

CHARTERED SECRETARY

THE JOURNAL FOR GOVERNANCE PROFESSIONALS

Governance from Ancient Indian Scriptures



**THE INSTITUTE OF
Company Secretaries of India**

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE
Statutory body under an Act of Parliament
(Under the jurisdiction of Ministry of Corporate Affairs)

www.icsi.edu

Motto

सत्यं वद। धर्मं चर।

“इष्टं कुरु त्वत्कामं कुरुते इत्युक्तं त्वत्कामं”

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CONGRATULATIONS
SHRI RAJESH VERMA
ON HIS APPOINTMENT AS THE SECRETARY OF
THE MINISTRY OF CORPORATE AFFAIRS (MCA)

NEW BEGINNINGS !!!



The Institute of Company Secretaries of India (ICSI) and the entire fraternity of Governance Professionals greets and congratulates **Shri Rajesh Verma** on his appointment as the Secretary of the Ministry of Corporate Affairs (MCA) Government of India w.e.f. 1st June, 2020.

An Odisha cadre IAS officer of 1987 batch, Shri Verma held the post of Special Secretary and Additional Secretary in the Ministry of Agriculture and Farmers' Welfare prior to his appointment in this designation. He has also worked in several key positions before being deputed to the Centre.

We firmly believe that his expertise in the subject, rich experience, administrative acumen and dynamic leadership will make further value addition and strengthen the foundation of corporate governance in the India Inc.

Shri Rajesh Verma replaces Shri Injeti Srinivas following the latter's superannuation on May 31, 2020.

In continuance of its commitment towards its stakeholders especially the Regulatory Authorities, the ICSI shall extend its wholehearted support in all the endeavours of the Ministry of Corporate Affairs under the able leadership of Shri Rajesh Verma and we hope that together we shall scale greater heights in good governance.



CELEBRATION 2020

On Monday, 15th June, 2020

INAUGURAL SESSION

CHIEF GUEST

Shri Anurag Singh Thakur

Hon'ble Union Minister of State for Finance & Corporate Affairs, Government of India



SPECIAL SESSION

Addressed by:

Shri Manoj Pandey

Joint Secretary, Ministry of Corporate Affairs Government of India



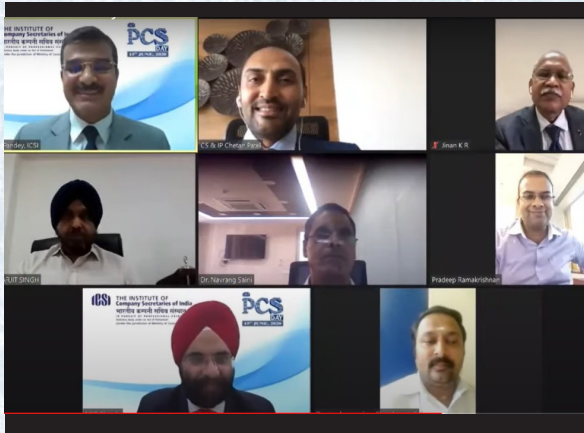


CELEBRATION 2020

On Monday, 15th June, 2020

PANEL DISCUSSION

**EMERGING ECOSYSTEMS & BUSINESS FRAMEWORK:
REINVENTING THE PROFESSION**



PANELISTS



Shri Amarjit Singh, IAS(Retd.)
Chairman, RERA Gujarat



CS (Dr.) Navrang Saini
Whole Time Member, IBBI



CS Pradeep Ramakrishnan
General Manager, SEBI

MODERATOR



Shri K.R. Jinan, Member (Judicial)
NCLT (Kolkata Bench)



Shri S Santhanakrishnan
Council Member, ICSI
(Government Nominee)



CS Ranjeet Pandey
Council Member, ICSI
& Immediate Past
President, ICSI

PANEL DISCUSSION

FROM PROFESSION TO ENTREPRENEURSHIP: THE TRANSFORMATION

PANELISTS



CS D C Jain
Chairman & Mentor
Akums Drugs &
Pharmaceuticals Limited



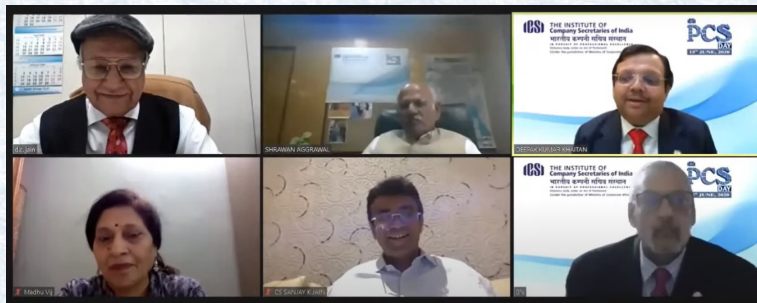
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Chairman
Vimal Organics Ltd.



CS Sanjay Kumar Jain
Managing Director, T T Ltd.



Dr. Madhu Vij
Professor, Faculty of Management
Studies, University of Delhi



Glimpses of ICSI Webinars

WEBINAR ON

AATMANIRBHAR BHARAT THE DAWN OF A NEW INDIA ON
18TH MAY, 2020

SPEAKERS



Shri Suresh Prabhu

6 times MP (4 in Lok Sabha, 2 in Rajya Sabha)
Held 10 cabinet positions
(6 under Atal Ji, 4 under Modi Ji)



Shri K.J. Alphons

Hon'ble Member of Parliament
Rajya Sabha



Shri Ashutosh Sharma

Secretary, Dept. of Science
& Technology, Govt. of India



Shri Atul Sobti

Director General, SCOPE &
Former CMD, BHEL



Shri Narayanan Sadanandan

MD & CEO, SBI Pension Funds Limited



Shri Nixon Joseph

President & COO
SBI Foundation



CS Ashish Garg

President
The ICSI



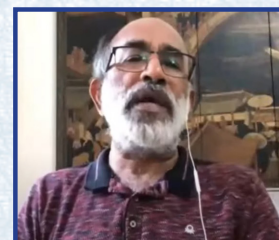
CS Nagendra D. Rao

Vice President
The ICSI



Shri Amit Goenka

Director & Executive Editor
CSR Times



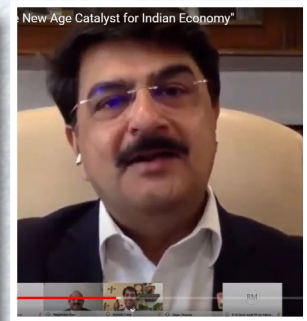
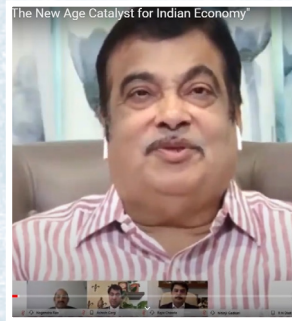
Glimpses of ICSI Webinars

WEBINAR ON

MSMEs: THE NEW AGE CATALYST FOR INDIAN ECONOMY ON 8TH JUNE, 2020

Addressed by:

Hon'ble **Shri Nitin Gadkari**, Minister of Road Transport & Highways, Micro, Small & Medium Enterprises, Government of India
Shri Rajiv Chawla, Chairman, Integrated Association of Micro, Small & Medium Enterprises of India



WEBINAR ON

“FITNESS! A WAY OF LIFE” ON 29TH MAY, 2020

SPEAKERS



Shri Kiren Rijju
Minister of Youth Affairs and Sports (I/c)



Shri Gagan Narang
Olympic Medalist



Shri Manish Batavia
Sports Commentator



CS Ashish Garg
President of ICSI



Glimpses of ICSI Webinars

WEBINAR ON

“YOUTH FOR NATION BUILDING” ON 10TH JUNE, 2020

Addressed by:

Dr. Kiran Bedi, Lieutenant Governor of Puducherry
Shri Anil Gupta, Council Member (Govt. Nominee), The ICSI



WEBINAR ON

“CYBER SECURITY THREATS & CHALLENGES” ON
13TH JUNE, 2020

Addressed by: **Dr. Varun Kapoor**, IPS, Additional Director of Police, Madhya Pradesh



WEBINAR ON

“CRISIS MANAGEMENT: THE NEW AGE STRATEGIC
PROFESSIONALISM ON 25TH MAY, 2020

Addressed by: **Shri Sandeep M. Tamgadge**, IPS Addl. DGP, Nagaland



Glimpses of ICSI Webinars

WEBINAR ON

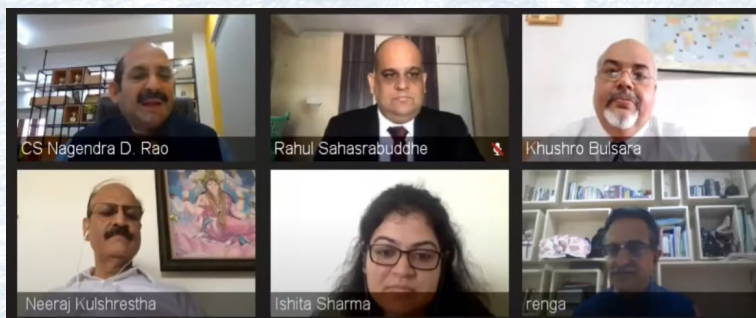
“SOCIAL MEDIA & ITS ROLE IN NATION BUILDING” ON
21ST MAY, 2020

SPEAKERS



WEBINAR ON

“SEBI LODR – A JOURNEY SO FAR ...” ON 22ND MAY, 2020



Addressed by:

CS Nagendra D. Rao, Vice President, ICSI
Shri Neeraj Kulshrestha, Chief Regulatory officer, BSE Ltd.
Shri Khushro Bulsara, CGM Listing, BSE Ltd.

CS B. Renganathan, Executive Vice President,
Edelweiss Financial Services Ltd.
Ms. Ishita Sharma, Manager, Corporate Finance Department, SEBI
CS Rahul P. Sahasrabuddhe, Chairman, WIRC

Glimpses of ICSI Webinars

WEBINAR ON

“ ROLE OF IEPFA IN INVESTOR EDUCATION & PROTECTION” ON 23RD MAY, 2020

SPEAKERS



WEBINAR ON

ICSI RVO 50 HOURS ONLINE EDUCATIONAL COURSE ON 1ST JUNE, 2020



Addressed by:
CS Ashish Garg, President, ICSI
CS (Dr.) Shyam Agrawal, Chairman, ICSI RVO

Glimpses of ICSI Webinars

WEBINAR ON

WORLD ENVIRONMENT DAY 'TIME FOR NATURE' ON
5TH JUNE, 2020

SPEAKERS



Ms. Sunita Narain
Director General, CSE
& Editor, Down to Earth



Ms. Sumaira Abdulali
Environmentalist &
Founder, Awaaz Foundation



CS (Dr.) P.V.S. Jagan Mohan Rao
Past President
The ICSI



CS Ashish Garg
President
The ICSI

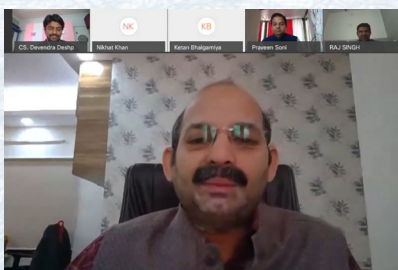


CS Nagendra D. Rao
Vice President
The ICSI



WEBINAR ON

ICSI-CCGRT'S UNIQUE ONLINE TWO DAYS WORKSHOP ON
MASTERING MS-EXCEL AND MS-POWERPOINT PROGRAM ON
MAY 15-16, 2020



Addressed by:
CS Nagendra D. Rao,
Vice President, ICSI
CS Devendra V. Deshpande,
Chairman, ICSI-CCGRT

Glimpses of ICSI Webinars

WEBINAR ON

INTERNATIONAL WEBINAR ON "ECONOMIC SUBSTANCE REGULATIONS (ESR) ON 28TH MAY, 2020

SPEAKERS



Chief Guest
CS Ashish Garg
President, The ICSI



Special Guest
CS Ranjeet Pandey
Vice President, CSIA &
Immediate Past President, The ICSI



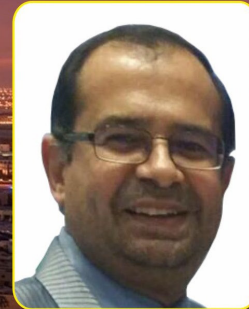
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Managing Director-MCA Auditing
& Management Consultants



Mr. Narasimha Das
Associate Partner
Crowe Mak Limited



Mr. Harikishan Rankawat
Managing Partner
RNG Auditors



CS R. Lakshmanan
Founding Member
ICSI Middle East (DIFC) NP10



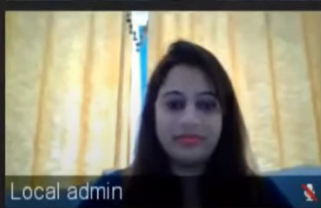
Lakshmanan



Hanumantha kumar Mannem



Ashish Garg



Local admin



CS Ranjeet Pandey



Hari



“Always do your best. What you plant now, will harvest later.”

Dear Professional Colleagues,

With the above words of American Author, Augustine Og Mandino, I would like to conjoin the words of Noble Laureate Rabindra Nath Tagore, *“The one who plants trees knowing that he will never sit in their shade, has atleast started to understand the meaning of life”*.

The thought behind these quotes can be connected at various levels, both micro and macro. At a micro level, the same can be connected with the vision of the Institute of Company Secretaries of India which is to be a global leader in promoting good corporate governance. The seeds planted by the honourable founders of the Institute are bearing fruits in a manner that has come to strengthen the foundation of the India Inc. That is what we can call a true example of planting seeds now and reaping the harvest later.

Honestly, the concept in itself is so vast that one can find its bearing in every aspect of life. Even so, the topic for this month’s edition of this Journal is a fine example of the foresightedness of the great sages and mahatmas who had toiled day and night and immersed themselves completely into creating astounding documents, ones which we refer to till date in search for words of wisdom. The beauty of these documents is that while they had been authored and penned ages and eons ago, there relevance in the 21st century has not reduced rather enhanced multiplicatively.

GOVERNANCE FROM ANCIENT INDIAN SCRIPTURES

Be it the Ramayana written by Maharishi Valmiki or the Mahabharata authored by Ved Vyasa, be it the short stories

connected to their existence or the lessons from the lives and conduct of the leading characters, be it the Arthashastra of Chanakya or his famous Chanakya Neeti or the words of Manu in the form of Manu Smriti; Be it the gyaan of Lord Shri Krishna compiled into the 700 verses long Shrimad Bhagavad Gita or the easy to learn and sing 40 verses of Hanuman Chalisa, be it the knowledge saved and treasured in the form of Vedas, Upvedas, Vedangs, Upanishads or the Subhashitas, rather what is more interesting is the fact that the Indian folklore too holds in its garb lessons and morals of life galore.

Governance is no different. How should a leader conduct himself, how should a board conduct itself, how should the independence of independent directors be protected and channelized, how should the rights of stakeholders be protected, even so how should the corporates undertake their social responsibility, how should each person be accountable for his work and most importantly the question that pertains to our profession, what are the roles and responsibilities of a Company Secretary and what is the conduct expected of him...

All these questions and more find answers in the heart of our Ancient Scriptures. Each scripture comes across and presents itself as a guide, a ready reckoner, one which holds befitting replies when these questions are placed therein.

Even more, most of the dos and don’ts for Company Secretaries have also been well described through the roles played by various *Sachivs* in the courtrooms of various kings across various times or yug. A fine example of this is the usage of the word Sachiva more or less about 91 times starting from the Balakanda to the Uttarakanda of the Shri Ramacharitmanas of Tulsidasji. All this and more can very well be called ‘getting back to roots’.

AATMANIRBHAR BHARAT

Referring to the Indian scripture himself, the Hon'ble Prime Minister had used two contrasting shlokas, the first being वसुधैव कुटुम्बक (the whole world is family) and the second being माता भूमिः पुत्रो अहं पृथिव्या (land is our mother and we are her son). While on one hand, his act was one of gaining pearls of wisdom from ancient scriptures, his thought and proposition of making India self-reliant or Aatmanirbhar with an elaborately chalked out plan engulfing all the sectors of Indian economy is an act of sowing seeds which would reap a wondrous harvest at a later date. It is steps like these that shall truly render the Nation as the next superpower on the global diaspora.

Taking the two shlokas in all their togetherness, it is indeed a worthy thought to utilise the resources of our motherland in such a manner that we can serve the world.

We as professionals, who have always cherished and taken pride in playing multifarious roles in the Indian Corporate sector as well as those expected of us by the Regulatory Authorities, for us our responsibilities have just heightened. While the call for Aatmanirbharta was a call to the entire nation, to me it was a clarion call to all the Governance Professionals demanding their unflinching support, dedication and commitment for guiding the Nation on the path of self-reliance. Be it MSMEs or NBFCs, the private sector companies or public sector entities, the upcoming new start-ups and ventures or the corporate restructuring expected in near future or be it; all of them would need full-fledged support of all professionals and in particular the governance professionals.

For it is us who shall be assisting them in finding ground and focusing on their core activity while we shall be taking care of their commitment and compliance with the laws of this land.

TO BEAUTIFUL ENDINGS AND NEW BEGINNINGS

Friends, you must have noticed that almost every message from these pages mentions are roles and collaborations with the Ministry of Corporate Affairs, our joint efforts, so on and so forth. We have always been thankful to all the Officials for their support at every juncture and most importantly to the leadership. Having Shri Injeti Srinivas, IAS as the Secretary of the Ministry, was indeed a remarkable journey. His wisdom and his thoughts guided our actions and he too has considered both the professionals and the Institute in high regard.

On his superannuation from his services, we at ICSI extend him our heartfelt gratitude for his support and wish him all the very best in his future endeavours. In the same breath we would like to extend a very warm welcome and best wishes to Shri Rajesh Verma on his appointment as the Secretary, Ministry of Corporate Affairs. May we scale great heights together!

ICSI INITIATIVES: DIGI CONNECT AND MORE

Talking of Digi Connect, the lockdown induced as a curtailment measure for the pandemic has offered us the chance to look beyond conventional means of connecting with our members, students and stakeholders. And the words of Seth Godwin that, "Our job is to connect to people, to interact with them in

a way that leaves them better than we found them, more able to get where they'd like to go"; fit aptly. And this connection through technology has helped us cross geographical borders and deliberate and discuss issues of global interest with ease and élan.

The International Webinars on Impact of COVID-19 on Global Economy and Economic Substance Regulations are fine examples of this statement. Along with these I feel extremely gratuitous towards the guests including Shri Nitin Gadkari, Shri Suresh Prabhu, Dr. Kiran Bedi, Shri Kiren Rijjuju, Shri K. J. Alphons, Shri Gagan Narang, Shri Manoj Pandey, Shri Ashutosh Sharma, Shri Sandeep M. Tamgadge, Ms. Sunita Narain for presiding over our Webinars and connecting with us in these times of turbulence.

Along with these Webinars, another additional manner of connecting and assisting our students has been to provide them the opportunity to learn digitally. I feel elated to mention that the Online Crash Courses for students under the aegis of e-Vidhya Vahini is garnering tremendous response. Further, two new crash courses for members have been launched in the area of IBC and NCLT.

Friends, understanding the hurdles facing our professionals during these unprecedented times, I feel pleased to share that the last date for the payment of Annual Membership Fees for members has been extended from 30th June, 2020 to **30th September, 2020**. I hope that the same will accord some relief to our members.

Having discussed and shared the past, present, and future of both the nation as well as the professionals, I would like to sum up my thoughts with this shloka from the Sundarakanda of the Ramayana:

सचिव बैद गुरु तीनि जौं प्रिय बोलहिं भय आस ।
राज धर्म तन तीनि कर होइ बेगिहीं नास ॥

(When a sachiva, a physician and a religious preceptor, when these three use pleasing words from fear or hope of reward the result is that the reign (kingdom), health and dharma, these all three forthwith go to the vain.)

The doha entrusts sachiva or the modern day Company Secretaries with great sense of accountability and responsibility. And along with that the same verse gives us a unique lesson, the lesson of fearlessness. For as the old saying goes "Once you become fearless life becomes Limitless".

Happy Reading !!!

Yours Sincerely



CS Ashish Garg
President, ICSI

Initiatives undertaken during May, 2020

RELAXATION IN ADMISSION CRITERIA INSTITUTE OF ACTUARIES OF INDIA

The ICSI has received relaxation in the condition of entry to actuarial profession for the qualified members of the Institute from the Institute of Actuaries of India (IAI) - A Statutory body established under an Act of Parliament. Members of the ICSI can now directly apply for Admission without appearing for the Actuarial Common Entrance Test (ACET).

ICSI- CORE GROUP ON NCLT

The Institute in pursuit of re-engineering excellence from time to time constitutes Core Groups to deliberate on the contemporary topics and bring about improvement in the existing practices and procedures for its members.

ICSI has constituted a Core Group on NCLT. The objective for the constitution of this Core Group inter-alia is to upgrade the representation and advocacy skills of Company Secretary Professionals and to suggest standardisation of diverse practices being followed at various NCLT benches.

The Core Group is being chaired by Chief Justice (Retd.) Shri M M Kumar, Hon'ble President, NCLT.

REPRESENTATIONS AND COMMENTS SUBMITTED

- Comments on the 'SEBI Consultative Paper with respect to guarantees provided by a listed company' submitted to SEBI on May 7, 2020.
- Request for amendment in GST Law due to COVID-19 submitted to the Chairperson, Goods and Service Tax Council on May 18, 2020.
- Comments on the SEBI Consultation Paper on "Pricing of Preferential Issues and exemption from open offer for acquisitions in Companies having Stressed Assets" submitted to SEBI on May 26, 2020.
- Views and suggestions on the Draft Valuers Bill, 2020 submitted to MCA on May 28, 2020.

