award
- ❖ Appeals
- ❖ Arbitration Tribunal
- ❖ Fast Track Arbitration
- ❖ Other Important Aspects

PASSING CRITERIA

- ❖ Passing percentage of 50% in online examination of 100 marks. Negative marking of 1/4th for every incorrect answer.
- ❖ Passing percentage of 50% in project report and presentation.

FEE STRUCTURE

- ❖ 1st Installment of Registration: Rs. 12,500/- (to be paid at the time of registration)
- ❖ 2nd Installment of Registration: Rs. 12,500/- (to be paid before 31st March (for registrations done till 31st December))
- ❖ Course Examination Fee: Rs. 1,500/- plus applicable taxes

TERM OF COURSE

The registration for PMQ course will be valid for a period of 3 years from the date of registration.

AWARD OF DIPLOMA CERTIFICATE

All successful candidates of PMQ Course after qualifying all the stages shall be awarded with a Diploma Certificate by the Institute of Company Secretaries of India and shall be permitted to use the descriptive letters.

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All successful candidates shall be awarded with 20 Structured CPE Credits in the year of completion.

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6

MISCELLANEOUS CORNER



- GST CORNER
- ETHICS IN PROFESSION
- CG CORNER
- STARTUP INDIA

NOTIFICATION NO. 22/2022 – CENTRAL TAX DATED NOVEMBER 15, 2022

Para 7 and Serial numbers 10 & 11, 12 and 13 of the table under Para 7 of the instructions pertaining to Form GSTR-9 have been amended to incorporate the extended date of 30th November, 2022 i.e., instead of earlier mentioned period “between April, 2022 to September, 2022”, “April, 2022 to October, 2022 filed upto/ upto 30th November, 2022” have been substituted.

Source: <https://taxinformation.cbic.gov.in/view-pdf/1009548/ENG/Notifications>

NOTIFICATION NO. 23/2022 – CENTRAL TAX DATED NOVEMBER 23, 2022

This notification empowers the Competition Commission of India (CCI) to handle anti-profiteering cases under CGST Act.

Central Government on the recommendations of GST Council has empowered the CCI established under section 7(1) of the Competition Act, 2002 to examine whether input tax credits availed by any registered person or the reduction in the tax rate have actually resulted in a commensurate reduction in the price of the goods or services or both supplied by him. The above amendment shall become effective from 01.12.2022.

Source: <https://cbic-gst.gov.in/pdf/central-tax/NN-23-2022-English.pdf>

NOTIFICATION NO. 24/2022 – CENTRAL TAX DATED NOVEMBER 23, 2022

This notification amends the provisions related to Anti-Profiteering Authority as provided under the CGST Rules, 2017 consequent to the appointment of CCI as the authority for anti-profiteering cases under the GST law.

The following rules have been omitted:

- a) Rule 122: Constitution of the Authority.
- b) Rule 124: Appointment, salary, allowances and other terms and conditions of service of the Chairman and Members of the Authority
- c) Rule 125: Secretary to the Authority
- d) Rule 134: Decision to be taken by the majority
- e) Rule 137: Tenure of Authority

Rule 127 which provides for ‘Duties of the Authority’ has been amended to substitute the word ‘Duties’ with the word ‘Functions’. Further, for the words “It shall be the duty of the Authority,-”, the words “The authority shall discharge the following functions, namely:-” shall be substituted;

After rule 137, in the Explanation, for clause (a), the following clause shall be substituted, namely:-

‘(a) “Authority” means the Authority notified under sub-section (2) of section 171 of the Act;’

Source: <https://cbic-gst.gov.in/pdf/central-tax/NN-24-2022-English.pdf>

CIRCULAR NO. 181/13/2022-GST DATED NOVEMBER 10, 2022

This Circular has been issued to clarify on the date of applicability of the notifications pertaining to refund in case of inverted duty structure:

1. **Notification No. 14/2022 Central Tax dated 05.07.2022** was issued to amend the formula related to calculation of refund of unutilised input tax credit in case of inverted duty structure prescribed under rule 89(5) of the CGST Rules, 2017. In order to clarify the date of its applicability, the circular has been issued to reiterate that the new formula shall be applicable only in case of refund applications filed on or after 05.07.2022. The refund applications filed before 05.07.2022 will be dealt as per the formula as it existed before the amendment made vide said notification.
2. **Notification No. 9/2022 Central Tax (Rate) dated 13.07.2022** was issued to place restriction on refund of unutilised input tax credit on account of inverted duty structure in case of certain goods. The Circular has clarified that restriction imposed by the above notification shall apply prospectively. Hence, restriction imposed by the said notification would be applicable in respect of all refund applications filed on or after 18.07.2022 and would not apply to the refund applications filed before 18.07.2022.

Source: <https://cbic-gst.gov.in/pdf/Circular-181-13-2022-GST-Clarification-refund-related-issues-10112022.pdf>

CIRCULAR NO. 182/14/2022-GST DATED NOVEMBER 10, 2022

As per the directions of the Hon’ble Supreme Court in the case of Union of India vs. Filco Trade Centre Pvt. Ltd. dated 22.07.2022 & 02.09.2022, the common portal was opened for filing Forms TRAN-1 and TRAN-2 for availing Transitional Credit for two months from 01.10.2022 to 30.11.2022 for the aggrieved registered assessee (hereinafter referred to as the ‘applicant’).

The Transitional Credit claimed by the applicant shall be credited in his electronic credit ledger to the extent allowed by the jurisdictional tax officer through an order after carrying out necessary verifications. As per the Hon’ble Court’s order, the said verification has to be carried out within 90 days after completion of the above window of two months, i.e. within 90 days from 01.12.2022 i.e. up to 28.02.2023.



It is to be noted that while allowing the applicant to file/ revise TRAN-1/TRAN-2 during this window of 2 months, Hon'ble Supreme Court has kept all questions of law open.

It may be mentioned that Hon'ble Supreme Court has only allowed filing of TRAN-1/TRAN-2 or revising the TRAN-1/TRAN-2 already filed by the applicant and has not allowed the applicant to file revised returns under the existing laws.

Reference is also invited to the Board's Circular No. 180/12/2022 dated 09.09.2022 *vide* which guidelines have been issued for the applicants for filing new TRAN-1/TRAN-2 or revising the already filed TRAN-1/TRAN-2 on the common portal.

To ensure uniformity in the implementation of the directions of the Hon'ble Supreme Court across field formations, the Board, in exercise of its powers conferred by section 168 (1) of the CGST Act, hereby issues the following guidelines for verifying the Transitional Credit:

- 1) The verification of the transitional credit shall be conducted by the jurisdictional tax officer who will pass an appropriate order regarding the veracity of the claim filed by the applicant, based on all the facts and the provisions of the law.
- 2) In respect of TRAN-1/TRAN-2 filed/revised by the applicant under the administrative control of the state tax authorities, the same shall be done by the jurisdictional officer of state tax.

- 3) Principles of natural justice shall be followed in the process of passing the order relating to allowance or disallowance of the Transitional Credit.
- 4) The jurisdictional tax officer shall check whether the applicant had earlier filed TRAN-1/TRAN-2 or not. In case, there is no change from the earlier filed TRAN-1/TRAN-2, then such claim of transitional credit is liable for rejection by the tax officer, through a reasoned order, after providing due reasonable opportunity to the applicant.
- 5) In respect of verification done by the counterpart officer, after verification, he will prepare a verification report, in the format detailed in Annexure-II of the latest Circular, specifying the amount of transitional credit which may be allowed to be credited to the electronic credit ledger of the applicant and the amount, which is liable for rejection, along with detailed reasons/ grounds on which the said amount is liable to be rejected.
- 6) For the purpose of verification of the claim of the transitional credit, the jurisdictional tax officer as well as the counterpart tax officer, if required, may call for relevant records including requisite documents/returns/invoices, as the case maybe, from the applicant.