MEETINGS ATTENDED

- President, ICSI along with officials from Secretariat attended the Second Meeting of the High Level Committee for preparation of investigation manual for SFIO held on May 26-27, 2020 under the Chairmanship of Secretary, MCA via video conferencing.
- CS Ranjeet Pandey, Immediate Past President & Council Member, ICSI along with officials from Secretariat attended the First Meeting of the Committee on the Corporate Governance Guidelines for Insurers in India constituted by Insurance Development and Regulatory Authority of India (IRDAI) held on May 28, 2020 via video conferencing.

WEBINARS CONDUCTED DURING MAY, 2020

Webinars were conducted during the month of May, 2020 on varied topics of professional interest for the holistic development of our members, students and other stakeholders:

- NCLT amidst Pandemic
- Mastering The Art of Work Life Balance
- Dream, Dare, Deliver
- Impact of COVID -19 on the Indian Economy: Opportunities & Threats
- Determination and Disclosure of UPSI – Case Studies
- Yoga: Way to Manage Stress
- Impact of COVID19 on Global Economy: Role of Professionals & Way Forward
- Transforming Challenges Into Opportunities
- Aatmanirbhar Bharat: The dawn of a new India
- Social Media & its Role in Nation Building
- SEBI LODR – A Journey So Far
- Role of IEPFA in Investor Education & Protection
- Crisis Management: The new age strategic professionalism
- International Webinar on Economic Substance Regulation (Organized by ICSI Middle East (DIFC) NPIO, Dubai
- Fitness: A way of life

TWO DAYS ONLINE WORKSHOP ON NEW DYNAMICS NEW OPPORTUNITIES

The Institute organized a first of its kind Two Days Online Workshop on the theme New Dynamics New Opportunities during May 23-24, 2020. Over 600 participants comprising Members and Students of the Institute participated in the Two Day Workshop. The deliberations during the two days covered contemporary topics such as RERA, Arbitration, Secretarial Audit - Scope, Planning & Strategies, NGOs, Societies, Nidhi Companies, Producer Companies, CSR, FEMA, MSMEs. A motivational session on Embarking on a Journey towards Success & Satisfaction was also organized.

ONGOING ONLINE ICSI CONTINUING PROFESSIONAL DEVELOPMENT – SELF ASSESSMENT MODULES

In order to facilitate the members attain the mandatory PCH for the block year 2017-20, the Institute initiated the self-assessment modules, wherein the members have an option to appear in all the six modules and obtain 10 PCH for each of the module cleared. The last date has been extended from 30th April, 2020 to 30th June, 2020. The registration shall close on 15th June, 2020, however a registered member can appear for the exam till 30th June, 2020.

ONLINE CERTIFICATION AND CRASH COURSES INTRODUCED BY THE ICSI

In order to provide uninterrupted learning amid lockdown situation in the country, different online courses on the topics of professional interest and importance have been introduced. These courses have received overwhelming response from the members.

Considering the success of ICSI online crash courses launched in the month of April, 2020 and their nationwide acceptability amongst the professional fraternity, two new online crash courses in the areas of National Company Law Tribunal (NCLT) and Insolvency and Bankruptcy Code (IBC) were launched during the month of May, 2020, which were cumulatively attended by nearly 700 professionals.

In addition, the ICSI has also introduced 3 months Certificate Course on Prevention of Sexual Harassment (POSH) and Certificate Course for Women Directors during the month of May, 2020 and cumulatively more than 300 professionals have been registered for these certification courses.

ONLINE TRAINING PROGRAMME FOR EMPANELMENT OF PEER REVIEWERS

During these hard times caused by the outbreak of COVID-19, it is well understood that the learning of our members should not stop. Accordingly, an online training programme for empanelment of Peer Reviewers was organized on 17th May, 2020. More than 250 members participated in the training programme. Keeping in view the demand from the members, more such training programmes will be organized in near future.

ACADEMIC INITIATIVES DURING THE MONTH OF APRIL, 2020

- Case Digest Series- Issue II: The Institute has started case digest series consisting case snippets from Company law, Insolvency law, Competition Laws, Securities Laws, Consumer Law, Corporate Fraud, Money Laundering, General Laws, Labour Laws, Direct Tax Laws, Goods and Services Tax Laws, Banking Laws and recent case studies on different subjects. The publication was circulated to students and members and placed on ICSI Website.
- GST Practice manual for students for July, 2020: A Practice Manual of questions on Tax Laws (IDT) (New Syllabus) Executive level and Advance Tax Laws (IDT) (New Syllabus) - Professional Level has been developed and placed on the ICSI Website to help students in preparation for their examinations.
- Chapter-wise update for students: The Chapter wise update during the March – April, 2020 on the study material of the subject of Executive and Professional programmes has been prepared and placed on the website of the ICSI for easy reference by the students.

POSTPONEMENT OF CS EXAMINATIONS, JUNE-2020 SESSION

ICSI after due consideration of the prevalent situation and subsequent lockdown, due to COVID-19, has decided to further postpone its Examinations (June - 2020 session) including the Post Membership Qualification (PMQ). The examinations of the above session will now commence from 18th August, 2020. The Revised schedule has been placed at the ICSI website.

STUDENT COMPANY SECRETARY AND CS FOUNDATION E-BULLETIN

The Student Company Secretary e-journal for Executive/ Professional programme students of ICSI and CS Foundation course e-journal for Foundation programme students of ICSI have been released for the month of May, 2020. The journal is available on the Academic corner of the Institute's website at the link: <https://www.icsi.edu/e-journals/>

E- VIDHYA VAHINI - FREE ONLINE CRASH COURSE FOR STUDENTS

ICSI started an online crash course e-Vidhya Vahini for the students of the Institute in line with the initiatives taken by Government of India in the field of education during widespread pandemic. The prime objective of conducting online crash course is to prepare the students of the Institute for the examination who are appearing in the June 2020 exam session scheduled to be held in August, 2020. The video lectures of the online crash course are also being made available simultaneously at <https://elearning.icsi.in> and YouTube channel of ICSI for the students of the Institute.

The crash course which commenced from 18th May, 2020 will run up to 2nd July, 2020 for all subjects of Foundation, Executive and Professional Programme for both New and Old Syllabus students. The sessions are taken by the renowned faculties with fine experience in education.

Besides online crash course, ICSI has also planned special online doubt clearing sessions for the students of the Institute which will further help them in preparing for the examination.

WEBINARS FOR STUDENTS OF ICSI

ICSI conducted various dedicated webcasts for the students of the Institute in the month of May, 2020. The Webcasts were focused mainly on the various aspects of examination. The topics of the webinars were Tips for cracking the exam, Latest Amendment in the Company Law and Exam Approach, life skills etc. The YouTube links of the webinars conducted have been uploaded on the website of the Institute for the benefit of students at large.

INITIATIVES FOR CSEET STUDENTS

- **Postponement of Company Secretary Executive Entrance test (CSEET):**

In view of the prevailing situation due to COVID-19, the date for Company Secretary Executive Entrance Test (CSEET) has been further postponed from Friday,

the 17th July, 2020 to Saturday, 29th August, 2020. The Last date of registration for appearing in above CSEET shall be Monday, the 27th July, 2020.

- **Free Online CSEET classes for CS aspirants:**

ICSI is not only providing virtual classes for its students but for the students who aspire to be Company Secretaries and are registered for CSEET (CS Executive Entrance test). ICSI is rolling out free CSEET online classes for all students registered for CSEET. These classes shall be taken by renowned faculties.

- **Mock Test on CSEET:**

The 5 Mock Test series on CSEET has been developed and placed on the ICSI website for practice of candidates appearing in the first CSEET scheduled to be held in July, 2020.

- **CSEET e-bulletin:**

The May issue of the CSEET e-bulletin covering the latest update on the subject on the CSEET is also placed on the ICSI Website. The same is available on the Academic corner of the Institute's website at the link: <https://www.icsi.edu/e-journals/>

ICSI INITIATIVES TOWARDS GST

Initiated from April, 2017, 34 issues of the GST Newsletter have been published in so far, with May, 2020 issue being the latest.

IT ACTIVITIES

- Development of Online Module - ICSI NPIO Dubai – Membership Scheme - First Phase of Development is complete and sent for Final UAT.
- Development of Corporate Membership Application for regions.
- Development of StartUp Portal - Prototype Model has been created and available for review
- Development of Membership portal to inculcate credit hours for new block year and closing of previous block year based on new guidelines. Portal has been upgraded based on the DIR12 exemptions and other exemptions issued to PCH members.
- Upgradation of UDIN portal to issue fresh limits to peer reviewers. Development of MIS report based on the type of selection made members financial year wise.
- Migration and result creation of old students who are passed out earlier in SMASH and Stimulate projects.
- Creation on new location for CCGRT in training portal and assigning all kind of roles to create the short term training programmes.
- SMASH portal has been upgraded to handle new guidelines under optional subjects.
- Generation of MCA data and sending weekly updation in MCA portal.
- Development of CSR portal is in progress.
- Development of mechanism for free registration for training programme for peer reviewers.

CHARTERED SECRETARY GREET'S AND CONGRATULATES CS ASISH MOHAN ON HIS APPOINTMENT AS SECRETARY OF THE ICSI W.E.F. 1ST JUNE 2020



A Fellow member of the Institute of Company Secretaries of India, CS Asish Mohan had a brilliant academic record having secured First Rank in both LL.M and LL.B examinations from prestigious universities. Recipient of Gold Medal from the Governor of Kerala he holds to his credit a host of scholarships & awards. Being a qualified Insolvency Professional under the Insolvency and Bankruptcy Code, 2016 CS Asish Mohan is a member of the ICSI IIP.

Having a total experience of 17 years in Corporate Laws & Corporate Restructuring, Diligence, SEBI Laws, Insolvency Laws, and Commercial Laws, etc., CS Asish Mohan has served in the capacity of Company Secretary, Compliance Officer and Legal Head in reputed listed and other companies after which he moved to the practising side.

CS Asish has been associated with the Kochi Chapter of the ICSI for 6 years and held the position of Treasurer, Secretary, Vice-Chairman and Chairman of the Kochi Chapter of the ICSI.

CS Asish practised as an Advocate and Insolvency Professional and regularly appeared before various benches of NCLT & NCLAT etc. He has been a speaker for various programmes organised by professional institutions and Management Associations. A sought after faculty at various educational institutions, he has trained directors and government officers in Programmes conducted on varied platforms. His research inclination is proven by the papers presented at Seminars conducted by reputed law schools on topics of professional interest.

ICSI RVO 50 HOURS ONLINE EDUCATIONAL COURSE



“Two Days Online Workshop on New Dynamics New Opportunities”

held on 23rd May & 24th May, 2020

The Institute organized a first of its kind Two Days Online Workshop on the theme New Dynamics New Opportunities during May 23-24, 2020. Over 600 participants comprising Members and Students of the Institute participated in the Two Day Workshop. The deliberations during the two days covered contemporary topics such as RERA, Arbitration, Secretarial Audit - Scope, Planning & Strategies, NGOs, Societies, Nidhi Companies, Producer Companies, CSR, FEMA, MSMEs. A motivational session on Embarking on a Journey towards Success & Satisfaction was also organized.

The Workshop was addressed by CS Gaurav Agrawal, Practising Chartered Accountant; Mr. Sujoy C Datta, Partner, Vaish Associates, Advocates; CS B Narasimhan, Council Member, ICSI & Partner, BNP & Associates, Company Secretaries; CS M M Joshi, Member, Secretarial Standards Board – ICSI & Partner, Makarand M. Joshi & Co., Company Secretaries; CS Sunil Nanal, Partner, Kanjmag & Co., Company Secretaries and CS Gopalakrishna Hegde, Director, Sri-Gem Corporate Services Pvt. Ltd. & Former Council Member, ICSI.

The technical sessions of the Workshop were moderated by CS Deepak Kumar Khaitan, Council Member, ICSI & Chairman, PCS Committee; CS Devendra Deshpande, Council Member, ICSI; CS Manish Gupta, Council Member, ICSI; CS Nawaz Sayyad, Practicing Company Secretary and CS Arpan Sengupta, Practicing Company Secretary. CS Ashish Garg, President, ICSI and CS Nagendra D. Rao, Vice President, ICSI also addressed the participants.





Announces

7TH BATCH (2020-2021)

FULL-TIME INTEGRATED COMPANY SECRETARY COURSE (EXECUTIVE PROGRAMME)

KEY TAKEAWAYS

- Limited students in each batch
- A blend of academicians from premier institutions, professionals and industry experts
- Best in class infrastructure
- Personalised attention to each student
- Monthly Performance Appraisal of every students
- Special sessions on soft skills to groom the students as per Industry requirements
- Special Visits to regulatory bodies for practical exposure
- Moot Court, Mock Board Meeting, Mock AGM in addition to normal curriculum
- Learning through practical approach
- 100% Placement Assistance
- Mentor for students based on their area of interest (Academic/Professional)



Selection Criteria

To maintain the quality and considering the limited batch size, the selection of candidate will be done on the basis of following criteria.

1. Academic

Based on the academic achievements of the candidates including the marks obtained in CSEET/Foundation/Final Pass of CA/CWA/Graduation, etc.

2. Group Discussion

3. Personal Interview

Fee

Fees for the Executive Programme of the Course is ₹ 2,00,000/- per year (Fees like Registration Fees, Exam Fees, etc. paid to ICSI-HQ will be refunded.)

Visit at <https://www.icsi.edu/ccgrt/home/>

ICSI-CCGRT

Ph: 022-41021515 | Direct: 1535

CS Devendra V Deshpande
Chairman, CCGRT

Admission Schedule

S.No.	Event Schedule	Tentative Dates*
1	Online Application for Admission	1 st July, 2020 To 20 th July, 2020
2	Group Discussion and Personal Interview of Shortlisted Candidates	25 th July 2020
3	Result of Group Discussion and Personal Interview	30 th July 2020
4	Last Date of Payment of Fees	16 th August 2020
5	Start of Classroom Sessions with Induction Programme	1 st September 2020

*Subject to conduct of CSEET exam as per pre-scheduled dates.

For details contact:

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Dr. Trupti A Karkhanis
Director, CCGRT



Kind Attention

ICSI RVO Registered Valuers

04 PCH Hours upon Selection
of their Manuscripts



Research Papers on “Valuation Methodology and Application”

Stay at Home, Stay Safe,
refresh and Share knowledge

Themes: Manuscripts are invited under
the following sub-themes:

The Trajectory

The importance of valuation is increasing in the Indian economy. In addition to the statutory requirements, it is required for a number of other purposes such as for obtaining bank loans, financial reporting, mergers and acquisitions, company acquisitions, REITs, property tax assessment and registration fee and stamp duty determination, start up of a company, family settlements, contractual disputes, transfer of intellectual property rights between related parties in different tax jurisdictions etc. It is required under Companies Act, 2013, SEBI Regulations, under various provisions of the Income Tax Act, 1961 and Wealth Tax Act, 1957. Other regulators and departments are also in the process of recognizing the Valuation profession.

The outbreak of a global pandemic has confined us within the walls of our abodes. Understanding the need to provide an opportunity to professionals hailing from varied backgrounds to encash upon this time and enhance their professional capabilities, the ICSI RVO is inviting original research manuscripts on various sub-themes under the title “Valuation as a Profession”. The ICSI RVO has articulated this initiative jointly with the ICSI.



MODULE-1:
International
Valuation Standards



MODULE-2:
Valuation of equity,
securities & warrants



MODULE-3:
Application of
valuation standards



MODULE-4:
IND AS (ind as 113, ind as
109, ind as 36, ind as 103)



MODULE-5:
Application
of valuation
approaches &
methodologies



MODULE-6:
Judicial
pronouncements
on valuation
(sc/hc/nct)



MODULE-7:
Live case
studies



Who can contribute : Members of ICSI/Registered Valuers of ICSI RVO / Other RVO Valuer members / Valuer members of ICSI RVO.

Benefits:

The field of valuation, as an area of activity is still untapped, demanding the presence of experts possessing the right knowledge, skills and capabilities. A Company Secretary in practice is eligible to become a Registered Valuer for the asset class: Securities or Financial Assets under the Companies (Registered Valuers and Valuation) Rules, 2017.

- ☑ ICSI RVO will publish all selected manuscripts in a book format
- ☑ Registered Valuers will be credited 4 credit hours upon selection of their manuscript per member
- ☑ Top five manuscripts will be awarded with a cash prize of Rs. 3000/- each
- ☑ One can submit maximum upto three manuscripts but only 4 credit hours will be assigned per Registered Valuers.

Guidelines for Contributors:

- The manuscript must be an original contribution of the author.
- The manuscript 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.
- The manuscript should ordinarily have 2500 to 4000 words. A longer manuscript may be considered if the subject so warrants.
- The manuscript must carry the name(s) of the author(s) on the title page only and nowhere else. ICSI RVO members have to mention their membership number in order to credit their credit hour, if eligible.
- The manuscript shall go through blind review and will be assessed on the parameters such as (a) relevance and usefulness of the article (from the point of view of valuation profession and 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.
- The copyright of the articles, if published in the book, shall vest with the ICSI RVO.
- The ICSI RVO/the Editor of the book has the sole discretion to accept/reject an article for publication in the book or to publish it with modification and editing, as it considers appropriate.
- The manuscript shall be accompanied by a summary of 150 words and mailed to rvo@icsi.edu .
- The manuscript shall be accompanied by a 'Declaration-cum-Undertaking' from the author(s).

Submissions shall not entitle a person to any benefit(s) as such. It is solely the discretion of ICSI RVO.

Professionals, more particularly Company Secretaries and Registered Valuers as professionals in India can provide the much needed support both as Members of the ICSI as well as Members of ICSI RVO by contributing qualitative manuscript(s) on the above mentioned themes by 10th July, 2020 addressing to Dr. Prasant Sarangi, CEO (Designate), ICSI RVO at rvo@icsi.edu.

Looking forward to an active participation and contribution by Members of ICSI and ICSI RVO !

CS (Dr.) Shyam Agrawal
Chairman, ICSI RVO

CS Ashish Garg
President, The ICSI

6th Floor, C-36, ICSI House, The Institute of
Company Secretaries of India, Sector-62, Noida



8355816301



rvo@icsi.edu



www.icsirvo.in

Call for Articles



Call for articles for publication in Chartered Secretary-July 2020

We are pleased to inform you that July 2020 issue of Chartered Secretary will be devoted to the theme “**MSMEs and Role of Professionals in Self-Reliant India**”.

Micro, Small and Medium Enterprises (MSMEs) have played a very significant role in ensuring the process of economic growth in our country. It provides not only the much needed boost for growth, employment and exports but more also, contributes to geographical and social equity. MSMEs are contributing towards the sustainable and inclusive growth of the nation.

MSME sector contributes around 8% of GDP. MSME sector accounts for around 40% of the total exports and around 45% of the manufacturing output. With the emphasis on self-sufficient and self-reliant India, the role of MSME as a growth engine is crucial.

The role of Company Secretaries in MSMEs is multi fold, be it Governance, Strategic Management, Funding including Foreign Investment, Start-Ups, Listing, Regulatory reforms, Internal or External Business Environment and any other aspect related to MSMEs. Although MSMEs are considered to be the backbone of the Indian economy, they have been hit hard by the COVID-19 crisis and the government is taking earnest efforts to revive the MSMEs.

Keeping this in backdrop, the theme for July 2020 is aptly timed and articles are invited from desirous members and other readers based on the above-mentioned broad thoughts. The article may be sent to nitin.jain@icsi.edu latest by **Thursday June 25, 2020**. The article should have minimum 2500 words and should be supported with a 200 words abstract.

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

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

Governance and Sachiv – from Vedic to Contemporary 31

Ashish Garg and Dr. Shyam Agrawal

The National Governance concepts in India have been derived significantly from our ancient scriptures, though post-independence, have also been shaped by practices and developments in the western countries coupled with India's own experience. In this article, the authors have discussed the influence of Ramayana, Mahabharata and Arthashastra and the way both the National and Corporate Governance in India as well as the profession of Company Secretary has taken shape. The authors have opined that in most cases, it is noticed that the contemporary models of governance indicate a biased or one-sided approach where success is momentary and this is where there is a need for fine-tuning the governance mechanism at the national level on the basis of well-established principles enshrined since our vedic times and the contemporary secretary / governance professional has to be equipped and empowered to apply these principles when handling the governance function.

Narayaneeyam- A Spiritual Guide for Management and Governance 36

Moorkkannur Sreehari Namboothiri

This article introduces the reader to the powerful and best of the class in Sanskrit literature of more than four and a half centuries called "Narayaneeyam", which consists of 100 verses in the form of prayers called Dasakams narrated before Lord Guruvayoorappan. Narayaneeyam, which contains extracts from Bhagavatha Purana thus stands out in the form of a synopsis of the important principles of Dharma. The article highlights the connect of these prayers to governance and well-being of the entire universe in the form of "Ayuraarogyasoukhyam", emphasising on stakeholder benefits and welfare, which is a larger objective than investor / shareholder wealth maximisation. The author concludes his article with a sloka saying "Nara Seva Narayana Seva; Jana Seva Janardhana Seva" meaning "Service to mankind is service to God" and advises extending this principle to the CSR activities of companies.

The rationale and science behind ancient Bharatiya practices - Their relevance today 41

His Holiness Shri Vidyadhesha Teertha and Dr. Sudheendra Putty

The COVID-19 has made the whole world sit up and realise the importance of small, yet significant things such as cleanliness and hygiene. Not in a century at least has the need for hygiene been felt so acutely as it is today. And as in the case of any other matters, here too, India has been practising these very concepts of cleanliness as madi for hundreds and thousands of years. The lifestyle, the culture and traditions have imbued these noble concepts in our lives across millennia. Doing right things and doing things right – India has been the perennial Vishwaguru. The loftiest thoughts and noblest deeds have

been daintily interwoven into our psyche by our forefathers. Our scriptures have been harbingers of social good, duty, devotion and even corporate social responsibility.

Can Corporate Governance benefit from ancient Indian wisdom? 45

Sivaram Nair and Subramaniam Vutha

This article looks at the essentials of corporate governance and its ongoing quest for improvement. The article aims to highlight some examples of the wise thoughts and words from India's ancient treasure trove of wisdom. It presents 7 questions that are worth addressing. And it outlines some wisdom from India's past that could help us address these questions, so that corporate governance assumes a new dimension to benefit its stakeholders. The article encourages scholars to delve deep into such wisdom to help corporate governance raise its trajectory, building on the good foundation already in place. Data, knowledge and wisdom are presented as the 3 steps for such progress.

Governance Lessons from Thirukural 49

Dr. K S Ravichandran

For the orderly development of the society, governance plays an important role. There must be regulation to ensure reasonableness of prospecting and exploitation of resources and protection of the environment. If one were to imagine a society where there are no rules, there will be only disorder resulting in uncontrollable exploitation and useless and wasteful application of funds and properties and unimaginable consequences. Governance is the single thread which operates the entire system in which we are living. Governance applies to the rulers as well as the ruled. The Board of Directors, The Independent Directors, The Management, The Auditors and The Regulators are the five responsible entities of Corporate Governance. Of all the above, in a corporate form of organization, the Board of Directors is the apex entity at the top of the governance structure. It is here that it is possible to seek guidance from Thirukural. As Wikipedia says, the Kural has been widely admired by scholars and influential leaders across the ethical, social, political, economic, religious, philosophical, and spiritual spheres over its history. Though there are 1330 couplets in the compilation known as "Thirukural", we can see essence of Governance spelt out by Saint Thiruvalluva. In many of those couplets and we can profitably apply it, and relate it to Corporate Governance.

The Dharmic Ideal of Governance – A Contemporary Perspective 53

Om Prakash Dani and M S Srinivasan

In a holistic perspective, polity cannot be studied in isolation but has to be viewed as an organic part and self-expression of the collective consciousness and culture of the people. The deeper spirit of a political system can be understood fully only when it is viewed in the larger background of the society in which it grew up and the unique and central ideals and master-motives of its culture. One of the central ideas which shaped the ancient Indian civilisation, and the Indian concept and practice of governance is the idea of Dharma, disseminated into the society through scriptures, mythology & texts and dharmasastras. This article examines the socio-political principles derived from this ideal of Dharma in a contemporary perspective.

Governance from Epics

57

Swami Swatmananda

The article is about governance through two epics – Mahabharata & Ramayana. The way Dhritarashtra (from Mahabharata) and Bharata (From Ramayana) handled the kingdom and the consequent result of their leadership tells us a lot about good and bad governance. The article while dealing with the culture promoting ethical behaviour highlights the need to have zero-tolerance to unethical behavior. The author explains in detail about the Vidura Niti a section of eight chapters forming part of Mahabharata, containing many aspects of ethics, governance, value-based management etc. The author explains that in Ramayana, Bharata is supposed to be crowned as the Prince as per the boon that King Dashrath gave to his queen Kaikeyi, but when Bharata comes to know about Shri Rama's exile for 14 years, he goes to the forest to request Shri Rama to return and rule Ayodhya, Shri Rama asks Bharata during their meeting, a few questions about administration of the Kingdom. In the 100th Chapter of the Ayodhya Kand of Valmiki Ramayana, there is a treasure of management wisdom and a lot can be learnt about governance from there. Also important are the fourteen errors that a leader must avoid that are contained in the said chapter. The author explains that the result of Bad Governance by King Dhritarashtra is that all his 100 Sons are killed, they lose the war and it is a lose-lose situation for all and in contrast, the results of good governance by Bharat is that the Kingdom prospers, people are happy and it is a win-win situation for all.

Competition Law principles in ancient Indian society and modern corporates- A synthesis

63

Gurdev Raj Bhatia and Rudresh Singh

This article chronologically highlights a few instances of the interplay of competition principles / regulation with certain mythological and historical events mentioned in ancient and modern Indian history. An attempt is also made to assess whether any of these mythological references have a correlation with principles of fair and free competition in the present times. The article has suggested that in tune with other jurisdictions, CCI needs to play a proactive role by warning against any practices by the firms which will have an adverse effect on the competition in India. They can collaborate with other statutory regulators like SEBI, TRAI, RBI etc. to control any abusive practices adopted by market players in the markets in India.

Guiding Principles from Mahabharata for effective Management and Governance

66

Nayana P.Savala

Across the globe, the thrust of the great epics like Ramayana, Mahabharata, Vedas, Artha Shastra, Upanishads, Smritis, Puranas etc. continue to influence the Strategy, management practices, governance principles, system of administration of justice and enforcement of law and order. This article, while dealing with the guiding principles from Mahabharata for Management and Governance brings out the concept of Dharma and Swa-Dharma, which Lord Krishna preached to Arjuna through the historic "Bhagavad Gita" and explains its emphasis on vision and the process to be followed for realizing the vision rather than on results. Further, in this article, an

attempt is made referring to a few examples of Management and Governance lessons from Mahabharata and connecting these learnings to principles and practices in management and governance having contemporary relevance. In concluding paragraph, the author opines that one has to learn and develop the art of handling the world around us by managing the swadharma within.

Revere the Scriptures, establish governance and create real wealth

73

Dr. P V S Jagan Mohan Rao

Governance occupies a pivotal role in the management of an organisation impacting every stakeholder. In business, profits and returns to the owners are important. Many factors or resources are deployed to achieve such returns. Everybody and every aspect of that set of resources thus employed shall be fairly treated and not exploited. Fair deal must pass through knitting all these together with good governance. Rules come from the man-made rule books as also, from prescriptions of ancient scriptures. Scriptures are followed and practiced for universal welfare from time immemorial. When we keep the both in mind and strive, we will get the best of what we want. Scriptural injunctions connect us to our Inner conscience. Inner conscience is the best friend. Principles and values enshrined in the ancient scripture fortify and support the cause of governance. Current day techniques and ancient scriptural injunctions complement each other in achieving good governance. Good governance safeguards wellbeing of business entities and stakeholders. Well governed companies enjoy higher rankings at national and the international levels. These rankings and recognitions fetch innumerable benefits to the whole nation to help nation emerge as a favourable destination for foreign investments and businesses. Ethical and moral issues enshrined in the scriptures remain powerful guiding human actions for time immemorial. Inspiration can be drawn from them on what constitutes good governance as also from the scriptures say for example how a leader leads is observed and followed by others. The importance attached to complying with the standards those times help us in ensuring good compliance today. All these contribute to good governance.

Economic System and Management lessons for Corporate Managers: An Analysis from Bhagavad Gita

79

Dr. Prasant Sarangi

India has gifted the world the Holy Bhagavad Gita, the best guide to self-development and is very much useful for all the levels of corporate leaders. Lord Krishna in order to boost up the morale of the depressed Arjuna went with his discourse in various chapters. The thoughts of Gita offer a great counselling to all who enter the world of management, professionally and personally. This paper is an attempt to draw the managerial implications as a learning aid from the Gita. Few important Shlokas of Chapter-1 have been analysed with their managerial implications. Even though the management literature is scarce in explaining detailed implications of each Indian scripture, an attempt has been made to draw certain conclusions by coordinating Bhagavad Gita with corporate decision-making process. This paper, based on the principles of Gita stimulates spirituality that a leader can inherit by the teachings of selflessness. From the analysis, the greatest lesson the managers must inherit is to create rightful and long living organizations.

Dharma and dispassionate discharge of Duty as tools for value creation in Corporate Governance

87

B. T. Sundari

Corporates worldwide, aim at success in their business operations for the purpose of sustainability. In order to be successful, the corporates undertake good corporate governance practices. The two main principles which play a major role in good governance practices are Dharma or righteousness and dispassionate discharge of duty in their business dealings. In this context, the great Indian epic Mahabharata has contributed valuable inputs for corporates to adopt. They are role of effective and efficient leaders, his duty towards various stakeholders and adherence to Dharma in his discharge of duties. When duty is discharged dispassionately in a dharmic way, it results in increased value creation. These values serve as very strong fundamental principles which strengthen the foundation of the corporates to overcome crisis situations. COVID-19 scenario has posed immense threats, uncertainties and challenges to humanity. Corporates are no exception. The changed business environment has posed several challenges to the fundamental role and functions of leadership. Need of the hour is to reframe the policies of the corporates, redesign the processes, reorient the strategies in a systematic way. This transformation would help them to overcome volatility, uncertainty and complexity and ambiguity in their business environment. Such successful transformation process is possible only when corporates undertake suitable measures to convert the transformation into a smooth transition thus bring about better performance and also result in increased trust and loyalty among employees, its stakeholders and society at large. Towards achieving this purpose, corporates can adopt key inputs from Mahabharata. Lord Krishna as a strategic leader has played the role of a crisis management consultant in exhibiting resilience and guided Pandavas in eradicating Adharma and establishing Dharma. These guiding principles when followed by corporates would go a long way in helping the leaders bring about successful business turnarounds through strategic corporate governance.

Governance Lessons from Mahabharata to Corporates and Professionals

91

Karthick Varadarajan

There is a wealth of knowledge in the ancient Indian scriptures. Such scriptures were primarily written in Sanskrit language. Over centuries, we have witnessed a drop in the usage of Sanskrit as spoken language and over centuries, these lessons have remained passively underutilised. These scriptures contain several governance principles and lessons for corporates and professionals. While the learnings for different persons may be different from the same story or incident, an attempt is made here to look at them from the perspective of a corporate governance professional. There are many scriptures viz. Upanishads and Puranas that offer such lessons. This article looks at Mahabharata and few stories surrounding it. The stories narrated herein revolves around invaluable lessons such as - importance of giving, staying grounded in humility, staying focussed, better utilisation of time, importance of doing one's own duty, inclusiveness in decision making, being goal oriented, importance of training before starting anything new, mentor-mentee relationship, the responsibility of mentor towards mentee etc.

Green Governance - A Corporate Perspective

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Santhi Subramanian

With the world witnessing unprecedented environmental issues, and scientists clamouring for immediate intervention to avert danger to the existence of the human race on this planet, the need for undertaking sustainability efforts by all sectors of the society is unavoidable. Corporates are no exception to this. Labelled as major contributors to environmental pollution, society expects business establishments to show more responsibility and commitment in correcting their mistakes. To satisfy the public outcry and more to ensure their own sustainability, the corporates are turning to green initiatives. Green corporate governance is all about embracing the natural environment and sustainability objectives at all points in business from policy making to operations to engaging with the consumers and the community at large. The best way for the Company to integrate this philosophy into its existing system is to make its CSR engagements green. Through CSR initiatives an organisation is already engaging with the community. CSR takes green colour when an organisation begins to assess the environmental implications of its operations, with a view to minimize those practices that may adversely affect the availability and use of a country's natural resources. More than just a decorative 'nicer to have' philosophy included in the CSR document, going green should become a business culture reflecting a feeling for the planet and a genuine concern about how its operations are impacting the natural environment. Green governance demands becoming green inside out.

Boards' Dilemma: True & Fair View or Compliance with the Accounting Standards?

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Bharat Vasani

Section 129 (1) of the Companies Act, 2013 ("the Act") stipulates that financial statements must reflect a 'true and fair view' of the state of affairs of a company, comply with the accounting standards notified under Section 133 of the Act, and also be in the applicable form as provided for different class or classes of companies in Schedule III to the Act. In any company, the financial statements are prepared by a management team headed by its Chief Financial Officer (CFO), using the applicable accounting standards. The CFO & his team then get the accounts audited by the statutory auditors. Then the finalised accounts are presented to the Audit Committee for its examination under Section 177(4) of the Act. The Audit Committee, in turn, is required to let the Board know of its examination of the financial statements and recommend it to approve them. The Board usually goes by the recommendations of the Audit Committee on whether the financial statements reflect the true & fair view. It is typically the Audit Committee and the CFO's job to persuade the Board to deviate from a particular provision of the accounting standard and why following the standard will distort the true & fair view. The Statutory Auditor's view and concurrence to such conclusion is crucial. The Chairman and Independent directors would normally agree on such a vital issue only if there is absolute unanimity. The dilemma for the Board is that Section 129(1) also mandates it to comply with the applicable accounting standards prescribed by the Central Government and whether it is advisable to deviate from the accounting standard to give primacy to the true & fair view.

Legal World

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- **LMJ 06:06:2020** :The articles provides to appoint a person to be the managing director in succession to him, and in exercise of that power he had appointed the appellent Govind as the managing director to hold the office after his death. Such power was clearly recognised by, and legal under, s. 255 of the new Act. For the reasons earlier stated, the exercise of such power does not offend s. 312. [SC]
- **LW 39:06:2020** : Despite being of the view that the claim initially left out by the creditor was payable, the Liquidator proceeded to reject the same without any justifiable reason which cannot be supported. [NCLAT]
- **LW 40:06:2020** : This Tribunal comes to an inevitable and irresistible conclusion that the directions issued to implead the 'Secretary of Ministry of Corporate Affairs' as party Respondent in all cases of I&B Code is nothing but beyond the power of the Tribunal and it tantamount to imposition of a new rule in a compelling fashion. [NCLAT]
- **LW 41:06:2020** : The Corporate Debtor, while disputing the claim of Operational Creditor in regard to amount of ₹ 2,32,46,235/- as claimed in Form-5, acknowledged liability in respect of an amount of ₹ 1,74,007,75/- being due and payable to the Operational Creditor.[NCLAT]
- **LW 42:06:2020** : Since there was no arbitration conducted under the MSMED Act so there is no question of any decree, award or other order being made either by the Council or by any Institution or Centre providing alternate dispute resolution services to which a reference is made by the Council thus Section 19 of the MSMED Act is not applicable to the present case. [Del]
- **LW 43:06:2020** : The plaintiff is only exporting its drug AMADAY and not selling the same in India and the said drug being not available in India on the counter, there is no likelihood of any confusion caused to the Chemist due to a bad handwriting on the prescription slip. [Del]
- **LW 44:06:2020** : Plea of the plaintiff that defendant Nos.2 and 3 are not parties to the SHA, SPA and MOU and thus being third parties to the arbitration agreement, the disputes cannot be referred to arbitration is also liable to be rejected. [Del]
- **LW 45:06:2020** : The Relinquishment Deed has been executed by a co-owner in favour of the only other co-owner and this would truly be a Release Deed and falls within the ambit of Article 55 of the Act. [Del]
- **LW 46:06:2020** : As the presence of such players exerts competitive constraints on OPs, the purported vertical restraints imposed by OPs are not likely to have any appreciable adverse effect on competition in India. [CCI]
- **LW 47:06:2020** : There is no vertical agreement between DOE, Balmer Lawrie and Ashok Travels under Section 3(4) of the Act and no case of contravention of provisions of the Act is made out under Section 3(4) of the Act.[CCI]

From The Government

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- Clarification on dispatch of notice under section 62(2) of Companies Act, 2013 by listed companies for rights issue opening upto 31st July, 2020
- Clarification on holding of Annual General Meeting (AGM) through Video Conferencing (VC) or Other Audio Visual Means (OAVM)
- Implementation of provision regarding Power of Attorney in circular dated February 25, 2020
- Guidelines for identification and selection of location as a delivery centre(s) for commodity derivatives contract
- Implementation of Circular on 'Margin obligations to be given by way of Pledge / Re-pledge in the Depository System'
- Review of Post-Default Curing Period for CRAs
- Listing of Mutual Fund schemes that are in the process of winding up
- Advisory on disclosure of material impact of COVID-19 pandemic on listed entities under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR Regulations'/'LODR')
- Relaxation in timelines for compliance with regulatory requirements
- Relaxations relating to procedural matters – Takeovers and Buy-back.
- Relaxation from the applicability of SEBI Circular dated October 10, 2017 on non-compliance with the Minimum Public Shareholding (MPS) requirements
- Entities permitted to undertake e-KYC Aadhaar Authentication service of UIDAI in Securities Market
- Additional relaxation in relation to compliance with certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 – COVID-19 pandemic
- Securities and Exchange Board of India (Payment of fees) (Amendment) Regulations, 2020
- Relaxations relating to procedural matters – Issues and Listing

Other Highlights

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- ❖ GST CORNER
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- STARTUP INDIA
- ❖ CORPORATE GOVERNANCE CORNER

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ARTICLES



- GOVERNANCE AND SACHIV – FROM VEDIC TO CONTEMPORARY
- NARAYANEYAM- A SPIRITUAL GUIDE FOR MANAGEMENT AND GOVERNANCE
- THE RATIONALE AND SCIENCE BEHIND ANCIENT BHARATIYA PRACTICES - THEIR RELEVANCE TODAY
- CAN CORPORATE GOVERNANCE BENEFIT FROM ANCIENT INDIAN WISDOM?
- GOVERNANCE LESSONS FROM THIRUKURAL
- THE DHARMIC IDEAL OF GOVERNANCE – A CONTEMPORARY PERSPECTIVE
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- COMPETITION LAW PRINCIPLES IN ANCIENT INDIAN SOCIETY AND MODERN CORPORATES- A SYNTHESIS
- GUIDING PRINCIPLES FROM MAHABHARATA FOR EFFECTIVE MANAGEMENT AND GOVERNANCE
- REVERE THE SCRIPTURES, ESTABLISH GOVERNANCE AND CREATE REAL WEALTH
- ECONOMIC SYSTEM AND MANAGEMENT LESSONS FOR CORPORATE MANAGERS: AN ANALYSIS FROM BHAGAVAD GITA
- DHARMA AND DISPASSIONATE DISCHARGE OF DUTY AS TOOLS FOR VALUE CREATION IN CORPORATE GOVERNANCE
- GOVERNANCE LESSONS FROM MAHABHARATA TO CORPORATES AND PROFESSIONALS
- GREEN GOVERNANCE - A CORPORATE PERSPECTIVE
- BOARDS' DILEMMA: TRUE & FAIR VIEW OR COMPLIANCE WITH THE ACCOUNTING STANDARDS?

Governance and Sachiv – from Vedic to Contemporary

India is a land of scriptures. Scriptures which have held knowledge and wisdom for each and every aspect of human life. Good governance, too, has been considered as an important facet of a good society. Kingdoms and Rulers who have instilled a culture of good governance have been sung praises for and considered as apt examples across generations. What's more is that their Secretaries, their advisors, their Counsels too have been elaborately placed and designated and held in quite a high regard.

The relevance can be evidenced even today in the form of ideas, practices and systems used in governing modern day business entities all of which owes its origins to the ancient system. While clear connection can be seen regarding influence of ancient scriptures on the governance systems in India, it should be remembered that while drawing an analogy from the ancient scriptures, allowances have to be made to the differences in the form or framework in which the structures existed in various kingdoms vis-à-vis what we have today in various countries and the corporate world. If we are to understand and develop a correlation especially in the corporate scenario and the kingdoms from eons ago the kings have been replaced by MDs and CEOs, the Council being replaced by Board of Directors and the Sachivs giving way to modern day Company Secretaries.



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NATIONAL GOVERNANCE AND INDIAN SCRIPTURES

The concept of National Governance in India has been sourced significantly from our ancient scriptures, though post-independence, practices and developments in developed nations coupled with India's own experience have been the guiding factor. To a great extent, the epics – Ramayana and Mahabharata (including *Bhagavad Gita* and *Vidur Niti*) have been a great influence on the National and Corporate Governance in India. The *Arthashastra* by *Kautilya* can be regarded as one of the first and significant source in the development of principles of National as well as Corporate Governance in India.

Ramayana

The epic Ramayana has been a source of inspiration not only in India, but also in the western world. In 2012, the then British Prime Minister said, "*The Ramayana is a good lesson for good governance... In the epic Ramayana, we are looking at how we give people protection, affection and correction... And I think that is a good lesson, because that is what good government should try to do and that is what we should try to do in this country (Britain)*"

Some of the relevant principles of Ramayana which have a bearing in the modern day society can be summed up in these 5 points:

- Governance has no inequality, no ups and downs, no differences between rich and poor.
- The structure of governance should be such that the environment of mutual trust and love is promoted and this means that there is no jealousy or malice amongst the subjects.

*Past President, The ICSI

“ The Arthashastra by Kautilya can be regarded as one of the first and significant source in the development of principles of National as well as Corporate Governance in India.

- c) Governance should promote commitment to duty and doing the duty properly gives ultimate happiness.
- d) Governance systems should promote education of one and all, whether man or woman. Education is everyone's right.
- e) Governance should promote the good health of all the persons in the society.

Creating an environment in which the Government strives towards this kind of societal state is one of the important principles of Ram Rajya.



Bhagavad Gita

Perhaps the most detailed discourses on all aspects of life including society, management, governance and administration can be found in the epic of Mahabharata, especially the “Bhagavad Gita” containing 700 verses spread over 18 chapters.

The emphasis of Bhagavad Gita is “*Dharma*”. *Dharma* means righteousness; accountability of self, family, organisation and society for order and progress. It is the right path, which will uphold the family, organisational and the social fabric. Hence, it helps in the long-term upliftment of all living beings and ensures welfare of society. Some of the important aspects of governance touched upon in this epic of Mahabharata based on the above ethical principles: -

- a) Public Interest should be given priority over private or personal interest.
- b) Uphold *Dharma* regardless of conflict of interest, following the principle of “*Sva-Dharma*” (meaning own *dharma*), which is unique to that person
- c) Transparency should be maintained in demonstrating the path of *Dharma*

Vidur Niti

The meaning of the word “*Vidur*” in Sanskrit is “skilled, intelligent and wise”. *Vidura-niti*, or *Vidura's Statecraft*, which are narrated in the form of a dialogue between *Vidura* and King *Dhritrashtra* were stated to have taken place before the commencement of the *Kurukshetra* war. While most of the qualities and principles seem to be grounded in politics, these required qualities and principles can equally be well applied to daily life as well as to governance.