The detailed guidelines and the modalities of coordination between central tax authorities and state tax authorities can be accessed at <https://cbic-gst.gov.in/pdf/Circular-182-14-2022-GST-10th-November-2022.pdf>

Evolution of Code of Conduct For Members



Code of Conduct is a set of do's and don'ts that are expected from the professionals. It is the ethical benchmark for the members to adhere, in order to set standards of the profession. A code of professional conduct can also be referred as code of professional ethics.

Professional ethics for Company Secretary are nothing but the values which a Company Secretary must have. Highest level of conduct is expected from a professional in all his professional endeavors, so as to hold the dignity of the profession and the Institute at the highest level. Professional ethics encompasses professional's conduct towards peers, clients, the employer and public at large. The fundamental principles which should govern the conduct of a professional with others have been broadly identified as to encompass integrity, independence, competence, objectivity, ethical behavior, conformance to the prescribed technical standards and confidentiality of information acquired in the course of professional work.

To evoke the necessary interest and awareness among the members and to create the necessary climate for laying down the right type of conduct which should govern the profession, the Institute organised in February 1976, a National Convention, primarily to evolve the necessary framework for a code of conduct. After the conclusion of that Convention, the Council of the Institute appointed a Code of Conduct Committee with the task of formulating a model code of conduct. The Council of the Institute accepted the recommendations of the Code of Conduct Committee which *inter-alia* prescribed - (a) Rules applicable to all members; and (b) Rules applicable to members in service or in practice.

The Committee and the Council adopted a certain normative approach or value Judgement in formulating the code of conduct. The codes evolved were rooted in the principles of Dharma stating positively what the profession stands for, what it expects from the members and what it cherishes as valued ideals of the society. The code also negatively laid down what constitutes a breach of the code in any given situation and the penal consequences for any violation or misconduct.

The code of conduct acquired statutory status with the conversion of the Institute into a statutory body under the Company Secretaries Act, 1980 (hereinafter referred to as 'the Act'), with effect from 1st January, 1981. In the year 2006 substantial amendments were made to Act and also to the First and the Second Schedules to the Act which encompass in detail, various instances of professional misconduct on the part of the members of the Institute in practice as well as in service.

The law in respect of matters of Misconduct has been provided in Chapter V of the Company Secretaries Act, 1980. The detailed provisions relating to misconduct and disciplinary mechanism are contained in Section 21, 21A, 21B, 21C, 21D, 22, 22A, 22B, 22C, 22D & 22E and the First and the Second Schedules to the Company Secretaries Act, 1980 and the Company Secretaries (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007 (as amended).

As per Section 22, for the purposes of the Company Secretaries Act, 1980, the expression "professional or 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.

CASE STUDY

A complaint of the professional or other misconduct in Form I was filed under Section 21 of the Company Secretaries Act, 1980 *inter-alia* alleging that the Respondent had issued a certificate in Form MGT-8 certifying false transfer of shares of a company. In Annual Return, the Respondent has shown two directors as Indian nationals who are British nationals. The Respondent has shown presence of directors in the Board meeting of the company who were not present in India on the date of the Board meetings and the Respondent has made unlawful gains and in a *quid pro quo* arrangement gone to the extent of having Mr. X, his partner/associate to be appointed as a director of the company and expressed his opinion in the matter of the company in which his associate Mr. X is a director and has substantial interest in it.

The Disciplinary Committee observed that it has been admitted by the Respondent that two directors are British citizens. However, the Respondent, in the Form MGT-7 under the head VI (a) and VI (b) in Shareholding Pattern had not shown any director as shareholder in foreign/NRI

category, which is factually incorrect. The Respondent has admitted his mistake as inadvertence. It was observed that the Form MGT-7 certified by the Respondent for the financial year ended on 31st March 2015 shows that the company had made transfers during the year 2014-15, however, while issuing the Form MGT-8 for the same financial year, he has certified that there was no transfer during the year. The Respondent has admitted this mistake also as inadvertence. The Disciplinary Committee also observed that the Respondent and Mr. X are directors in one LLP. The professional address in the records of the ICSI has the name of which conspicuously gives impression that the Respondent is practicing with the firm. The Disciplinary Committee further observed that the Respondent has issued the certificate in Form MGT-8 in which he has shown transfer of shares. In the certificate he had mentioned that he has examined the registers, records and books and papers of for the financial year. The Disciplinary Committee viewed that the Respondent has not exercised necessary due diligence while performing his professional duties. The Disciplinary Committee held the Respondent 'Guilty' of professional misconduct under Clause (7) of Part-I and Clause (1) of Part-II of the Second Schedule to the Company Secretaries Act, 1980.