“ Perhaps the most detailed discourses on all aspects of life including society, management, governance and administration can be found in the epic of Mahabharata, especially the “*Bhagavad Gita*” containing 700 verses spread over 18 chapters.

Shantiparva

Shantiparva, meaning the book of peace, comprises of 18 parvas (books). It is believed to be the set of instructions given by *Shri Bhishma* (eldest among the *Kuru Family*, also called “*Pitamah*”) to King *Yudhishthira*. The book comprises of 365 chapters and 13,716 *Shlokas*, which is further divided into three sub-parvas namely:

- *Raja Dharma Parva* (Chapters 1 to 130 & 4716 *Shlokas*): Duties of king and his governance
- *Apad Dharma Parva* (Chapters 131 to 173 & 1649 *Shlokas*): Rules of conduct when one faces adversity
- *Moksha Dharma Parva* (Chapters 174 to 365 & 7351 *Shlokas*): Behaviour and rules to achieve *moksha* (emancipation, release, freedom)

Arthashastra

Kautilya's Arthashastra is considered to be one of the ancient Indian discourses on statecraft, economic policy, and military strategy, written in Sanskrit. “*Kautilya*” also known as *Chanakya* was a scholar at *Takshashila*. He was also the teacher and guardian of Emperor *Chandragupta Maurya*, the creator of the *Mauryan Empire*. Though, *Arthashastra* was literally meant to deal with the discipline of politics, its scope in fact is much wider. The scope of *Arthashastra* is wide enough to cover the nature of government, law, civil and criminal court systems, ethics, economics, markets and trade, the methods for screening ministers, diplomacy, theories of war, nature of peace, and the duties and obligations of a king.

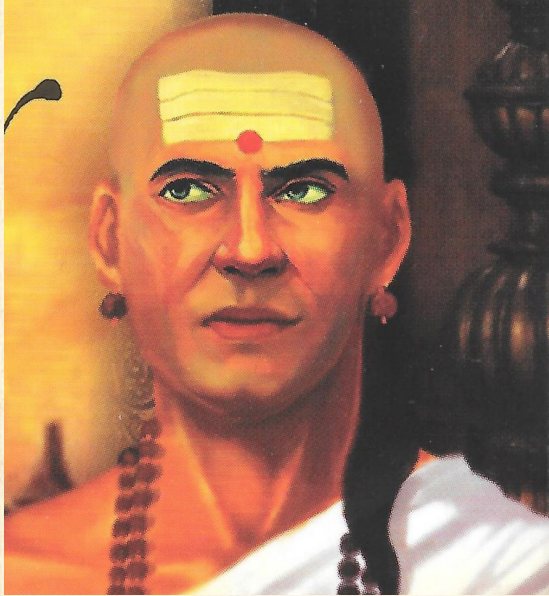
According to *Arthashastra*, the King has a major responsibility towards ensuring a strong governance framework. Some of the important aspects of the governance framework to which the King should give attention are briefly discussed below: -

- King is a servant of the Kingdom / State

Governance and Sachiv – from Vedic to Contemporary

- Leaders should be responsive, accountable and removable
- Strict ethical guidelines and code of conduct
- Emphasis of Stakeholder concept
- Effective Administration

In the context of today's corporate world, a well governed corporate entity which sets high standards of governance following the above and other applicable principles of Arthashastra will always stand out distinctly in the eyes of the stakeholder as compared to other corporates.



“ Though, Arthashastra was literally meant to deal with the discipline of politics, its scope in fact is much wider. The scope of Arthashastra is wide enough to cover the nature of government, law, civil and criminal court systems, ethics, economics, markets and trade, the methods for screening ministers, diplomacy, theories of war, nature of peace, and the duties and obligations of a king.

ANCIENT SCRIPTURES AND ICSI

The Institute of Company Secretaries of India (ICSI) was established with the intent of making a formal torch bearer entity to uphold the good corporate governance while continuing its pursuit of professional excellence. As the CS fraternity proudly stands by its vision to be a global leader in promoting good

corporate governance, it is imperative that the Institute and its members have a motto driving the cause.

In view of the same in 2017 the ICSI adopted its motto सत्यं वद। धर्मं चर। (Satyam Vada, Dharmam Chara) which means “speak the truth and abide by the law” and owes its origins to the “Taittiriya Upanishad”.

It is with regard to this motto, the Hon'ble Prime Minister Shri Narendra Modi had on the Inaugural Ceremony of the Golden Jubilee Year of ICSI said that, “**The motto of your Institute is Satyam Vada Dharmam Chara. It implies that one should speak the truth and follow rules and regulations. Your advice – right or wrong has an impact on the corporate governance of the country**”.

Appreciating this motto, the Hon'ble President of India, Shri Ram Nath Kovind had said that “**The motto of your Institute – “Satyam Vada, Dharmam Chara” that is “Speak the Truth and Abide by the Law” should always be at the centre of your thought and action**”.

The Institute of Company Secretaries of India has also developed a dedicated Corporate Governance Code from Ancient Scriptures so as to serve as a guide to the entire world.

ANCIENT SCRIPTURES AND ROLE OF SECRETARY

Ramayana

The dictionary meaning of “Sachiv” is “Secretary”. Like contemporary Board of Directors in the case of Corporates, the Kings had Council of Ministers. Akin to modern day Company Secretaries, the age old kings and kingdoms had Secretaries (सचिव) who were specialists in Management and Governance for soliciting advice. The analogy of the role of Secretary in contemporary times vis-à-vis in the ancient days, specifically with Ramayana is evidenced by the fact that *Shri Ramacharitamana*s by Tulsidasji refers to the word “Sachiva” on various instances; a reference such as this highlights the role of “Sachiv” or “Secretary”. It is also noteworthy that the kings had a wise counsel or Sachiv by their side while governing the kingdom. Few of the examples of coveted mentions of Sachiv are as follows:

नृप हितकारक सचिव सयाना। नाम धर्मरुचि सुक्र समाना।।
सचिव सयान बंधु बलबीरा। आपु प्रतापपुंज रन्धीरा।।

One of the kings in Ramacharitamana is Pratapbhanu. The king looked after his subjects with utmost care, fought battles fearlessly and conquered the whole world. A great lesson that can be learnt is all his achievements could be possible because of his prudent counsellor and sachiva, Dharmaruchi.



मुदित महिपति मंदिर आए। सेवक सचिव सुमंत्रु बोलाए॥
जौं पाँचहि मत लागै नीका। करहु हरषि हियँ रामहि टीका॥
बिनती सचिव करहि कर जोरी। जिअहु जगतपति बरिस करोरी॥

Another instance in Ramayana, where King Dashratha shares his thought of making Shri Rama the King of Ayodhya, he takes advice of Sumantra and others. The Sachivs after giving due thought conveyed their assent to the proposal and advised the King not to delay in taking prompt action.

सूर सचिव सेनप बहुतेरे, नृपगृह सरिस सदन सब केरे।

King Janak, too in his kingdom, had Sachivs who were faithful. Their social status was similar to that of Janak. This paves a message that the secretary must be faithful in governing the organisation and the wealth will definitely follow him.

सचिव सुमति कपि भालु॥

Shri Rama upheld the practice of having Sachivs and appointed *Jamavant*, *Sugriva*, and *Vibhishan* to provide wise counsel before taking important decisions. Obtaining wise counsel from Secretary is one of the most prominent principles followed in Rama Rajya.

माल्यवंत अति सचिव सयाना।

The best example that can be given is that of *Malyavant*, Sachiv of *Ravana* who attempted to persuade Ravana that his opponent Shri Rama was no ordinary mortal, but the incarnation of Lord Vishnu himself and that it would be in his interest to return Sita to Shri Rama and make peace with him so as to avoid destruction of his clan. But Ravana did not pay heed to his advice and rest is history.

Bhagavad Gita

On the first day of the Kurukshetra battle, Shri Krishna imparts knowledge and wisdom to emphasise that it is important to one's duty and while doing so should exhibit detachment. This principle of detached attachment is the basis of Dharma, where the person performing the duty is firm and committed to the duty even when there are competing duties as also conflict of interest. It is explained that this virtue is indispensable in establishing the command of administration, wherein the virtues of unagitated mind, firm mindedness, disinterestedness, contentment with one's own duty, indifference to pleasure and pain, being the same towards friends and enemies, and towards honour and disgrace allows an administrator to perform his duty in the most ethical manner. This conscious spirit-centred approach to the subject of ethics should govern the conduct of administrators. A system of ethics built on this approach has stood the test of time. However, it requires the administrators including the Counsels to perform their duties adopting this ethical approach and then the governance structure that would emerge would be world class.

Vidur Niti

Vidur, who was the half-brother of King *Dhritarashtra*, was the minister (could be called a "Sachiv") in the *Hastinapur* Kingdom. A great scholar, being an epitome of truthfulness and unbiased judgement, *Vidur* stood committed to duty and the principles of Dharma. He was known to give the sincere and right advice to the King all the time. Some of the important attributes which a wise *Sachiv* or for that matter a Secretary / Governance Professional which can be sourced from the conduct of *Vidur* and his words in the *Vidur Niti* are briefly discussed below: -

- Does not deviate from higher goals of life because the actions are based on qualities like self-knowledge, endeavour, patience and devotion to Dharma.
- Actions and undertakings are not influenced by any extraneous factors including emotions
- Does not waste his effort and time after unattainable goals, does not worry about things he lost and does not lose his sense in difficult times.
- Committed to the task on hand and does not waste his time, in other words commitment to the principles of governance and timeliness is of great essence.
- Does not decide upon important matters alone.
- Maintains his balance and controls his response and emotions.

"Six qualities that should never be abandoned namely truthfulness, giving, not being lazy, not finding fault when something is obviously bad or wrong, forgivingness and determination / courage".

These qualities are very crucial for a governance professional in that he should be forthright when it comes to the principles of governance, what is incorrect or non-compliant should be



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pointed out without fear or favour, avoiding laziness which leads to inactive mind and showing determination in the upholding of the principles and ideals of governance, which should be reflected in the performance of his duties.

THE ROAD AHEAD

सचिव बैद गुरु तीनि जौं प्रिय बोलहिं भय आस ।
राज धर्म तन तीनि कर होइ बेगिहीं नास ॥

Shri Tulsidas associates a high sense of accountability and responsibility with a Sachiv true to his profession. It is explained that a Sachiv uses words pleasing to the King more out of fear or with the hope of getting rewarded, the result is that the

Kingdom, Health and Dharma is the obvious casualty. While upholding accountability and responsibility, the contemporary secretary is well advised to function fearlessly and without expecting any reward. It is this commitment to accountability and responsibility that sets Governance Professional or Company Secretary apart from others.

The Indian Philosophies are based on Dharma and are not sequential. The principles of Dharma lay greater emphasis on the human element and help in developing a holistic approach where the interests of all stakeholders are taken care of, which requires a multi-dimensional model that considers a variety of factors and inputs.

Governance in a nation, in an economy, in a country is like more than a million small pieces forming one complete whole. Howsoever, small a piece maybe, its size doesn't reduce its significance. Even further, at a micro level too, *i.e.*, at the level of individual corporates or business enterprises, the principles of good governance stand firm in their applicability and relevance. Be it the role of Board of Directors, the Managing heads, the Key Managerial Personnel, the Company Secretaries or the *Sachivs*, the characteristics, the roles and responsibilities, the expectations of the stakeholders all had stood the test of time and are equivocally true in the contemporary scenarios.

The need of the hour is to get back to roots, dive into the seas and oceans of Ancient Scriptures and gain pearls of wisdom which will benefit not just the present but future generations as well !!!

Narayaneeyam - A Spiritual Guide for Management and Governance

Narayaneeyam, written more than four and half centuries ago, is an extra-ordinary piece of literature, consisting of 100 chapters which are known as *Dasakams*¹. It was narrated according to *Bhagavatha Purana* and is an extract from the stories of Shri Rama and Shri Krishna. The article highlights the connect that *Narayaneeyam* has with the principles of governance, in seeking inclusive growth.



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It is more than four and half centuries since Melpathur Narayana Bhattathiri (popularly known as Bhattathiri) wrote the *Narayaneeyam*, the best of its class in Sanskrit literature, praising Lord *Guruvayoorappan* or Lord Narayana. Not just to be read, heard and illustrated for its religious significance, this holy hymn also stands out for its extra-ordinary quality as a piece of poetic literature. The title "*Narayaneeyam*" itself shows the exemplary attitude of the author. *Narayaneeyam* means everything belongs to Narayana, even everything that has come to the mind of the author and has been penned down by him as *Narayaneeyam*.

The author of *Narayaneeyam*, *Bhattathiri*, was born in the year 1560 in a pious and Vedic Brahmin family, near the north bank of Nila (Bharathappuzha - a river in Kerala) close to the holy town of Thirunavaya, which is known for its theatre of Mamankam Festival during that time. As the son of Mathrudathan Bhattathiri, the author was known to be a scholar in the Vedic subjects, having learnt its basics from his father at a very young age.

Thereafter he learned Rigveda from Madhavan Namboothiri, Tharka Sasthra (the science of dialectics, logic and reasoning, and the art of debate that analyses the nature and source of knowledge and its validity) from Damodaran Namboothiri and Vyakarana (Sanskrit Grammar) from a well-known Pandit Achyutha Pisharody. He became a scholar at the age of sixteen.

Bhattathiri was one of the last mathematicians of Sangamagrama Vidyalyaya, which had been founded by Sangamagrama Madhavan. Once his Guru (teacher) Achyutha Pisharody suffered from *Vatharogam* (Rheumatism)

and Bhattathiri was unable to witness the pain of his Guru. Bhattathiri, by way of his yogic strength, received the disease himself, and thus relieved his teacher from the suffering. Then, to seek advice to recover from the illness, he approached the famous Malayalam poet and Sanskrit scholar, Thunchath Ramanuja Ezhuthachan. Ezhuthachan suggested that Bhattathiri commence his treatment with 'fish'. Namboothiris are pure vegetarians, and Bhattathiri wondered what Ezhuthachan really meant by this suggestion. On ruminating on the words of Ezhuthachan, Bhattathiri understood what he really meant by asking him to start with 'fish'. 'Fish' meant '*Matsya*', the first incarnation of Lord Maha Vishnu. Bhattathiri realised that, to recover from his illness, he must delve deep into the magnificence of Lord Maha Vishnu, *i.e.*, the *Bhagavatha Purana*. Thus he decided to pen the glory of the Lord, based on *Bhagavatha*, sitting right at the feet of Lord *Guruvayoorappan* (the deity). Bhattathiri recognized the facts that he had to start from the first incarnation of Lord Vishnu which was a fish and to reach up to the present level of the divine births of Lord Vishnu. Thus, he delved deep into *Bhagavatha Purana* and decided to be with Lord *Guruvayoorappan* till he completed his literary work based on the *Bhagavatha*. He placed himself physically at Guruvayoor and started his pooja with poetic offerings to the Lord. Every day he would submit one *dasakam* to the Deity as his prayer.

Each *dasakam* ended with a fervent prayer to the Lord for a speedy recovery from the unbearable pain. As Bhattathiri proceeded with his poetic offering, gradually his health started improving. In a period of hundred days, he completed his narrations as a poem and named it "*Narayaneeyam*". Surprisingly as Bhattathiri submitted the last *dasakam* to Lord *Guruvayoorappan*, he was completely cured. This happened on the 28th day of the astrological month *Vrishchikam*² in the year 1587 AD. In the earlier *dasakams*, while he prayed for his own recovery from the disease, later he started praying to Lord *Guruvayoorappan* for *Ayuraarogyasoukhyam* (long life span, health and well-being) for the whole universe.

From a governance perspective, the prayer for the well-being for the entire universe in the form of *Ayuraarogyasoukhyam*, highlights the emphasis on stakeholder benefits and welfare, which is a larger objective than an investor / shareholder wealth maximization objective. It is heartening to note that the government has rightly placed its commitment towards the well-being of its citizens by launching the Aarogya Sethu App in the wake of COVID-19.

Narayaneeyam depicts the stories of Lord Rama and Lord Krishna, as narrated in the *Bhagavatha Purana*. Shri Rama and Shri Krishna were incarnations of Lord Maha Vishnu in the

¹ Each *dasakam* contains ten stanzas

² Fourth month of the Malayalam calendar

Thretha Yuga and *Dwapara Yuga* respectively. Both are known to have upheld principles of righteous governance during their period. Shri Rama stands as the ideal model of Dharma, while Shri Krishna used all practical methods to uphold and reinstate Dharma. *Narayaneeyam*, which contains extracts both from *Ramayana* and *Mahabharata* thus stands out in the form of a synopsis of the important principles of Dharma.

As a narration of Bhagavatha Purana, *Narayaneeyam* also mentions about many rulers who performed their responsibilities in such an exemplary manner that they become excellent role models for their followers. As widely believed by Hindus, the first human beings on the earth were Manu and Satharopa. Priyavratha who is the son of Manu and Satharopa had seven sons who ruled *Prithwi* divided into seven parts. Among them, the son named Agnidhra ruled *Jambu Dweepa* now known as Asia. Agnidhra's son Naabhi later ruled the country and it had been named as Ajanabha varsha. And the other six countries were Plaksham, Salmalam, Kusam, Krowncham, Sakam and Pushkaram, which represent the modern continents existing in this century.

Ajanabham later came to be known as Bharatham after the rule of Bharatha, the elder son of Rishabha deva who is believed to be an incarnation of Lord Vishnu.

“ From a governance perspective, the prayer for the well-being for the entire universe in the form of *Ayuraarogyasoukhyam*, highlights the emphasis on stakeholder benefits and welfare, which is a larger objective than an investor / shareholder wealth maximization objective. It is heartening to note that the government has rightly placed its commitment towards the well-being of its citizens by launching the Aarogya Sethu App in the wake of COVID-19.

The ancient rulers followed the principles of governance according to their qualities (*Gunas*) commonly known as *Sathwa*, *Rajas* and *Thamo gunas*. Even though the rulers possessed different qualities in varying measures, they all turned out to be very efficient Governors.

Those who had *sathwaguna* were more divine in their approach and ruled the world upholding *dharma* as their cardinal principle.

The people who were born or lived with *rajoguna* were more attuned to administration and activities connected to it. Thus, they became more powerful warriors and determined administrators.

Those born with *thamoguna* were profane and were narrated as villains wherever they were. There were exceptional cases who turned out to be divine through their *karma* after their birth, like Vibheeshana. Basically, all the three *gunas* are incorporated within everyone. When a person tries to develop one quality (*guna*) more with his thoughts and deeds, that quality becomes more pronounced in his personality.

From a management perspective, it is important to understand that all the three *gunas* in varying degrees are found in every person. In any organization, there are various management functions that have to be carried out and varying degrees of each of these *gunas* are required to effectively carry out these functions. The management of a company would do well in understanding these varying requirements *vis-a-vis* the job description, while appointing the right person for the right job, based on his / her *gunas*.



DISCIPLES OF SATHWA GUNA

A few famous rulers who by birth were embodiments of sathwa guna were Pruthu, Dhruva, Shri Rama, Shri Krishna, Ambareesha, Rishabha, Indradyumna and Sathyavratha.

PRUTHU

During the era of Pruthu he could change the earth into heaven with his grace, good governance and guidance. Thanks to his lawful and humane approach, people completely forgot the rule of the ill-natured Vena, the ancestor of Pruthu. Pruthu implemented geographical and social changes by which living on earth became civilized and well organized.

He created townships and villages and decentralized ruling power to get more result-oriented administration.

He advised people to follow dharma and he himself showed the way by living by it.

It shows that if government / management sincerely commits itself to adopt humane approach based on *dharma*, the people in the country / employees in the company will surely change their perception of the government /the company.

DHRUVA

Dhruva was another proven ruler who received the blessings from Lord Vishnu when he was aged just five. He was sworn

in as the ruler at that very young age. His father was pleased since Dhruva had a wide acceptance among the people owing to his *sathwa gunas*.

He ruled the country for a very long time with the blessings of Lord Vishnu. His deep devotion and strong governance are well known. The popular belief that the Dhruva Nakshatra, appearing in the sky in the North is Dhruva himself, implies that the values which he stood for are relevant even now, and are eternal.

SHRI RAMA

“*Ramo vighrahan dharma*” means Dharma itself took birth in its absolute quality as Shri Rama. He lived in *Thretha Yuga* and his life is well described in the holy epic named *Ramayana*. He followed *dharma* steadfastly and neither turned back nor questioned *dharma* throughout his period. He had taken care of *dharma* irrespective of how it could affect him personally. In many ways, he was the embodiment of good governance and an example of how administration is to be discharged.

He was happy to sacrifice his crown and baton to safeguard the promise of his father. Further as directed by his father, he lived in the forest for a period of fourteen years. Immediately after he left to live in the forest, his brother Bharatha, then the ruler of Ayodhya, in his absence tried to force Shri Rama to come back and take over the administration. But Shri Rama with his uncompromising approach to uphold *dharma* refused everything and continued to live in the forest in order to live up to his father’s promise.

Bharatha was also a true brother to Shri Rama and a righteous person by all means. He never grabbed the opportunity to become the King. Instead, he chose not to sit on the throne, but at the same time, he attended to the Kingdom’s administration on behalf of his brother till his return. It was as if Shri Rama was the ruler till the time he returned and resumed the power after fourteen years. Here Bharatha showed his respect to the nation, because people of Ayodhya eagerly wanted Shri Rama to be ruling them. In a way, Bharatha embodied the pristine principle of trusteeship and fiduciary responsibility.

Governance in a company would improve several notches, if this principle of trusteeship and fiduciary responsibility of directors is well understood and translated by each one of the directors into action. Sadly, there has been many failures on the part of directors of the company in the sense that they have not acted displaying this trusteeship, which is a very important and much needed principle of governance. These directors failed to take fiduciary responsibility and this failure coupled with conflict of interest and / or negligence have contributed to many of the scams and frauds.

Coming back to Shri Rama, his patriotism and thirst to return to his motherland is poetically narrated in the well-known stanza in the *Ramayana* “*janani janmabhoomischa swargadapi gareeyasi*”. Having won the battle by killing Ravana, Lakshmana suggested to stay back in Lanka, fascinated by its wealth. Shri Rama reasoned out to him saying that Mother and motherland were more precious than even heaven. This is the finest example of patriotism and how a ruler should feel about his country.

Since the time Shri Rama was sworn in as the king of Ayodhya, he had devoted his whole life as a servant of the nation and the society. He performed many *yagas* and donated all his wealth for the *bona fide* welfare of the people, but they happily returned all of them and blessed Shri Rama stating that they were self-sufficient under his rule. People emphasized their statement that they did not require anything in addition because they had sufficient wealth and heavenly health in *Ramarajya*. From a management and government perspective, it is an ultimate achievement, where all the stakeholders are happy in the true sense. It is for this reason that *Ramarajya* is a beacon light and prime indicator of balanced development, diversity and inclusion. Shri Rama’s rule exemplified *Antyodaya* or the welfare of the last man standing in the last line of the social strata.

Ramarajya and Shri Rama have prominence even in the current times. Shri Rama is considered as the perfect person in all eras not only because of his physical appearance but also based on his *Sathwa* nature³.

“ Governance in a company would improve several notches, if this principle of trusteeship and fiduciary responsibility of directors is well understood and translated by each one of the directors into action. Sadly, there has been many failures on the part of directors of the company in the sense that they have not acted displaying this trusteeship, which is a very important and much needed principle of governance.

The period of Shri Rama’s tenure is called *Ramarajya* and for a CEO/CMD of a company, if he / she is able to display the “*Sathwaguna*”, such a company has a good potential to attain sublime heights.

SHRI KRISHNA

In *Bhagavatha Maha Purana*, *Vedavyasa* narrated that the whole universe itself is Lord Vishnu. Prominent births have been separately worshiped since its origin as divine births.

In every *Manwanthara* (a period of each Manu; we are at seventh *Manwanthara* at the moment) Lord Vishnu creates Manu. *Devendra*, *Devas*, *Manuputhras* and *Saptha Rishis* have been so created to rule and take care of the whole world through *Dharma*. It is believed that whenever the *Dharmic* principles get violated and the world balance gets affected, Lord Vishnu himself takes birth according to the situation to restore *dharma*.

During *Dwapara Yuga*, *adhama* dominated over *dharma*. Then Goddess Earth transformed as a cow and reached the shores of the milky ocean to plead with Lord Vishnu to provide a suitable solution. *Brahma*, *Rudra*, *Devendra* and many others were present in support of the Goddess to plead the necessity of Lord Vishnu to appear on earth to restore its balance. Lord Vishnu heeded to the request and promised that he would take birth as the son of *Vasudeva* and *Devaki* at *Mathura*.

³ *Bhattathiri* narrated the story of Shri Rama in 34th & 35th *dasakams* of *Narayaneeyam*



Accordingly, Shri Krishna took birth and spent his childhood in Vrindavan for a dozen years. Then he left for Mathura and suppressed adharma by destroying Kamsa, his maternal uncle. Kamsa was a cruel king who even jailed his own father Ugrasena to capture the throne of Mathura. The incarnation of Shri Krishna never sought to be in power but it was meant to give dutiful support to the administrators. Therefore, after killing Kamsa, Shri Krishna retained Ugrasena as the king of Mathura without taking over the throne.

Later, when *adharm*a took over the Kaurava princes of the Kuru dynasty, Shri Krishna again came to the rescue by supporting Pandavas and being a charioteer to Arjuna, in the battle of Kurukshetra. During his whole life, Krishna never directly took the reins of power though he was always there to support righteous people by giving them proper guidance and direction at appropriate times.

The prevailing situation in this century demands us to follow the principles of Shri Krishna. These principles become essential for the administrators to unite and to contribute usefully to the society.

The words of Shri Krishna "*Dharma sansthapanarthaya sambhavami yuge yuge*" meaning "For the upliftment of the good and virtuous, for the destruction of evil, for the re-establishment of the natural law, I will come, in every age" resounds in the minds of every righteous human being.

The role of Shri Krishna as a master strategist in the Kurukshetra battle offers many lessons on Strategic Management, which can be used to re-orient business strategies and the governance framework necessary for this purpose.

Similarly Ambareesha, Rishabha, Indradyumna, Sathyavratha were all well-known administrators who followed *sathwaguna*

and had their own importance at their respective eras and even now.

The *magnum opus* of Shri Krishna, his Bhagawad Gita and Uddhava Gita are a panacea for all problems. From corporate board rooms to personal lives, every aspect of human life is covered in the Gita.

DISCIPLES OF RAJO GUNA

The well-known rulers who had *rajo guna* were Mahabali, Daksha, Chithrakethu, Muchukunda, etc.

MAHABALI

An infant King Bali, took rebirth by the blessings of his guru Sukracharya after he died fighting with Indra. He performed a *yaga* called Viswajith by which he could become the emperor not only of the earth but also of *Swarga* and *Pathala*. Indra, the lord of Swarga loka lost his kingdom to Mahabali. Mother of Indra, Adithi requested Lord Vishnu to help her son to get back to his position. Vishnu convinced Adithi and took birth as her son called Vamana. This incarnation had its aim to suppress the pride of Mahabali and instil *Sattwaguna* in him.

Vamana arrived as a small Brahmin boy (*vatu*) at the *yagasala* of Mahabali. Vamana was welcomed to the *yaga* as Mahabali was pleased to have a Brahmin boy to witness the same. As part of the *yaga*, Mahabali told Vamana to ask for anything he needs. Vamana could sense the pride of Mahabali and wanted to transform his attitude into a *sathwik* one by sublimating his ego. Vamana asked for three feet of land and King Bali happily agreed. Sukracharya, the *guru* of Bali advised him not to do it by convincing Bali that Vamana was none other than Lord Vishnu.

Vamana became Thrivikrama (state of infinity) and covered the whole universe with his two feet. When he looked around as

to where he could measure the third feet, Bali bowed down in front of Thriuvikrama and requested him to keep the third foot on his head. By this Bali became Mahabali and accepted *sathwaguna* completely. Mahabali was blessed by Vishnu to become the Indra of eighth Manwanthara called Savarni and sent him to Suthala where Vishnu himself is believed to be safeguarding Mahabali till he becomes Indra.

In *Narayaneeyam* this is explained in two dasakams namely *Vamana Avatharam*⁴ and *Mahabali Darppasamanam*⁵.

DAKSHA

Daksha, the son of Brahma, was famous prajapathi who stood among top of every ruler. Bhattathiri narrates the story of Daksha in two stanzas⁶. In the initial line itself he says '*Dakshasthu dhathurathilalanaya rajondho*' which means Daksha became mentally blind because of his rajoguna - the reason he was excessively fondled by his father.

Just because of his unlawful pride he lost his daughter (Sati) and his life as well. Later, he was forced to live with the head of a goat for which he was to be grateful to Lord Siva though Siva was ill treated by Daksha before.

The kind of blessings are different based on the gunas of Supreme powers like Brahma, Vishnu and Siva (*Srushti, Sthithi and Samhara*). Since Vishnu represents *sathwaguna*, he blessed Mahabali by keeping his holy feet on Mahabali's head whereas Siva represents *thamoguna* which is aggressive in nature and he thus removed Daksha's head in anger. Eventually both were blessed by the Supreme powers but in entirely different ways.

DISCIPLES OF THAMO GUNA

Thamoguna is mainly demoniac in nature but many of them appear to be good administrators.

RAVANA

Ravana was a good ruler but inhuman in nature. He was the undisputed king of Lanka which was one of the wealthiest countries during those days. Ravana was a devotee of Lord Siva due to which he became strong among demons. Ravana was characterized by extreme lust and rage. Ravana was full of revenge against Rama and Lakshmana for he felt that they had wronged his sister, Shurpanaka.

Ravana was fascinated by the beauty of Sita when Shurpanaka explained the reason why Rama did not accept her as his wife. The lust and rage of Ravana turned into disaster and Ravana was killed by Rama.

Just before Ravana's death Shri Rama advised his brother Lakshmana to seek advice from Ravana on governance and administration. Initially hesitant, Lakshmana listened to Ravana. Of specific reference when it comes to governance are the following that Ravana said: -

- Do not think you are always a winner, even if you have not lost so far
- Always trust the minister who criticizes you.

⁴ Dasakam 30

⁵ Dasakam 31

⁶ Dasakam 16

- Whenever you decide to do something, there is no tomorrow for it.
- The person who considers himself bigger than the world will meet the end that he himself is now meeting.
- Always do what is good for the kingdom⁷

To sum up, from the thoughts developed by Bhattathiri in *Narayaneeyam*, one should read between the lines to conclude that a good administrator should be more into dharma than material achievements. The Quote '*Dharmo Rakshathi Rakshitha*': means one who uplifts dharma will be protected by the same dharma. In other words, Bhattathiri broadly explained the need to follow the path of dharma to reach the eternity.

'Mokshabdhi sarathara Bhagavathakhya dadhno

Narayaneeya navaneethamidam griheethwa

Mayamayoukha parithaptha janayayodal

Narayanavanisuraya namosthu thasmai..'

The importance of *Narayaneeyam* is well explained in the above sloka. This means *Narayaneeyam* is said to be the butter extracted from the ocean of Bhagavata Maha Purana. Lord *Guruvayoorappan* accepted *Narayaneeyam* as if he was offered butter by his devotees. Let us dedicate ourselves to the Holy feet of Lord *Guruvayoorappan* and Bhattathiri together. *Narayaneeyam* delighted the world with its narration as a literary contribution and also as a divine offering to the Supreme entity.

KEY LEARNINGS

Indian culture provides the example of traditional true governance of the nation. The most eminent and realistic prayer of Sanathana Dharma is "*Lokah Samastha Sukhino Bhavanthu*" which means the whole world may remain in a state of joy. Bhattathiri espouses this new modern village (which means upari nava gramam in Sanskrit); this is also highlighted in this exclusive prayer of Sanathana Dharma in *Narayaneeyam*. The hundred *dasakams* each of which includes ten stanzas with a prayer to Lord *Guruvayoorappan* for *Ayuraarogyasoukhyam* or well-being of every living being on the earth is a sincere desire to seek inclusive growth on the back of good governance.

To extend this principle further, it would be apt to say thus:

Nara Seva Narayana Seva; Jana Seva Janardhana Seva

'Nara' or 'Jana' means 'mankind' or 'people'. 'Narayana' or 'Janardhana' both refer to Lord Vishnu. The combined meaning of these slokas is 'Service to mankind is service to God.' The message is that if you want to please God you can do it by serving mankind / people instead of wasting time and money on ostentatious religious celebrations. Serve the poor and needy.

It is said that a pure thought from a pure heart is always better than any Mantra. Hence from a company's point of view, the best way its Corporate Social Responsibility (CSR) will be fulfilled is following this principle giving greater emphasis to its substance rather than its form.

⁷ <https://www.speakingtree.in/blog/what-did-lakshman-learn-from-ravana>

The rationale and science behind ancient Bharatiya practices - Their relevance today

The ancient *Bharatiya* practice of *madhi* is the earliest, time-tested harbinger of cleanliness and hygiene. As in myriad other aspects of life, *Vishwaguru* Bharat's ancient wisdom - distilled across millennia, foreseen by the sages and immortalised in the scriptures – captures the noblest and loftiest ideas for peaceful co-existence. From social distancing to social responsibility, India's ancient scriptures have said it all.



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A doctor (a renowned medical practitioner) is a regular visitor to the Udupi Krishna *Matha*¹. In the course of a brief conversation, it was once asked of him, if anyone could enter an operation theatre and witness a surgery that was being performed there. The doctor, with some reluctance, said he could make the necessary arrangements if anyone were indeed very keen to so witness it. The tone and tenor of the doctor's reply made one chary and circumspect. On being queried further if visiting the operation theatre would be a problem for him, the doctor replied that there were certain 'regulations' or 'mandatory guidelines' that would need to be complied with, if anyone were to enter the operation theatre. The doctor continued and explained that the regulations required a person to leave the footwear outside, adorn a

different attire (aside of the ascetic robes), cover the nose and mouth with bands and the like. The doctor added that once inside the operation theatre, one ought not demur, speak or leave mid-way. He explained further that the operation theatre was a sterile and sensitive area and that entry was restricted. Only those that abide with the guidelines as adumbrated above could enter.

This brief, but interesting conversation with the doctor, kindled intense musings. With some celerity one could recall in an eddy, the scenarios that present themselves across society – be it a temple or *matha*, a home, an office, a board-room or any other such ambience. When someone comes to a temple or visits a home, it is a *sine qua non* that we instruct them to leave their footwear outside the premises. It is here that the so-called 'rational' or 'argumentative' denizens enter the scene. They almost *impromptu* ask why they should be leaving their footwear outside. What is worse, many times it leads to pertinacious arguments and unsavoury situations. Juxtapose this with what the doctor said above and any layman obeys this with all servility and complete obedience. There is no argument; the words of the doctor are axiomatic. Let each person step back and ponder over this. Is there a common reason or justification for both the doctor on the one side and, us, imposing somewhat similar restrictions at temples, *mathas* and at homes?

It is no rocket-science to decipher the logic. The reason or justification is hygiene and cleanliness. The small, yet significant act, of leaving the footwear outside is not merely symbolic of humility, but more importantly, of ensuring that the dirt, filth and (possible) infections from the outside do not enter our world – the temple or home, as the case maybe. In both cases, the symbolism goes beyond the material and delves into the subtle as well. There is an imperative need to discard our minds and souls of dirt, evil and all sort of negativity. Any such dirt, evil and negativity that may have got tagged to us in the rough and tumble of our lives (literally and figuratively) needs to be, without fail, left outside the premises. Viewed in this background, it is so apposite what the doctor said.

The same applies in the lives of each of us, every single day and in every distinct activity. As much as the operation theatre is a sterile place, so are temples² and homes sensitive places. As there is an attire to be worn to enter the operation theatre, so there is an attire to be worn to enter the temples. Both buttress the need for purity, hygiene and cleanliness at even a mundane level³.

² It is customary for men to visit temples and mathas, particularly in Dakshina Kannada, Kerala and many parts of Tamil Nadu, without shirts and in dhoti. Unstitched attire is prescribed and this is reflective of simplicity and obeisance.

³ Even as corporate boards would expect its directors to attend meetings in 'Business Formals', so too, would temple and matha authorities expect devotees to be attired in dhoties.

¹ The idol of Sri Krishna, installed in Udupi by Acharya Madhwa, was got made by Sri Krishna Himself by Vishwakarma of Saligrama stone. This is the presiding deity at the matha



People who wish to go near the precincts of the *sanctum sanctorum* are advised not to touch anyone and maintain what is today the buzz word – ‘social distancing’. The concept of *madhi* requires those entering a temple not to touch anyone. If per chance, anything is touched, it is advised that the devotees cleanse their hands. Just as in the case of the operation theatre in a nursing home, so too, in the case of temples and our homes. Abiding by some norms of cleanliness and ‘restrictions’ is absolutely in order. Just as the doctors and their assistants who follow a particular regimen and those related to the patient alone are permitted inside the operation theatre, in the case of a temple or a *matha* as well, the *purohitas* and their assistants and those connected to Him alone are permitted entry. They, too, are subject to a similar regimen.

It is now being reiterated the world over that personal hygiene is paramount. The saliva, mucous and other excreta of a human can and does tend to cause infection; they are contagious. Hence, it is important that adequate safeguards are taken not to transmit them, even unknowingly. The world is presently hyperactive, witnessing a surge as it is in cleanliness. In the Corona infected COVID-19 times that we live in, it has been repeatedly advised that we sanitise our hands so as to constantly disinfect them. There is emphasis on usage of warm water for consumption. All this is nothing but a belated, but fortuitous discovery of *madhi* that is a traditional concept in our *Sanatana Dharma* – a gift of ancient India or symbolic of *Bharatiya* culture. The happenings of today are a wake-up call to society in India to abide by our age-old, time-tested principles. Cleanliness, hygiene and disinfectants are all nothing but contemporary manifestations of *madhi*.

Take the use of cow dung as a cleansing agent. From time immemorial, our ancient seers and forefathers have been using it as a disinfectant. No prayers can be offered to the

Almighty unless the place has been disinfected and sanctified by the use of cow dung⁴. If anything is touched, even a part of one’s own body, before continuing in prayers, an ascetic cleans his hand using cow dung.

It was a regular practice for our ancestors to have different sets of clothes for wearing while outside the house; these were never mingled with those that were worn inside the house. Our ancient practices have waxed eloquent about not touching anyone unnecessarily for any reason. Every health advisory being issued today is a re-statement of our own ancient practices and procedures. Even the Western world is today adopting the ‘*namaste*’ as a way of greeting rather than shaking hands. It is this culture and tradition that we need to imbibe and to perpetuate.

Acharya Madhwa⁵ has left for mankind, a treasure of knowledge covering topics as vast, diverse as metaphysics, ontology, commentaries on the *Prasthanatraya*⁶, and rules and conduct for a right living. It is quite interesting that on even relatively commonplace and worldly aspects such as cleanliness and hygiene he has expatiated at length. Among his *Sarvamoolagranthas*⁷ is a work called *Sadachara Smriti*⁸

⁴ The deity is placed for worship and prayer only after the precincts are cleansed using cow dung
⁵ An incarnation of Vayu or Mukhyapirana; previously born as Hanuman to serve Lord Rama and as Bheemasena to serve Lord Krishna. Acharya Madhwa was born in Pajaka Kshetra near Udipi and established the Ashta Mathas (eight monasteries) to offer prayers to Lord Krishna and spread Tattwa Vada. These eight mathas exist to this day.

⁶ The Bhagawad Gita, the Upanishads and the Brahma Sutras

⁷ A name collectively given to an assortment of 37 works composed by Acharya Madhwa. These 37 works are a treasure trove of knowledge, a bona fide gift to mankind, a gateway to happiness and bliss and righteous contented living. These texts enlighten a soul and launch him onto the highway of spiritual realization. The Sarvamoola covers inter alia the Brahmasutras, the Upanishads, the Bhagawad Gita, the epics (Ramayana and Mahabharata), the Srimad Bhagawatam et al. Besides, it also provides an expansive bulwark of epistemology for the establishment of Dwaita or the concept of Duality. Together with Adi Sankara’s Advaita and Sri Ramanuja’s Vishishtadvaita, the three form the schools of Vedanta in Hindu theology.

⁸ Compendium of daily practices (for righteous living)

which expounds eloquently about right conduct and the way life is to be led. It is a short work of 30 plus verses written by Acharya Madhwa. This short treatise is in the nature of a compendium⁹ on *Dharma* and rituals. It is an attempt by the revered Acharya to awaken ethical values in society. The *Sadachara Smriti* sets a platform to uplift the moral and ethical standards of common people even as it focusses on cleanliness and hygiene at the same time. The text contains many thoughts that beam a flood of light on the social fabric as envisaged in the Vedic lore. At a sublime level, it is a concise presentation of the various teachings of Lord Vedavyasa¹⁰.

The *Sadachara Smriti* provides detailed guidelines on daily activities like:

- Right time to wake up (*shloka* 1-2)
- First activities to be performed in the morning (*shloka* 2)
- The right method for a sadhaka to take bath (*shloka* 3-4)
- The correct mantras and procedure to perform *Japa* or *Sandhyavandanam* (*shloka* 5-8).
- The right attitude while serving God (*shloka* 9-11)
- Performing worldly duties towards one's job, family and guest (*shloka* 12-13)
- Performing evening and night duties (*Sandhyavandanam*) (*shloka* 14-15)
- Studying Vedas and shastras (*shloka* 16-21)
- Remembering supreme Lord Narayana always and surrendering all activities to Him (*shloka* 22-27)
- Duties of four *Ashramas* (*shloka* 28-30)
- The equal eligibility for the various *Varnas* towards worship of Lord Hari/Vishnu (*shloka* 31)
- Path to *Moksha* by worshiping supreme Lord Narayana (*shloka* 32-35)

The *rota* includes aspects of meditation (*pranayama*) and other physical exercises. At the outset, Acharya Madhwa alludes to the key to success in any field – ultimate success can only be achieved when each of the prescribed actions is performed without any ego and/or attachment. As Lord Krishna averred in the *Bhagavad Gita*, all action should be seen as worship and there should be detachment from its results¹¹.

Every morning should have an auspicious beginning. That will ensure that our day is filled with enthusiasm and success at each step. As nothing in the universe is as auspicious as Him, one needs to wake up with Him on mind. Post that, one should duly attend to nature's calls, brushing teeth and bathe as prescribed in the scriptures.

The human body constantly throws out impurities through its nine openings. Purification of the body can be performed by

five kinds of bath viz., *Mantra snana*, *Mala snana*, *Dhyana snana*, *Varuna snana* and *Jala snana*. By performance of these baths while reciting the prescribed mantras one's body gets purified. Pure soil (including from *Tulasi* groves) is a great cleanser of the body. It removes bodily odour and enhances the lustre. Bathing is to be considered an anointment of the Lord. Thereafter, one should wear pure clothes to perform the ordained services. Having bath multiple times in a day has also been prescribed. Every word that is kosher for an eternity, more so, today.

A redeeming feature of our *Dharma* is the concept of *Pancha Rina*¹² viz.,

- *Deva Rina* or debt to God
- *Rishi Rina* or debt to the sages
- *Pitru Rina* or debt to the ancestors
- *Nri-Rina* or debt to mankind
- *Bhuta Rina* or debt to the sub-human beings



Every individual has to redeem these five debts through the performance of certain moral duties enjoined by the scriptures. Ancient Indian scriptures and ethics have held that all life forms belong to one eco-system¹³. Man cannot co-exist without acknowledging his indebtedness to other human beings and life forms on earth. All lives are interdependent. One cannot survive in isolation or without the survival of others. Wanton destruction of life, whether human or sub-human, is not permitted¹⁴. The concept of *Pancha Rina* is possibly the earliest precursor of the concept of social responsibility.