The Disciplinary Committee after providing an opportunity of being heard to the Respondent, passed an Order of Reprimand and Fine of Rs. 10000/- against the Respondent.

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Reconnoitring Carbon Neutrality Scenario of Indian Corporate Sector



According to international scientific consensus, global net human-caused carbon dioxide (CO₂) emissions must reduce by around 45% from 2010 levels by 2030 to have a fighting chance against global warming, with net-zero emissions expected around 2050. The term “net-zero” refers to a situation in which greenhouse gas emissions are matched by their removal from the atmosphere.

While industrialisation has brought newer opportunities, there is no denying the fact that it also led to challenges like fast increasing global temperatures, natural calamities, extreme weather, loss of biodiversity, disease transmission and widening inequality. A sector-wise data shows that a whopping 56% of the emissions is accounted for by energy industries, followed by manufacturing and construction ones. The transport accounts for 13% share in it.

According to S&P Global, India is likely to have over 52% of its gross domestic product (GDP) exposed to physical risks like wildfire, flood, sea level rise, or storms by 2050. Top Indian companies are enhancing their sustainability quotient through investments in improving operational sustainability through increased efficiency and responsible procurement of materials to upgrading disclosures, but much more work is required to fulfil the net-zero targets set for the country.

Many Indian corporate houses have adopted decarbonisation goals to achieve carbon neutrality by 2050 or earlier. Additionally, businesses have established internal carbon pricing, which is used as a reference for all business decisions.

To lessen their carbon footprint, Indian businesses have heightened their investments in renewable energy, waste heat recovery systems, more efficient equipment, and renewable fuels. For instance, Ultratech Cement increased its solar capacity by 121 megawatts and its waste heat recovery system capacity by 42 megawatts in FY22. By 2025, Tata Steel hopes to develop a million tonnes of annual steel recycling capability in India using less carbon-intensive electric arc furnaces.

To address the issue of environment preservation, NSE Ltd. have introduced the innovative and unique approach of NIFTY100 Enhanced ESG Index. This index has been designed to reflect the performance of companies within NIFTY 100 index based on Environmental, Social and Governance (ESG) score.

It is to be noted that companies should have normalized ESG score of atleast 50% to form part of this index. The weight of each constituent in the index is tilted based on ESG score assigned to the company, i.e. the constituent

weight is derived from its free float market capitalization and the ESG score. The index has a base date of April 01, 2011 and a base value of 1000. The stocks should qualify the following eligibility criteria for becoming part of this index:

- Stocks should form part of NIFTY 100
- Companies should have an ESG score
- Companies with a controversy category 4 and 5 will be excluded (scale: 1-5, category of 1 being least controversial)
- Companies engaged in the business of tobacco, alcohol, controversial weapons and gambling operations shall be excluded.

Thus, looking at the exemplary initiative of NSE in the form of NIFTY 100 Enhanced ESG Index, it may be opined that India is already on the trajectory of carbon neutralisation.

Further, to augment the climate-resilient development and provide a roadmap to achieve these targets, the Union Budget 2022-23 laid due emphasis on climate. The Budget underlined the importance of energy transition, sustainable development, and climate action.

To obliterate carbon emission, India has come out with new ESG Rules (SEBI's BRSR Framework) to address corporate greenwashing wherein the companies will be required to submit detailed emissions data starting next fiscal year, i.e. April 1, 2023. The government plans to compile information from the country's top 1,000 listed companies ranked by market capitalisation to compulsorily include Business Responsibility and Sustainability Report or BRSR in their annual reports disclosed to stock exchanges.

The disclosures on the environment aspects such as resource usage (energy and water), air pollutant emissions, green-house (GHG) emissions, transitioning to circular economy, waste generated and waste management practices, bio-diversity etc. are covered in the BRSR.

The ESG rules are intended to help India, the world's third-largest polluter, cut emissions and meet a target of net zero emissions by 2070. The new norms are expected to improve transparency with investors and the government as well as bring in a renaissance in the corporate governance.

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You may send in your suggestions to the Editor, Chartered Secretary, The ICSI at cs.journal@icsi.edu.

#startupindia

MAARG: Mentorship Along your Startup Journey

INTRODUCTION

The Indian startup ecosystem, the third largest in the world, is developing at an unprecedented rate. With 5,000 startups recognised with Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry at the beginning of 2017, the country has seen a meteoric rise of 1565% in the last five years itself, with 83, 270+ DPIIT recognized startups as of 20th November 2022.

As India strides towards becoming the largest startup ecosystem globally, concentrated efforts will further boost the ecosystem and cater to the specific needs and requirements of the startups at each stage and across industries. These concentrated efforts will help provide context-driven and customized solutions to the challenges faced by startups and entrepreneurs, further concretizing India's position as a global startup leader.

Entrepreneurs today, face a myriad of challenges in their entrepreneurial journey, from stabilizing business models, identifying markets and funding avenues to determining growth strategy and raising capital for their enterprise. To overcome the same startups require dedicated and expert support in the form of mentorship. The right mentorship can play a pivotal role in the startup journey, accelerating its journey to success. Therefore, with the aim of mentoring startups in their entrepreneurial journey, a focused **National Mentorship program** for startups has been conceived under the **Startup India initiative, Department for Promotion of Industry, and Internal Trade (DPIIT)**.

ABOUT MAARG

MAARG (Mentorship, Advisory, Assistance, Resilience and Growth) portal is a one-stop platform for startups to access the state-of-the-art features and connect with seasoned experts and startup ecosystem enablers for an immersive mentorship experience. This virtual platform is designed to provide mentorship to the startups throughout their growth cycle and across geographies at a pan India level.

The objectives of the MAARG portal are -

- To **provide** sector focused guidance, handholding, and support to startups throughout their lifecycle
- To **establish** a formalised and structured platform that facilitates intelligent matchmaking between the mentors and their respective mentees
- To **facilitate** efficient and expert mentorship for startups and build an outcome-oriented mechanism that allows timely tracking of the mentor-mentee engagements



FEATURES, PROCESS AND ELIBILITY

The core features of the program include an AI powered Mentor-Startup matchmaking, group mentoring sessions, scheduling and hosting meetings, agenda setting, user specific logins, progress tracking, cohort-based programs, knowledge resources and tools, and query redressal.

Through the MAARG portal startups can get access to the right mentor on the basis of their sector, functional skillset and stage requirements and benefit from the expert mentorship without any monetary cost requirements. Startups can send a request, schedule sessions, and seek guidance from mentors.

Further, the MAARG portal boasts of 450+ seasoned experts from industry and academia eager to support startups through their rich experience. Further, mentors onboarded with the portal have access to a host of benefits including invitation to national and international programs, access to networking, appreciation letters, mentor badges and special social media coverage.

In order to avail the above benefits through the MAARG portal by Startup India, startups and mentors are encouraged to apply at <https://maarg.startupindia.gov.in/>. All DPIIT recognized startups can apply directly at the link. Other startups are required to register at <https://www.startupindia.gov.in/> and apply for DPIIT recognition post which they can apply through the MAARG Portal.

WAY FORWARD

As India carves its path towards entering the top three largest economies of the world, it is imperative that we catalyse the startup ecosystem and steers our startups towards catering to the growing needs of the country and the globe through a well-structured ecosystem and a strong foundational base. Mentorship, as ingrained in our tradition, will also find space in the present and future by providing a way for startups and entrepreneurs to seek guidance, reinvent themselves and establish meaningful connections within industries.