⁹ It draws from various other scriptures, the epics and puranas

¹⁰ Sarvamoola- a brief journey, Acharya Atamadasa, published by Atmashrama

¹¹ Chapter II, Verse 47

¹² Five debts

¹³ Vasudaiva Kutumbukam

¹⁴ Essentials of Hinduism

One of the scriptures of Hinduism says that a Hindu individual has to maintain ethical behaviour from his inception in the mother's womb until his death¹⁵

A major portion of the day should be spent in study, discourse and discussion on (Vedic) scriptures. This essentially means to engage in the activities that are ordained for each person – the purveying of knowledge. Paraphrased in the current context, this would mean that day should primarily be spent in practising one's own vocation, providing the requisite services or furthering one's trade. In one of the verses of the *Dwadasa Stotra*, Acharya Madhwa ordains mankind to keep the mind absorbed in all humility at the feet of the Lord, perform duty worthy of the station in life uninterruptedly and enjoy the fruits according to the same capacity.¹⁶ This is a scriptural-spiritual command by the seer to be ever engaged in discharge of duty as per one's innate capability or calling. It is a universal message of duty and devotion.

All this proves beyond every modicum of doubt that the ancient practices followed in our temples, *mathas* or homes were backed by scientific rationale and that hygiene and cleanliness occupy primacy in our way of living. It is rather sad, nay unfortunate that a global pandemic turned out to be the 'epiphany' moment in our lives. Edicts on practising a profession, skill or one's own tasks have found several mention in the scriptures.

“ Man cannot co-exist without acknowledging his indebtedness to other human beings and life forms on earth. All lives are interdependent. One cannot survive in isolation or without the survival of others.

The lessons that our ancient scriptures offer to the corporate world in general and corporate professionals in particular:

- Is that it is imperative to perform the prescribed duties in a conscientious manner.
- The means are as important as the denouement in the long-run.
- An island of prosperity cannot sustain in an ocean of misery.
- The concept of stakeholders and their welfare.
- Cleanliness is not just next to godliness, it is the path to godliness.

The unfortunate lockdown that we are enduring now will surely end. Very shortly at that. Nevertheless, the lessons that it has taught us should be borne in mind. It is a period of churning. Whether it is the home, office or any other setting – maintenance of cleanliness and hygiene should be the foremost concern of all. This cannot be a brief, transitory arrangement. The human race can ill afford it. Once people start getting back to offices and as in the case of professionals like company secretaries, the meetings of the board or shareholders start and the interactions with various stakeholders like government

¹⁵ 'Nishakaadi shmaashaanatah' – starting from the inception in one's mother's womb and ending in the cremation ground; Agnivishaya Grihyasutra 3/10/4

¹⁶ Verse 1, Canto 3 – Kuru bhunksva cha karma nijam niyatam haripaada vinam radhiya satatam

officials, regulators, auditors and others commence, sight should never be lost of maintaining minimum social distancing and basic cleanliness. That which has been practised for all the past few months should become a part of our daily routine. Such basics should no longer be endeavoured or attempted as an exercise but become imbibed in us a regimen. As it was in the days of yore.

Doing right things besides doing things right – India has been the *Vishwaguru* from time immemorial. The loftiest thoughts and noblest deeds have been so daintily interwoven into our psyche by our forefathers. Our fortified scriptures have been harbingers of the best. Not just for the self, but for the society, the entire world and indeed, the cosmic aether.



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With respect to governance, the emphasis in the first instance should be on individual governance by the human being to the principles that were well established in *madi*. Self-governance by the individual is the first step before extending the principles of cleanliness and hygiene with respect to Corporate Governance. The profession of Company Secretaries, which is in the forefront when it comes to Corporate Governance has a great role to play in the social context in terms of how the social distancing norms and the other guidelines of the government in the wake of COVID-19 are complied by the corporate sector. The profession will command greater respect if the governance professionals come to the forefront in enforcing social hygiene.

Can Corporate Governance benefit from ancient Indian wisdom?

Much progress has been made in corporate governance. The quest to upgrade and embellish corporate governance goes on – as it should. One important source of wisdom is the legacy of wisdom bequeathed to humankind by the wise ones of ancient India. This article points to some nuggets of such wisdom and seeks to encourage scholars to delve deeper into such ancient wisdom for the benefit of the corporate world and its stakeholders.



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BACKGROUND

As corporations become larger, more powerful and pervasive, their governance will increasingly impact modern society, including:

- Human lives and the quality of lives;
- Mother Earth and the various creatures that dwell on Mother Earth;
- The relationships between humans, other living beings and Mother Earth.

Hence the theme is of paramount importance today. The emphasis, today, is on speed. Not direction. That could be dangerous for all. Thus, some deep contemplation is required on the subject of adding a new dimension to the corporate

*The views expressed are the personal views of the authors.

governance framework based on ancient Indian wisdom. This article attempts to initiate such thinking.

Corporate Governance is largely based not only on data but also on knowledge. The authors point out the possible role of wisdom in corporate governance.

The world is awash with data. Some of it is structured, processed and useful/relevant, depending on the place, time and context; such limited subsets of data thus qualify to be classified as *information* and not as mere data. Hence information is a small sub-set of data.

Knowledge, on the other hand, is the enhanced capacity for “effective” action based on assimilation of information. So, one can readily infer that *knowledge* is even more scarce than information, or rather, very little *knowledge* emanates from assimilation of information.

Then what is the role of wisdom in Corporate Governance?

This article explores the possible answers to some key questions as it looks at the modern edifice of corporate governance and seeks insights from ancient Indian wisdom.

The questions are of importance, in the opinion of the authors. Framing the right questions can stimulate the right approach to the search for insights.

7 KEY QUESTIONS

1. Are the pillars and key elements of modern corporate governance adequate?
2. Can we rethink some or all of the pillars of corporate governance leveraging insights from ancient Indian wisdom?
3. Do checks and balances matter as much as we imagine? Is an alternative approach possible?
4. Will increasing disclosure by itself ensure transparency/better governance? Can Indian wisdom provide ideas for a modified approach?
5. How can the Indian *Runa* (indebtedness) tenets contribute to improved governance?
6. Can Mother Earth be deemed to be a key stakeholder? Can that improve corporate governance?
7. Is competition an unmixed blessing? Are alternative models possible?

In this article the authors (i) dwell upon the relevance and use of these questions; (ii) point towards some things that

Can Corporate Governance benefit from ancient Indian wisdom?

we can learn from or about ancient Indian wisdom, that could be relevant in developing answers to the questions and (iii) urge scholars to engage in research to find answers to these questions; that could reshape corporate governance in India – and perhaps in the world

THE 7 QUESTIONS

1. Are the pillars and key elements of modern corporate governance adequate?

Modern corporate governance rests on these four pillars:

Accountability: Modern corporate governance emphasizes accountability. Everyone, (director, chairperson, member of management team, shareholder and employee) is accountable to someone else, either internally and/or externally.

Devolution of power: Power devolves with checks and balances.

Fairness: Fairness is to be exercised in balancing the interests of the various stakeholders.

Transparency: Meaning timely and comprehensive disclosure of all material facts.

These pillars provide a robust framework for corporate governance. It is important that companies continue to conduct business in a transparent manner, as trustees of the stakeholders, and make necessary and timely disclosures. Stakeholders have the right to this information. One additional facet that may be evaluated by companies is the sharing of appropriate inferences that may be drawn from ever-increasing data that is available / accessible to all stakeholders. That could empower stakeholders with the knowledge to take effective action.

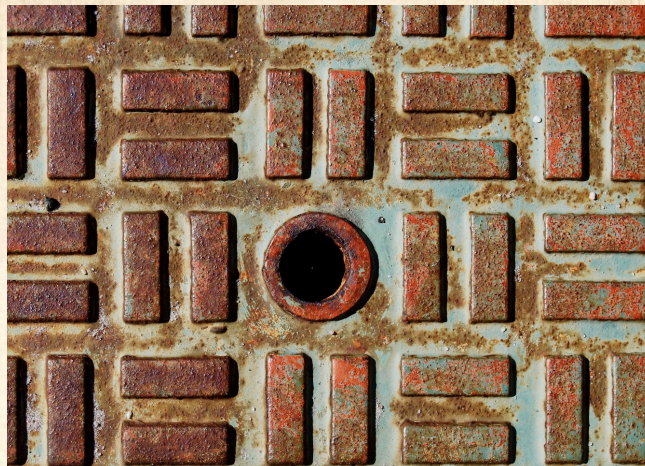
These pillars enable the rule of law which is crucial in aiding good corporate governance. By seeking insights from ancient Indian wisdom, we may be able to add a new dimension to corporate governance – namely the rule of conscience. When the rule of conscience supplements the rule of law, corporate governance will be enhanced and more effective.

2. Can we strengthen these pillars by leveraging ancient Indian wisdom?

Yes, the time is ripe to consider how insights from ancient Indian wisdom can help refresh and invigorate corporate governance.

Let us examine some concepts from Yoga. The concepts of *yama* and *niyama* emphasize the need for self-restraint and compliance with external rules and constraints. These are the hallmarks of any civilization. Without restraint and constraint, civilizations will crumble. So too, in the corporate world there is a crucial need to teach, learn and reward restraint and compliance.

Yamas include avoiding violence (*ahimsa*) in thought, word and deed, avoiding lying (*Satya*), avoiding stealing (*Asteya*) or wasting of human energy (*Brahmacharya*) and undue acquisitiveness or possessiveness (*Aparigraha*). Their corresponding and supplementing *niyamas* exhort us to remain



clean, contented, purified through various practices; and to engage in constant study and learning, apart from observing our own habits and surrendering to some force greater than ourselves (thereby inducing humility). There is a Greek belief that *hubris* is always followed by *nemesis*. Hence the value of humility at all times. The practice of *yama* and *niyama* is of great value in inducing humility.

Whatever one does should be for the well-being of others¹. Any activity which is good for you but harmful for others should not be done.

The *Law of Karma* says “We are the creator of our destiny”. *Karma* means “action which creates result”. Most of the time, we blame others for our misfortunes, not knowing that they are the results of actions or choices made by us in the past. Hence, it is important that we modify our actions keeping the outcome in mind. Always plant seeds of positive behaviour. We have the power to modify our present thoughts and actions, knowing that they will determine our future and the future of the society around. That is taking charge of our life and determining our destiny.

Can the corporate world not learn these and benefit? Great progress is possible with such an approach which should be studied formally and applied in corporate governance.

3. Do checks and balances matter as much as we imagine? Is an alternative approach possible?

There was an old airline advertisement that said: “we have engineers who check the engineers who check the aircraft engines”. This highlights the central theme of governance in modern times, which can also be expressed through the phrase ‘check and verify till you get it right’. Hence the importance of auditors, regulatory authorities, whistleblowers, increased oversight, surveillance and so on.

The approach of modern corporate governance is to distribute or devolve power in a way that there are checks and balances. This approach has many merits. On the other hand, it may be possible to improve human attitudes and habits in such a way as to make the corporate governance framework more effective, thereby reducing the costs and complexities of compliance. This may not be easy, but is achievable and worth exploring.

¹ From the Bhagwad Gita (Chapter III verse 25)

Ancient Indian wisdom stressed the need for character building especially in the formative years. Stories from the *Puranas* can inspire, educate and motivate people to right thoughts, words and deeds. The *Puranas* are religious texts that are part of the Vedas. They are in the form of narratives that illustrate the conflicts between good and evil and make the ancient scriptures easy to understand and interesting.

Can education through the *Puranas* influence and motivate the modern mind? It is worth trying. Motivation plays a great part in education and the *Puranas* can be elevating for all minds.

Indian scriptures provide a wide variety of means for human development and emancipation. These means are predicated on the wisdom that human beings and minds vary considerably. Thus, we can think of multiple choices for human development based on the different *gunas* of human beings. *Sattwa*, *Rajas* and *Tamas*, the three *gunas* - are attributes or characteristics of all people and things in nature that are primarily responsible for their predominant traits, behaviours and actions.

“The approach of modern corporate governance is to distribute or devolve power in a way that there are checks and balances. This approach has many merits. On the other hand, it may be possible to improve human attitudes and habits in such a way as to make the corporate governance framework more effective, thereby reducing the costs and complexities of compliance. This may not be easy, but is achievable and worth exploring.

Experts in human behaviour and educationists can study the implications of the 3 *gunas* and tailor education and behavioural training appropriately to suit the *gunas* of the individual. Artificial intelligence and big data analysis can make this economically feasible. This will help develop human creativity, innovativeness and dedication to group or community goals. Ancient Indian scriptures can help us put human welfare and personal emancipation at the centre of corporate business.

4. Will increasing disclosure by itself ensure transparency/better governance? Can Indian wisdom provide ideas for a modified approach?

The belief that increasing disclosure of data will improve transparency should be re-examined. Perhaps the time has come to consider whether the *data overload* that we are all experiencing has actually helped us make better decisions.

There is merit to fact-based decision making. But equally, there is a need to have such decision-making motivated by the noble desire of the greatest good of the greatest number of people.

It is common to assume that “knowledge is power”. But perhaps it is equally true to say that “character is power”. Data-based decisions may, by themselves, not be reliable, unless they come from a trust-worthy source. Both knowledge and character are important. The Trust which is the basis of good corporate governance comes from noble character.

“Experts in human behaviour and educationists can study the implications of the 3 *gunas* and tailor education and behavioural training appropriately to suit the *gunas* of the individual. Artificial intelligence and big data analysis can make this economically feasible. This will help develop human creativity, innovativeness and dedication to group or community goals. Ancient Indian scriptures can help us put human welfare and personal emancipation at the centre of corporate business.

Noble leaders set the trend for others to follow. As stated in the *Bhagavad Gita*

“Whatever action is performed by great men; common men follow in their footsteps. And whatever standards they set by exemplary acts, all the world pursues”². The same is true for companies also.

5. How can the Indian “Runa” tenets contribute to improved governance?

Much of the greed, aggression and self-centeredness that we witness today spring from a *feeling of entitlement*. Without the appropriate cultural moorings, high qualifications and positions of power and influence may not add much to general human welfare. In fact, there is a great risk that material human success can come at an enormous cost to human welfare and culture.

The ancient Indian tenets of *Runa* (indebtedness) can help alleviate this serious malady. Ancient Indian scriptures stipulate that every human being is born with five important debts.

These are:

- i. The debt to the Supreme One
- ii. The debt to ancestors
- iii. The debt to humankind
- iv. The debt to guests
- v. The debt to plants and animals (to Nature)

By repaying these debts through worship, rituals, charity, feeding, serving guests, serving the community and being kind to animals, birds and trees, humans, including corporate executives, will imbibe noble qualities that will render their actions pure and beneficial to others. These will also reduce or eliminate selfishness, greed and aggression.

Is this not a good way to improve corporate governance through noble motives and noble thoughts?

6. Can Mother Earth be deemed to be a key stakeholder? Can that improve corporate governance?

Indian wisdom treats human beings as a part of *Prakriti* (Nature) not as separate from it. That is the crux of the reason for the belief that we will be destroyed if we do not treat nature

² From the *Bhagwad Gita* (Chapter III verse 21)

Can Corporate Governance benefit from ancient Indian wisdom?

with respect and reverence. The law of karma makes us reap what we sow and nobody is exempted from this law.

Through human selfishness we are at risk of making humans an endangered species. One revered Guru has said that humans are behaving like the person who is sawing off the branch of a tree on which the person is perched!

Corporate actions have implications for nature. We are now familiar with economic booms and busts. But have we thought seriously about the impending ecological bust? That will be hard or impossible to remedy. For thousands of years the human ability to use the Earth's resources was limited and that resulted in stability in nature and very low or no risk of climate change because of human activities. That has changed dramatically in the last 40 years or so largely because corporations can leverage technical advances to embark on huge projects that can make large scale use of the Earth's resources.

Is it time to include Mother Earth as a stakeholder in the scheme of corporate governance? That is an idea worth considering. That will certainly give a new and noble dimension to corporate governance.

7. Is competition an unmixed blessing? Are alternative models possible?

Modern business proceeds on the footing that competition improves products, services and business models. And that competition benefits consumers and humankind.

But competition also results in malpractices, corruption, greed and aggression. Predatory practices spring from unbridled competition.

“Corporate actions have implications for nature. We are now familiar with economic booms and busts. But have we thought seriously about the impending ecological bust? That will be hard or impossible to remedy. For thousands of years the human ability to use the Earth's resources was limited and that resulted in stability in nature and very low or no risk of climate change because of human activities.

Modern business and corporate governance should be tempered by insights from ancient Indian wisdom. That is both desirable and possible.

The authors could do no better than quote from the song composed by the *Paramacharya*³ of Kancheepuram in South India.⁴

The lyrics and meaning of the song that he composed, and that was sung by Bharat Ratna M S Subbalakshmi at the United Nations on the occasion of UN Day 1966, are as follows:

Maithreem Bhajatha Akila Hrith Jeththreem – Serve with Friendship and Humility, which will conquer the Hearts of Everyone.

³ Jagadguru Shri Chandrasekharendra Saraswati Swamikal (20 May 1894 – 8 January 1994) also known as the Sage of Kanchi or Mahaperiyava (meaning, "A venerable sage") was the 68th Jagadguru of the Kanchi Kamakoti Peetham.

⁴ As quoted from the site at <https://mahaperiyavaa.blog/2016/09/17/maithreem-bhajatha-a-heart-melting-rendition/>

Atmavat Eva Paraan Api Pashyata – Look upon others as similar to yourself.

Yuddham Tyajata – Renounce War

Spardhaam Tyajata – Renounce unnecessary Competition for Power

Tyajata Pareshwa Akrama Aakramanam – Give up Aggression on others' properties which is wrong

Jananee Prithivee Kaamadughaastey – Mother Earth is wide enough and ready to give us all we desire like a Kaamadenu

Janako Deva: SakalaDayaalu: – God, Our Father, is very Compassionate to All

Daamyata – So, Restrain yourself

Datta – So, Donate your wealth to others

Dayathvam – So, Be Kind to others

Janathaa: – Oh People of the World

Shreyo Bhooyaath Sakala Janaanaam – May All People of this World be Happy and Prosperous.

CONCLUSION

In sum, the approach of the wise ones in ancient India was to help individuals improve their character and habits, thus ensuring the welfare of the individual, the family, the community and humankind.

It is believed that our thoughts determine our words, our words determine our actions, our actions shape our habits and our habits shape our destiny. That is the essence of the wisdom of the wise ones in ancient India.


Even in the West it is sometimes said: "If you get the man right, you get the world right". In other words, we can never hope to reform the world without working at the *unit* level of the individual.

It is important that we abide by the verse in the Taittiriya Upanishad to be a good citizen and thereby a good corporate. Given below is that message as imparted by the Guru to the student who has finished his learning at the Guru's hermitage and is ready to resume his life journey in the external world.

"Satyam vada, Dharmamchara, Svadhyayanmapramada" – This means Speak the truth, practice virtue and Never neglect your daily learning. The first two words, *"Satyam vada, Dharmamchara"* form the motto adopted by our Institute

It would be highly beneficial for the corporate world and the stakeholders if:

- Scholars are encouraged to engage in research about ways in which ancient Indian wisdom can reshape corporate governance.
- Students and members study our ancient heritage.

We should not hesitate to chart our own path in India, on corporate governance. The authors firmly believe that corporate governance will benefit from ancient Indian wisdom. 

Governance Lessons from Thirukural

“Thirukural” literally meaning sacred verses is rightly referred to as “pearls of wisdom”, dating back to possibly 5th Century CE, much before the existence of corporate structure. Written by the famous Tamil Saint Thiruvalluvar and hailed as a masterpiece in Tamil literature it contains 1330 verses, through which the essence of governance can be seen and very well applied as principles of corporate governance. In this article, some of the verses have been analysed and explained in detail correlating to the contemporary principles of corporate governance.



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GOVERNANCE – THE LARGER MEANING

The compelling need for impressing upon governance in every organized work where resources are deployed and activities are undertaken stems from one’s duties towards the society. When it comes to entity level governance, it applies to every activity where the liability side of the balance sheet contains funds and resources of others which are put to use by the entity for its activities and / or where the asset side of the balance sheet of the entity contains items such as cash and receivables that have come into existence as a result of consumption of goods and services by, people of the society, irrespective of any number or size. For instance, the Government of a State, say India, applies the whole of the resources of the nation, which belong to the people of the country and which are meant to be applied for the larger benefit of the Indian society. For orderly development of the society, there must be order in application of the resources, which includes men, machine, materials and money; there must be regulation to ensure reasonableness of prospecting and exploitation; there must be protection of the environment so as to leave it fit for the posterity; there must be norms, codes; principles, rules, and procedures. If one were to imagine a society where there are no rules, there will be only disorder resulting in uncontrollable exploitation and useless and wasteful application of funds and properties and unimaginable consequences. Governance is the single thread which operates the entire system in which we are living. Governance applies to the rulers as well as the ruled.

Implicit in the word governance is “governed”. When we say “governed and beyond”, we have to see beyond the circle of the people who are governed such as those whose ideas and labour are utilized; be the consumers, transporters and every other person involved in the economic activity or supply

chain resulting in goods and services being made available. Governance impliedly requires us to see beyond those who are governed and it is intended to take care also of the rights and well-being of people, properties, and other living organisms that are comprised in the environment. Governance requires us to consider the interplay between the circle which consists of those that are governed and outside the circle that comprises of things that fall beyond that circle and minimize the negative impacts. Therefore, governance must seek to ensure that there is no unreasonable or unfair interferences in the state of things falling within the meaning of the said term “beyond”.

THE FIVE RESPONSIBLE ENTITIES OF CORPORATE GOVERNANCE

1. The Board of Directors
2. The Independent Directors
3. The Management
4. The Auditors
5. The Regulators

Of all the above, in a corporate form of organization, the Board of Directors is the apex entity at the top of the governance structure. Unlike an Organogram, none of the above entities other than the Management comes under any other.