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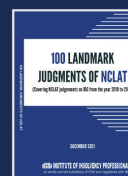
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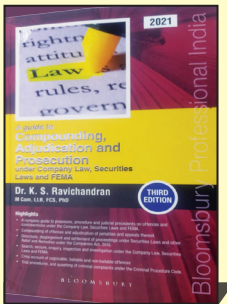
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“Guide to Compounding, Adjudication and Prosecution Under Company Law, Securities Law and FEMA”



Authored By:

Dr. K S Ravichandran

M.Com, LLB, FCS, Ph.D.

Forwarded by

Hon'ble Manmohan Singh, Former Justice of Delhi High Court:

Published by: Bloomsbury Publishing India Pvt. Ltd.

The present 3rd edition titled “**Guide to Compounding, Adjudication and Prosecution under Company Law, Securities Law and FEMA**” is a comprehensive book, covers the entire aspects relating to the very complicated procedure for Compounding, Adjudication Prosecution against the defaulting company and its directors and Key Managerial Persons (KMPs), as they may be covered under the category of officer in default in the relevant status under the Company Law, Securities Laws and FEMA.

In the present era of e-filing of various documents, forms and returns, thereafter their scrutiny by the competent authority and initiation of legal proceedings, it has become very challenging for the Company, its directors and KMPs to make strict and absolute compliances of law to the satisfaction of the relevant authority. Due to complexity and interpretation of law initial show cause notice is issued to the concerned companies and its directors. Therefore, it is required to take appropriate care in filing of initial reply and if required to proceed for settlement order or compounding of offences, to buy the peace and focus on the business activities, as the prosecution is always time consuming and have substantial cost and to process for further appeal in deserving cases, etc.

Therefore, the topic selected by the Author is a need of the present era for the for the medium and large scale companies and their Directors and KMPs to read and understand the various options available with them in case of any default committed in compliance of Company Law, Securities Laws and FEMA.

Under the Companies Act, 2013 as well as various applicable securities law and FEMA, the directors and KMPs of companies that fall under a specific class, which requires adoption of highest level of governance norms, which needs suitable level of compliances, in an adequate manner and timely.

The present edition has been divided into 4 (Four) Parts which have 20 chapters alongwith 25 Appendix. The commentary given by the Author at a various places are properly supported by the various judgement of the SEBI, SEBI (SAT), High Court and Supreme Courts, etc. related thereto were also referred for explaining and clarity of all the aspects of the relating topic which fully justify with adequate clarity.

The author has covered in length the entire requirement and procedure for settlement, adjudicating and compounding process along with the relevant provisions of the law and complete text of the rules made there under which provides handy material in the single book and serve as a guiding source before taking any such appropriate action and provide answer to the several questions that may comes in the mind of professional, Company's management as well as regulating authorities, which are very useful in the present scenario.

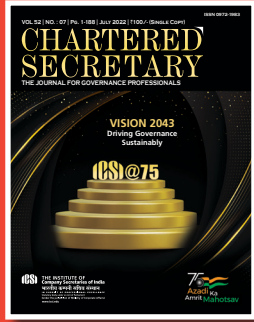
I found that this book very unique compilation of the required matter and useful for all the directors, corporate, Company Secretary, shareholders and budding law/CS students, and it would be equally beneficial for practitioners and department officers and judges.

I appreciate that the Author has provided valuable contribution in this edition with his practical knowledge and experience in his long journey of his professional career, therefore this book will be highly insightful for directors, which includes professional, directors and KMPs, to analyze the legal cases initiated and make up their mind for further course of action for adequate relief as they deserve as well as future proposed action to avoid legal prosecution on the Company and its director and KMPs.

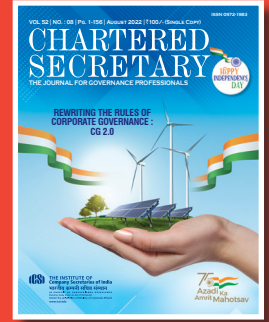
The author is complimented and appreciated for this edition, and I suggest him to update and go for new editions on this topic and I wish all success.

CS (Dr.) D.K. Jain

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