Under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (Listing Regulations), under “Other Responsibilities” listed under Para (2)(f) of Regulation 4, the following are stated:

- The Board of Directors shall provide strategic guidance to the listed entity, ensure effective monitoring of the management and shall be accountable to the listed entity and the shareholders.
- The Board of Directors shall set a corporate culture and the values by which executives throughout a group shall behave.

A careful look at the above "responsibility owners" in the governance structure will show that some are independent entities and some are non-independent entities. For instance, the Board as a whole, may or may not be independent, while Management as an entity of Corporate governance need not be independent in the proper sense of the word while other three entities are definitely and supposed to be independent, neutral and impartial.

A look at the above five important entities who constitute the governance entities in the governance structure, from a majority angle, will show independent entities are in majority. While auditors and regulators could be said to be looking at



things, events and occurrences after they have happened, the Board as a whole, and the independent directors in particular are in an unenviable position of looking at programmes, projects and proposals before they are undertaken by the company and they are the entities who may probably get the first chance to review the output, events, and occurrences of every activity undertaken by the company.

THIRUKURAL – THE PEARLS OF WISDOM

In the light of above the set up in a corporate, and from the perspective of the responsibilities of the entities who are comprised in the governance structure, and as stated in the Listing Regulations, and the provisions of the Companies Act, 2013, it is possible to seek guidance from Thirukural. Thirukural, consisting of 1330 couplets of 7 words each, authored by Saint Thiruvalluvar, (as reported by Wikipedia), has been dated variously from 300 BCE to 5th Century CE, though another school of thought suggests a later date of 450 to 500 CE. In any case, it pertains to a period during which no corporate structure was in existence not to speak about corporate governance.

The French Code de Commerce of 1807 has been identified as the first true general corporate law allowing for incorporating companies with limited liability by way of permissive system of concession by the state. The classic exposition of this approach could be found in the work by Karl Lehmann Diegeschitliche Entwicklung Des Aktienrechts BIS ZUM Code De Commerce. (The Historical Development of Corporate Law up to the Code de Commerce 1895). In 1843 came the first general corporate law for Prussia known as Preussische Aktiengesetz. The 1843 law was largely based on the French Code de Commerce and the Dutch Commercial Code. Thirukural is more than 1000 years old; certainly older than the period for which we have the existence of corporate form of organization.

As Wikipedia says, the Kural has been widely admired by scholars and influential leaders across the ethical, social, political, economic, religious, philosophical, and spiritual spheres over its history. Hailed as the master piece in Tamil literature, every child who studies in the State of Tamilnadu, invariably learns about Thirukural. It is said that this

compilation has been translated in at least 40 Indian and non-Indian languages. Though there are 1330 couplets in the compilation known as “Thirukural”, even from a few of them we can see essence of Governance spelt out in those days itself by Saint Thiruvalluvar, and we can profitably apply it, and relate it to Corporate Governance.

GOVERNANCE PRINCIPLES FROM THIRUKURAL

Kural No. 634:

தெரிதலுந் தேர்ந்து செயலும் ஒருதலையாச் சொல்லலும் வல்ல தமைச்சு.

Translation by the author:

“While undertaking an activity doing SWOT analysis is the attribute of the minister”

The topmost body entrusted with the responsibility of ensuring good corporate governance is the Board of Directors. While Companies Act 2013 stipulates the duties of directors, it does not say anything on the collective responsibility of the Board of Directors. Thiruvalluvar in his inimitable style, says it is the responsibility of the Board to identify what is to be done. To approve a project that the company is supposed to do is an important activity of the Board of Directors which involves taking into account the resources available, the resources required, the competition, the risk factors and the benefits that the company is likely to gain by doing the project. The Board must consider the strengths, weakness, opportunities and threats. Especially in COVID-19 era, Board must review even existing and ongoing projects. This activity of decision-making is very important and it is most fundamental. Thiruvalluvar says once the choice made is firm and strong, it is necessary to pursue the same with a focus to achieve the goal and to profess and propagate same. The Board must follow this guidance of Thiruvalluvar in decision making.

“ Thiruvalluvar in his inimitable style, says it is the responsibility of the Board to identify what is to be done. To approve a project that the company is supposed to do is an important activity of the Board of Directors which involves taking into account the resources available, the resources required, the competition, the risk factors and the benefits that the company is likely to gain by doing the project.

RISK APPRECIATION AND MITIGATION

Kural No. 662:

ஊறொரால் உற்றபின் ஒல்காமை இவ்விரண்டின் ஆறென்பர் ஆய்ந்தவர் கோள்.

Translation by the author:

“It is the practice of the learned to foresee difficulties and remove or overcome them; but if difficulties occur, pursue the goals without being dejected”.

Governance Lessons from Thirukkural

With respect to the important entity of governance, i.e., management, which comprises of every key person in the management of the affairs of a company headed by the managing director or chief executive officer or the principal officer of a company, by whatever name called, Thiruvalluvar gives a governance principle which every management is supposed to take a note of. In this Thirukkural, Thiruvalluvar says, it is the duty of the management to take all the steps to foresee possible hurdles and obstacles for ensuring the smooth functioning of the company. Thiruvalluvar does not stop there. He foresees the possibility of situations like COVID-19 which might create unforeseen obstacles. He says if the management countenances obstacles that it was unable to foresee, it must do all such things that are necessary to manage those obstacles and achieve the objectives as much as may be possible. In the risk management policy, it is always taught that risks which are not capable of being removed, must be tackled by understanding and assessing its impact, its duration and its consequences and devise ways and means to achieve the objectives while living with that risk. If any obstacle arises or difficulties occur which could not have been prevented from arising or occurring, such as act of God or any other frustrating circumstances, the management must not get dejected and brood over the same; instead management must continue to pursue the objectives without losing its morale and spirit. This is a very important guidance, Thirukkural has given us a lesson long time ago and applies to the current situation brought about by COVID-19. One has to foresee difficulties in the drawing board itself; and take precautionary measures and despite necessary due diligence and care if risks are encountered and if something happens beyond one's control, there is no use of simply being upset about it. In such situations, the management must pursue its tasks more vigorously than before. This is an important governance mantra. We need to salute Saint Thiruvalluvar for these golden principles

ROLE OF BOARD OF DIRECTORS TO BE AWARE OF REPUTATIONAL RISKS

Kural No. 693:

போற்றின் அரியவை போற்றல் கடுத்தபின்
தேற்றுதல் யார்க்கும் அரிது.

Translation by the author:

“If one wants to protect oneself, he must ensure he does not commit defaults; for he runs the risk of the Government looking at him with suspicion, removing of which is next to impossibility”.

One of the pillars of governance is being able to ensure that no default or any other acts of omission or commission occurs. It is natural for a person to look at anything with suspicion if someone has already indulged in an act of fraud or any other offence. If there are compliance failures, offences and contraventions, defaults and deviations, anyone evaluating state of Governance will definitely say that the quality of governance that is practised by the management of an entity is not good. It is always necessary to ensure that there are no acts of mismanagement, misfeasance or misapplication of funds or any other misdeeds which if found in the management of affairs of a company, will always generate suspicion in the

minds of investors, stakeholders and regulators. Credit rating as well as Valuations will fall. Investor confidence will take a beating. Experienced and accomplished professionals may not accept managerial positions in such a company not to speak about independent directors, who will not even consider joining. Thiruvalluvar says that in order to be a Minister in a Government, a person must ensure that he is above board. Thiruvalluvar says in case the minister commits misdeeds and frauds or permits the happening of any undesirable activity with his consent or connivance, he runs the risk of being looked upon with suspicion. Thiruvalluvar says that once the Government suspects, it is difficult to remove the suspicion. This is true for investors too. Therefore, it is important that the Directors ensure that they act in a responsible manner in accordance with law and in terms of their duties and they ensure that the company does not commit any such deeds that would reduce its reputation besides creating suspicion.

“ Thiruvalluvar says that in order to be a Minister in a Government, a person must ensure that he is above board. Thiruvalluvar says in case the minister commits misdeeds and frauds or permits the happening of any undesirable activity with his consent or connivance, he runs the risk of being looked upon with suspicion.

ROLE OF INDEPENDENT DIRECTORS

Kural Number 118:

சமன்செய்து சீர்தூக்குங் கோல்போல்
அமைந்தொருபால் கோடாமை சான்றோர்க் கணி..

Translation by the author:

“Like the needle of weighing scale, deflecting by evaluating the pros and cons is the hallmark of the learned”

A very important pillar in corporate governance is that of independent director. By rule of law independent director is not supposed to become an interested director. It is not without meaning or purpose of the Companies Act or the Listing Regulations that apply to listed companies speak volumes about the role of independent directors. Be it the Audit Committee of the Board of Directors or the Nomination and Remuneration Committee, the independent directors play an important role. Thiruvalluvar had said that like the weighing scale, the needle must be exactly at the centre and depending upon the matter brought up before them, they must appreciate the underlying objectives, advantages and disadvantages, and show their approval or disapproval in an impartial manner. The most important attribute of an independent director is to be able to express his opinion independently. In this way when decisions are made at the board meeting or at a committee of the directors, the independent directors must stand like the needle of the weighing scale and show their mind in an impartial manner and help promote corporate governance. Thiruvalluvar, categorically says that the learned people will not compromise on their neutrality, fairness and being



impartial. Thus, Thirukkural exemplifies and amplifies the role of independent directors.

“ Thiruvalluvar had said that like the weighing scale, the needle must be exactly at the centre and depending upon the matter brought up before them, they must appreciate the underlying objectives, advantages and disadvantages, and show their approval or disapproval in an impartial manner. The most important attribute of an independent director is to be able to express his opinion independently.

PUNISHMENTS FOR STATUTORY OFFENCES – GUIDANCE TO REGULATORS

Kural No.562:

கடிதோச்சி மெல்ல வெறிக நெடிதாக்கம் நீங்காமை வேண்டு பவர்.

Translation by the author:

“In order to ensure orderliness and protect reputation, punishments for offenders must be sufficiently deterrent, though while awarding punishments one must be “just and proper”.

Very important aspect of governance is the ability of the system to punish offenders as soon as may be possible so that there is no element that takes lightly of the norms of governance. Today there is a regulatory system that brings to book defaulters very

efficiently and the penal provisions also provide punishment ranging from imprisonment to severe penalties and fines. A mere look at the penal provisions contained in the Companies Act will show that penal provisions are rationalised; Theory of proportionality has been by and large introduced. In the case of serious offences, the penal provisions are really very severe. For example, frauds deserve huge punishment and the legislature has categorised frauds on the basis of not only the quantum of sum involved in the fraud but also on the basis of the extent to which public interest has been jeopardised. An efficient governance system must be able to identify delays, defaults, deviations and deficiencies in the system and an efficient regulatory machinery will be able to bring to book defaulters and offenders to award punishments. Regulators do play an important role in ensuring governance. Thiruvalluvar in Thirukural, had long, long ago emphasised the need for stringent punishments to offenders while cautiously he says that while awarding punishments it must be ensured that it is just and proper. For instance, consider the factors specified in Section 446A of the Companies Act, 2013 to be taken into account while awarding punishments. In short, penal provisions should appear to be very severe; but ultimately when the guilty is punished, the punishment must be just and fair. Thiruvalluvar emphasised on the need for penal provisions to be deterrent so that there is orderliness in the society. In other words, fraudsters, offenders and defaulters are foreign objects in the governance system and they should not be permitted to damage the reputation that governance builds.

GOVERNANCE MUST BE PURSUED WITH A STRONG WILL

Kural No.661:

வினைத்திட்டம் என்ப தொருவன் மனத்திட்டம் மற்றைய எல்லாம் பிற.

Translation by the author:

“The foundation for anything lies in the strength of the will of the mind with which it is pursued; everything else will follow suit”

The most important aspect of corporate governance is the resolve with which every entity that forms part of the governance structure is able to understand their role, and pursue the norms and principles of corporate governance. It is not sufficient to pass a resolution to adhere to the norms of corporate governance. It is not sufficient if the directors and key managerial personnel sign a code of conduct specifically stating that every aspect of governance will be adhered to. Such a practice is of course the first step. But the very important point that Thiruvalluvar in Thirukkural propagates is the need to have a determination and resolution to adhere to the norms of governance which if in existence will automatically take care of everything else. In the opinion of Thiruvalluvar, the resolve to pursue and achieve something is the most important aspect of achievement. Once there is that resolve, Thiruvalluvar says, other things will follow suit. Therefore, Governance presupposes the need for a resolution and determination to pursue the norms and principles of governance.

The above are some of the couplets that have been quoted here though understanding of the entire 1330 couplets in Thirukural would offer “life learning lessons”.

The Dharmic Ideal of Governance – A Contemporary Perspective

The concept and practice of Governance in Indian scriptures and texts were shaped by the concept of Dharma. This article examines this dharmic ideal of Governance in a holistic and contemporary perspective.



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BACKGROUND

In a holistic perspective, polity cannot be studied in isolation but has to be viewed as an organic part and self-expression of the collective consciousness and culture of the people. The deeper spirit of a political system can be understood fully only when it is viewed in the larger background of the society in which it grew up and the unique and central ideals and master-motives of its culture. One of the central ideas which shaped the ancient Indian civilisation, and the Indian concept and practice of governance is the idea of Dharma, disseminated into the society through scriptures, mythology & texts and dharmasastras. This article examines the socio-political principles derived from this ideal of Dharma in a contemporary perspective.

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THE ANCIENT AND MODERN IDEAL OF DHARMA

In fact, every socio-political system evolved by man proceeds from a particular reading of Dharma which means Laws of Life or Nature or some aspect of it and to regulate life according to this perception. Ancients perceived a moral Law and Order — which is primarily a subjective law of justice, beauty, reason, goodness and harmony— governing life in Man, Nature and the Universe. Their idea of human development is to tune the inner and outer life of Man with the rhythms of this universal Law. The path chosen to reach this ideal is a moral, cultural, religious or spiritual education and training with a predominant stress on character-development and a social-order in which each individual contributes to the common good of all according to his inborn capacity and temperament and fixed function in society.

On the other hand, the motives of the modern social order spring from a different reading of Dharma. It is based on the scientific and rational perception of the laws of the physical and biological dimensions of Nature. This conception of Nature by science is changing. In the early days of modern science, Darwin's law of struggle for existence, natural selection and the survival of the fittest, and its economic counterpart in the capitalistic philosophy of Adam Smith, was the dominant paradigm. These two perceptions fixed the idea that promotion of individual and organisational self-interest in a "free-market" competitive economy as the best motive and condition for the progress and prosperity of the society. The social consequence of capitalism, is a frantic scramble for wealth in which the most vitally or economically efficient survives, prospers and dominates and the inefficient and unproductive are either eliminated or play the second fiddle. And since in our modern age it is Technology — engineering, and management technology—that holds the key to economic, material and vital efficiency, productivity, and strength, it is the emergence of Technology that acts as the source of economic and political power and the dominance of the technological elite. In society, it took the form of the emergence of the technical, executive, managerial and the specialist professional class as the ruling elite; In the economy, the dominance of the technologically advanced nations like Japan, West Germany and US as the economic super-powers of the world; in polity, Nations advanced in military technology like US, Russia and China that stand out as the political super-powers of the world.

However, with the advent of the new science of Ecology, there is a new reading of Nature, different from that of Darwin. According to this new vision of Nature, Darwin's struggle for existence is not the entire law of Nature, but only a subordinate

or secondary or sub-law of an overarching principles of cooperation and partnership. For example, Fritjof Capra, after elaborating the ten principles of ecology, concludes that general shift from domination, quantity, competition and expansion to quality, cooperation and partnership is an essential part of the shift from the mechanistic to the ecological paradigm.

Similarly, after the collapse of communism and the subsequent disastrous financial muddle in capitalism, many thinkers in the west are seeking for a “third way” other than or beyond the troubled “isms.” For example, a distinguished management thinker, Mintzberg, argues in a thoughtful article in Harvard Business Review that what we need today is neither too much of governmental control as in communism nor too much of free enterprise as in capitalism but a balanced development of all the organs of the society like government, business, NGO's, health and education. Here comes the importance of the ancient Indian approach to governance which can provide some useful clues for evolving a human-centric and organic approach to governance.

THE HUMAN FACE OF GOVERNANCE

In the Indian perspective, the external, secular life of the world and all its activities like economics or politics is only a means for the inner growth of human being towards their spiritual destiny. Based on this central idea, architects of ancient India made a great attempt to create a society and a polity built on psychological and spiritual principles of human development.

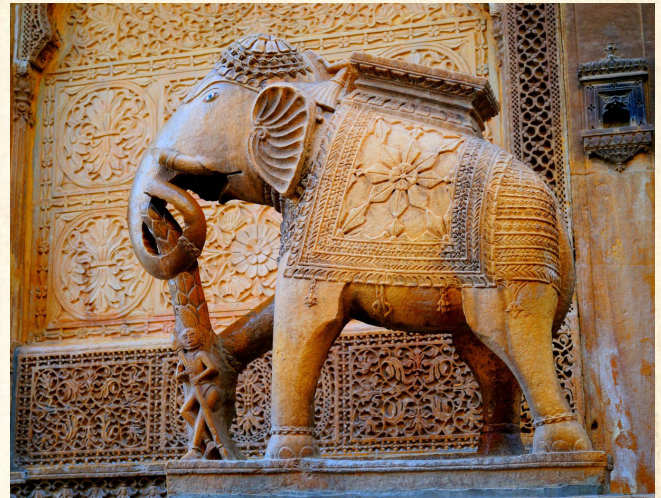
The first principle is the ideal of Dharma. This Indian concept of Dharma can be perceived or interpreted at different levels. In a developmental or evolutionary perspective, Dharma is all ideas, aims, motives, ideals, values and standards of conduct which are in harmony with the higher laws of life and therefore lead to the mental, moral and spiritual development of humanity.

The second principle is the classification of human being into four types. The first one is the Mentor-type who lives predominantly in his intellectual, ethical or aesthetic being seeking for knowledge, values, ideals, and the art of right living. The second type is the Marshal who lives mainly in his will and vital force seeking for power, mastery, success, expansion and achievement. The third type is the Merchant who lives in his emotional or relational and pragmatic mind which seeks for mutuality, harmony and an efficient, pragmatic dealing with life. The fourth is the Worker who lives in his physical being with a natural instinct for hard work and service.

The third principle is that each individual has to be provided with an occupation which is in harmony with his typical nature, called as swadharma. According to Indian thought, when an individual performs his swadharma governed by corresponding values and with the right moral and spiritual attitudes, it leads to inner growth of the individual in the psychological and spiritual realms. When this inner growth expresses itself in the outer life it leads to excellence in work. When all the individuals in a community live and act in harmony with their swadharma, it leads to a similar elevation in the collective life. When these four types of humanity express themselves in the outer life, it

creates the four orders or organs of society, each with a specific mission or function which is in sync with its typical nature.

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The mission of the Mentor is to shape the organ of culture and work for the intellectual, ethical and spiritual development of humanity. The main function of the Mentor is to discover or rediscover, preserve, interpret and disseminate and establish Dharma in society through education, scholarship learning, research, religious and spiritual ministry and creative thinking. This work of dharmic elevation of society requires a higher intuition beyond the rational mind and can be done perfectly only by a Rishi, the seer or sage who lives in the spiritual consciousness. So the Mentor should not remain satisfied with an intellectual understanding of Dharma. He has to evolve or progress towards “Rishihood” through an inner moral and spiritual discipline. He has to develop the supra-rational intuition and awaken the spiritual self in him. But this may take time and until he attains this spiritual consciousness, he must be humble enough to sit at the feet of a Rishi or Guru who has this higher consciousness and think, live, act and work under his constant guidance.

The mission of the Marshal is to lead Polity and enforce Dharma in society. The main function of Marshal is to protect, organise and enforce Dharma in society through a firm effective and beneficent exercise of political, administrative, legal and military power. If the function of Mentor is to establish Dharma in the mental atmosphere of the community, that of the Marshal is to do the same in the economic, social and political life of

the community. The other aspect of the Marshal dharma is to ensure justice and order, patronize art and culture, protects the weak against the strong and defends the political sovereignty of the nation or community against foreign invasion.

“ The main function of the Mentor is to discover or rediscover, preserve, interpret and disseminate and establish Dharma in society through education, scholarship learning, research, religious and spiritual ministry and creative thinking. This work of dharmic elevation of society requires a higher intuition beyond the rational mind and can be done perfectly only by a Rishi, the seer or sage who lives in the spiritual consciousness.

The mission of the Merchant is to organise the Economy and create prosperity for the society through efficient and honest production and charitable distribution of wealth. Trade, commerce, industry and philanthropy are the social functions of the Merchant. And finally, the mission of the Worker is to serve other section of the society by providing the physical labour and energy needed for the material realisation of Dharma in society. The Worker includes all that large mass of humanity which doesn't have the power, wealth, knowledge, qualities or skill needed to raise to the higher levels of social hierarchy in other sections of the society.

The other important idea behind this Indian social order is that the outer social organization or hierarchy must reflect the inner psychological hierarchy within the human organism. In Indian psychology, the consciousness of the Spirit or the Self beyond Mind is the highest level of the inner hierarchy in man. Next comes the rational, ethical and aesthetic faculties of the Mentor and the will and vital-force of the Marshal, more or less in the same level. Then comes the faculties of the Merchant and in the lowest level, that of the Worker. If the outer social organisation has to reflect this inner hierarchy then those who are united with the consciousness of the Spirit, the Seer and the Sage, have to provide the overarching vision, values and ideals to the society. The Mentor and the Marshal types, representing the highest intelligence and will of the community, under the higher guidance of the seer and the sage, will provide the top leadership to society. The Mentor with his mental and ethical power shapes the cultural life of the community. The Marshal with his vital energy and will, sitting in positions of power in Polity, will enforce the Vision and Thoughts of the Sage and the Mentor in the outer life. In the lower levels of the hierarchy, the Merchant will organize and manage the Economy, and the Worker will give the material form to whatever that is conceived or created by the Mentor, Marshal or the Merchant.¹

THE AIM OF GOVERNMENT

Thus, in this Indian conception, Culture shaped by the Mentor, Polity led by the Marshal, Economy organised by the Merchant,

and the labour- force made of the Worker are the four major organs of the human society. The aim of government is to ensure that each organ of the society functions according to its dharma in a mutually complementing harmony with other organs of the society and the society as a whole is functioning according to the universal Dharma of humanity.

The function of political leadership is to organize the four orders of the society into a harmonious whole centered around the values and ideals of Dharma. In this conception of government, the king or the political sovereign has no right to interfere with the individual and communal liberties of people who live in harmony with the Dharma. He can only interfere when there are deviations from dharma or resolve conflict or correct injustice. The following interesting episode from a story in an Indian text illustrates this point. A queen tells her husband, the king, “You are the master of your land and the people. You must take complete control of your people.” And the king replies: “No, my dear queen, I am the master of only those criminals who deviate from Dharma. Those who follow Dharma are their own masters and I have no right to interfere in their life.”²

Another important point to note here is that economic and social progress, which is the modern ideal of government or development, is not the main core of the Indian ideal of government or development. The Indian ideal of development has two aspects: for the individual, it is inner progress towards the spiritual aim of life in the path of Dharma; for the collectivity, it is social harmony and material and moral wellbeing of the community and provide an outer framework for the inner progress of the individual.

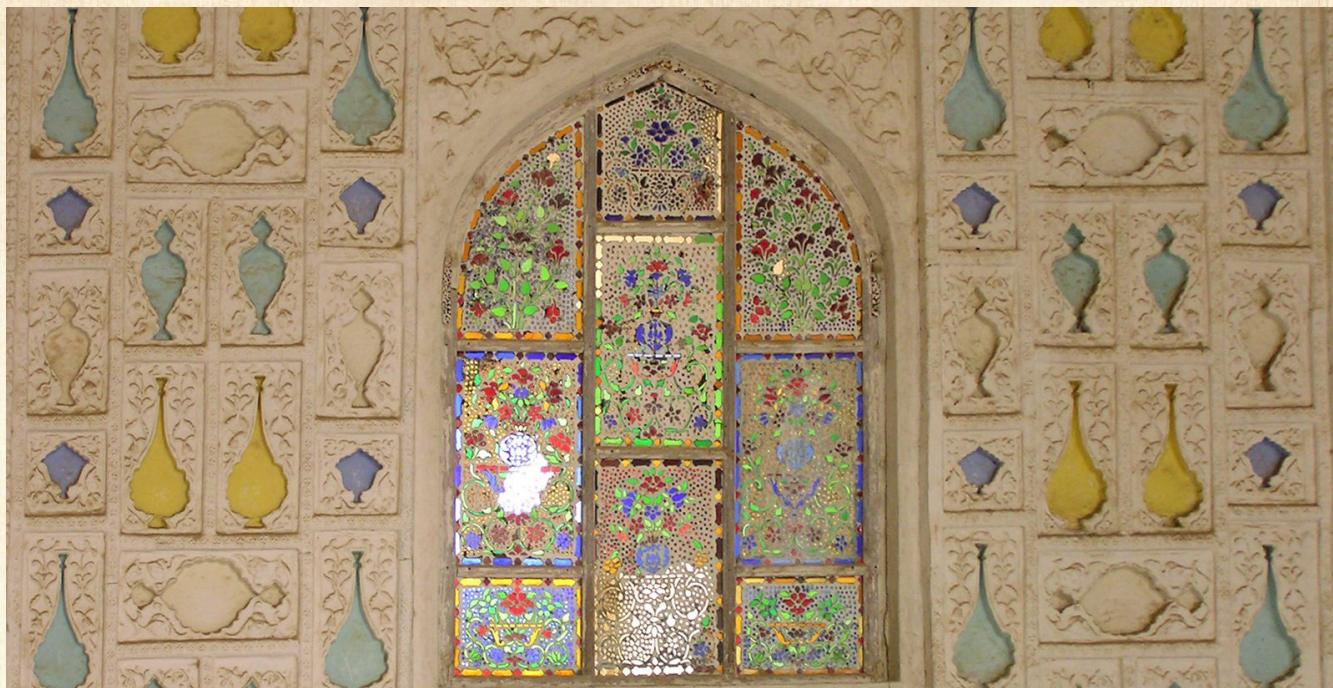
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LESSONS FOR THE PRESENT

The main emphasis of most of the present paradigm of government is on economic and social development measured in terms of Gross National Product or Per Capita income or infrastructure development in health, education etc. Even some of the new concepts in development like the Human Development Index or Gross National Happiness are predominantly external in its approach. Human development or happiness is sought to be achieved mainly by creating a better infrastructure or more benign management of the external environment and not by an inner development of the human being. The Indian approach to governance provides an alternative approach based primarily and truly on Human Development from Within Outwards.

¹ Sri Aurobindo, *Foundations of Indian Culture*, p.111-112

² *Panchatantra*



This Indian approach or ideal may not be perfect. In a more integral perspective, the Indian paradigm of government has flaws in conception as well as in execution, which we will discuss in greater detail in the next paragraphs. But it provides the basic principles and a framework for creating a new paradigm of government where the main emphasis will be not on economics or politics but on education and human development. In other words, in this Indian paradigm a large part of the governmental and national resources and creative energy of people will be consciously directed towards evolving a dharmic system of education and human development.

The main pillar of this alternative paradigm will be a system of education with an emphasis on self-knowledge, character-building, values and spiritual growth. One of the main aims of this education is to help the individual to know his unique and deeper nature, temperament, aptitude and capabilities, swadharma, and find an occupation which is in harmony with his swadharma. This education should not be confined to the classroom but has to be diffused into the workplace, family and the community. Here we use the word “education” in the broadest sense to include all kinds of learning which happens through thought and action, art and literature, mass-media, culture, life experiences, direct interaction between teacher and student and many others. For example, in ancient India, mythology and the wandering religious teacher were forms of mass-media which imparted religious education to the masses.

There is one more lesson we have to learn from this Indian paradigm of government; it provides some useful clues for organising the psychological energies of people in such a way that it flows according to its natural instincts towards constructive activities. When we carefully examine the problems facing the modern society, we can see the relevance of this Indian Insight. One of the major reasons for the much wasteful chaos, friction and conflict in contemporary society is the lack of a clear perception of the social dharma by the different sections of the society. The Merchant sections of

the society are more interested in building powerful global corporate empires with political influence than on honest and clean creation and distribution of wealth. Most of the Merchant's attention is focused on promoting economic development rather than on social justice and a balanced development of all the sections of the society. Most of the creative energy of the Merchants are concentrated in realising the utilitarian values of the industrial-commercial culture of the Merchant like profit, productivity, efficiency and technology and very little of it is going to the true Merchant function of cultural and spiritual elevation of the race through disinterested pursuit and dissemination of higher values.

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The Indian ideal of social organisation is to create the right condition and environment in which these four psychological forces in human being --- individual and collective --- find their appropriate self-expression in work and in society leading to both inner and outer progress for the individual and the community. And a major function of the Government must be to motivate the creative energies of the various sections of the society to flow in channels which are in harmony with their respective swadharmas. The advantage of this Indian approach is that it leads to a balanced development of the society with minimum wastage and maximum efficiency in the utilisation of the human creative energies.

Governance from Epics

Taking the case studies of King Dhritarashtra from Mahabharata and Sri Rama's brother Bharata from Valmiki Ramayana, the understanding of Governance from Epics is explored in this article. Specifically, Vidura Niti in Udyoga Parva of Mahabharata is the advice of Vidura to King Dhritarashtra, which covers many aspects of Governance like – Values, Qualities of Top Management, Selection of Employees, Promotion of Employees, Corruption, Creating an environment of Team-work, Timely payment to all stake-holders etc. The result of bad governance by King Dhritarashtra is there for all to see. Kacchit Sarga is the 100th Chapter of Valmiki Ramayana, covering various questions by Sri Rama to Bharata about how he is ruling the kingdom, the questions ranging on a vast variety of topics like Leadership and also advice on 14 errors that a leader must avoid. The result of good governance by Bharata is also there for all to see.



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Management is people & place-specific because it is affected by the culture of the people & the place. Hence Management is also Culture-Specific. Blindly copying styles of management from other countries does not help. One can definitely be inspired from other styles which are performance-oriented (America) or loyalty oriented (Europe) or based on their culture (Japan- Kaizen) etc. But each Country/ State/Company must identify one's own management-style based on the vision and values that they cherish.

“When a group of people live together for a long period of time in a particular geographical area, following certain values, the special individuality or the fragrance that emanates from that group is said to be their culture” – Swami Chinmayananda

We grow by learning from others, not by blindly imitating them. Every nation has its own core-competency. What is Bharat's (India) core-competency? The values we have cherished are: Inside-out approach, Prosperity on the basis of ethics & spiritual foundation, Innovation, Co-existence, Focus on quality, Holistic Vision, Service attitude, Selflessness etc. Our ancient temples, architecture, literature, music, dance, science, management etc. reveal the depth and glory of our ancestors and their value system. In the ancient world, Bharat stood foremost in commerce & entrepreneurship. As per the world economist Angus Madison, in 1001 CE, 33% of the world trade was India's share and in 1700 CE it was 24%. Our ancestors used to do global business – with Europe, Middle East, South East Asia etc. This in itself is evident of their excellent management skills and competencies. Let us derive

some wisdom from our own roots for governance in modern times. Good governance is that which is in the best interest of all the stakeholders in the organization.

Our understanding about governance is through our two epics – Mahabharata & Ramayana. The way Dhritarashtra (from Mahabharata) & Bharata (From Ramayana) handled the kingdom and the consequent result of their leadership tells us a lot about good and bad governance.

“If the King is righteous, so are the people and if the King is unrighteous, so are the people. People follow the King. As the King, so the people. (Yathaa Raajaa Tathaa Prajaa)” - Chanakya

A King is symbolic of the Leader(s) / Boss(es) / Management. The standards they set by their example, are emulated by others. The rules are equally applicable to everyone in the organization.

GOVERNANCE THROUGH MAHABHARATA

Dhritarashtra was elder to Pandu. But being blind, Dhritarashtra could not become the King of Hastinapur because Vidura objected to Bhishma's plan of coronating Dhritarashtra. This led to a lot of insecurity, inferiority and sorrow for Dhritarashtra. Due to an unexpected turn of events, Pandu decided to leave the Kingdom and retire to the forest with his wives. Dhritarashtra was crowned as a care-taker King by Bhishma, until a progeny was born to either Pandu or Dhritarashtra and till the progeny was fit to rule. Yudhishthira was born first to Pandu and hence he was the rightful heir to the throne. But Dhritarashtra was too attached to the throne and to his son Duryodhana. In spite of many people advising Dhritarashtra, he could not do his duties as a King and the war between Kauravas & Pandavas became imminent.

Just before the war, on one occasion Dhritarashtra was feeling very anxious and he sent for Vidura. The conversation between Dhritarashtra and Vidura is called - The Vidura Niti a section of eight chapters (chapter 33 to 40) in the “Udyoga Parva” of Mahabharata.

Vidura mainly advises Dhritarashtra to return the kingdom wrongly annexed by the Kauravas to the Pandavas. But his advice has many aspects of ethics, governance, value-based management etc.

CULTURE PROMOTING ETHICAL BEHAVIOUR

An organisation must promote a culture that provides opportunities to practice ethics and where there is zero-tolerance to unethical behavior. Vidura Niti provides a few pointers in this regard:

1. Values of the Organisation

Values create value for the customers, the employees, the community, the shareholders and all other beneficiaries and associates of the organisation. Corruption, loss of faith in instruments of society, compromise in quality to meet competition, scams, policy paralysis, environmental exploitation etc. are a result of erosion and compromise of Values.

“Vision gives direction. Values set boundaries. Values need leaders to be absolutely transparent in what they do” – Azim Premji.

Vidura lists a few values that are important for righteous prosperity.

Smart actions, self-control, skill, carefulness, steadiness, memory, and commencement of acts after mature deliberation -know that these are the roots of prosperity. (39.54)

Perseverance without giving up is the root of prosperity, of gain, and of what is beneficial. (39.44)

Virtue is everlasting; pleasure and pain are transitory; life is, indeed, everlasting but its particular phases are transitory. Forsaking those which are transitory, betake thyself to that which is everlasting, and let contentment be thine, for contentment is the highest of all acquisitions. (40.12)

Contentment is a great virtue. Today, many corporations and individuals are of the opinion that Contentment makes us complacent and we must be discontented to be successful. Greed is good is a wrong notion. Greed brings with it insecurity, stress, anxiety, inefficient performance, inability to enjoy etc. It brings about the downfall of an individual, an organisation and the country. If an employee is inspired by the work, a company is inspired by the value it creates and the difference it makes to the society; that inspiration can be a great driving force, instead of greed & stress.

2. Qualities of Top Management

As the great people in the organisation act, so the others follow. It is the responsibility of the Top Management to set high ethical standards by their behaviour. This is the Top-Down approach of leadership. It is also leadership by example. Dhritarashtra himself was not an example of great leadership. Hence Vidura advises him:

He whose proposed actions are never obstructed by heat or cold, fear of attachment, prosperity or adversity, is considered wise. (33.19)

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He that is graced with every virtue and is endued with humility, is never indifferent to even the minutest sufferings of living creatures. (39.8)

He that, having attained immense wealth and prosperity or vast learning, does not bear himself haughtily, is wise. (33.39)

Self-knowledge and steadiness, patience and devotion to virtue, competence to keep counsels and charity, --these never exist in inferior men. (34.30)

That man is regarded as the first of his species who wishes for the prosperity of all and never settles his heart on the misery of others, who is truthful in speech, humble in behaviour, and has all his passions under control. (36.16)

Equanimity, Sensitivity, Humility are great qualities that go far in empathetic leadership and servant-leadership. It also plays a big role in being objective and making decisions that are holistically beneficial. One becomes sensitive to the impact of one's Enterprise on the stakeholders and the environment, country and world at large.

Some qualities that the Top Management must avoid are:

Selfishness, denying to the employees / society / shareholders etc. their rightful share of profit & not giving back to the society. Vidura says:

Who, again, is more heartless than he, who, though possessed of affluence, eats himself and wears excellent robes himself without distributing his wealth among his dependents? (33.40)

The Top Management must also be careful to have the right type of people in it. The following must be avoided in the team:

Learned men have declared that a King, although powerful, should never consult with these four, viz., men of small sense, men that are procrastinating, men that are indolent, and men that are flatterers. (33.58)

3. Selection of Employees

Selection of employees must be done on the basis of merit and qualification, rather than on the basis of any other factors like personal relationship, monetary considerations, family member etc. Internal compass of

Governance from Epics

righteous values is more important than mere educational qualifications.

Men also, O King, are good, indifferent, and bad. They should, therefore, be respectively employed in that kind of work for which they may be fit. (33.56)

Men of learning say that a servant should be endued with these eight qualities, viz., absence of pride, capability or skill, absence of procrastination, kindness, cleanliness, incorruptibility, birth in a family free from the taint of disease, and weightiness of speech. (37.25)

He who does not rake up old hostilities, who behaves neither arrogantly nor with too much humility, and who even when distressed, never commits an improper act, is considered by respectable men a person of good conduct. (33.93)



4. Promotion to Higher Positions & Dismissal

Higher positions demand greater and subtler responsibilities. A well-qualified and/or experienced person must be promoted to higher positions. Vidura rebukes Dhritarashtra for the wrong choice he made about the succession.

‘Reposing the care of your kingdom on Duryodhana, on Sakuni, on foolish Dusshasana, and on Karna, how can you hope for prosperity? Possessed of every virtue, the Pandavas, depend on you as their father. You must repose on them as on your sons!’ (34.66,67)

Vidura points out who is fit to be promoted to higher positions

That officer who fully understanding the intentions of his royal master discharges all duties with alacrity, and who is respectable himself and devoted to his master, always tells what is for his master’s good, and who is fully acquainted with the extent of his own might and with that

also of those against, whom he may be engaged, should be regarded by the King as his second self. (37.23)

Vidura also points out who should be dismissed:

That servant, however, who commanded (by his master) disregards the latter’s injunctions and who enjoined to do anything refuses to submit, proud as he is of his own intelligence and given to arguing against his master, should be got rid of without the least delay. (37.24)

This does not mean that dissent is not allowed. Vidura himself is an example of someone who dissents regularly. The above is in the context of someone who is not willing to follow instructions even when there is nothing to dissent.

5. Corruption

Integrity is a non-negotiable value. It is a great strength and helps to build trust, good-will, confidence, creates positive impact for all stake holders. A single compromise in integrity destroys the hard work of many years/generations. Many individuals’, organisations’ examples are a testimony to this fact. Hence Vidura warns Dhritarashtra:

Do not set the heart upon means of success that are unjust and improper. A man of intelligence must not grieve if any purpose of his doth not succeed, notwithstanding the application of fair and proper means. (33.7)

There is no doubt that one’s objects meet with success in proportion to the attention one directs to righteousness and morality. (35.34)

What makes one compromise? Knowingly why is it that one becomes helpless and engages in corruption? It is selfish desire that makes one a victim. Vidura adds:

Desire and anger, O King, break through wisdom, just as a large fish breaks through a net of thin cords. (33.23)

He, who is the master of riches but not of his senses, certainly loses his riches in consequence of his want of mastery over his senses. (34.21)

Some become eminent in consequence of good qualities; others become so in consequence of wealth. Avoid them, O Dhritarashtra, that are eminent in wealth but destitute of good qualities!’ (39.6)

6. Payments to Employees/Creditors/Suppliers etc.

There are many parties to whom an enterprise owes money. The word servants in the following 2 verses should be interpreted from a broad standpoint of anyone to whom money is owed and King is to be interpreted as the Enterprise. Especially during tough times, one should be more sensitive and ensure timely payments.

By confiscating the grants to one’s servants or stopping their pay, one should not seek to amass wealth, for even affectionate counsellors deprived of their means of life and enjoyment, turn against the King and leave him (in distress). (37.21)

Reflecting first on all intended acts and adjusting the wages and allowances of servants with his income and expenditure, a King should make proper alliances, for there is nothing that cannot be accomplished by alliances. (37.22)

7. Unethical Behavior must be checked

Unethical behavior and practices must be not encouraged and the organisation must ensure that there are strict consequences for such behavior to whoever indulges in them. Vidura says:

Great prosperity attends upon that King who knows how to inspire confidence in others, who inflicts punishment on those whose guilt has been proved, who is acquainted with the proper measure of punishment, and who knows when mercy is to be shown. (33.86)

One should not give shelter to these in his house (organisation), viz., one that always acts improperly, one that is hated by all, one that is exceedingly deceitful, one that is cruel, one that is ignorant of the proprieties of time and place, and one that dresses indecently. (37.31)

As fuel that is wet burns with that which is dry, so a sinless man is punished equally with the sinful in consequence of constant association with the latter. (34.27)

8. Encourage Team-work & Working in Harmony

Individually one may be good but one must learn to work in harmony with the other members of the team. As Stephen Covey says, "Neither dependence, nor independence, but inter-dependence". Vidura gives an example to illustrate this:

He, that is single, however, endowed with all the virtues, is regarded by foes as capable of being vanquished like an isolated tree by the wind. (36.62)

Numerous thin threads of equal length, collected together, are competent to bear, from the strength of numbers, the constant rolling of the shuttle-cock over them. The case is even so with people that are good. (36.57)

Separated from one another, burning brands produce only smoke; but brought together they blaze forth into a powerful flame. The case is even so, O Dhritarashtra, with relatives. (36.58)

Vidura hence advises Dhritarashtra to ensure that Pandavas and Kauravas co-exist and they would together be a great strength to reckon with. An Enterprise must think in terms of Co-existence and not monopoly. Within the Enterprise also, the teams must learn to sink their differences and work together in harmony for the common Vision.

Let, therefore, your sons cherish the Pandavas, and the Pandavas also cherish thy sons. O King, let the Kurus and the Pandavas, both having same friends and same foes, live together in happiness and prosperity. (36.70)

O Son of Ambika, Thy son is as a forest. Know that the Pandavas are the lions of that forest. Without its lions the forest is doomed to destruction, and lions also are doomed to destruction without the forest (to shelter them). (37.60)

O descendant of Kuru, make peace with the sons of Pandu. Let not thy foes discover thy holes. Pandavas are devoted to truth. O King! Withdraw Duryodhana from his evil ways. (36.72)

Relatives, again, in consequence of mutual dependence and mutual aid, grow together, like lotus-stalks in a lake. (36.63)

9. Criticism

A leader must be alert while engaging in criticism. The impact of the criticism should be that the performer feels encouraged and the performance is criticised objectively with an intention to improve the performance. One should never get personal in criticism. Vidura suggests:

Silence, it is said, is better than speech, if speak you must, then it is better to say the truth; if truth is to be said, it is better to say what is agreeable; and if what is agreeable is to be said, then it is better to say what is consistent with morality. (36.12)

A forest pierced by arrows, or cut down by hatchets may again grow, but one's heart wounded and censured by ill-spoken words never recovers. (34.35)

Weapons, such as arrows, bullets, and bearded darts, can be easily extracted from the body, but a wordy dagger

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plunged deep into the heart is incapable of being taken out. (34.36)

10. Expressing Dissent

In the Enterprise there should be an environment where genuine dissent can be expressed without fear. If there is fear of any untoward consequences, threat to employment/ position/life/family, then there is a great loss. Freedom is an important aspect for growth and expression of dissent certainly plays a major part in it.

That man who, without regarding what is agreeable or disagreeable to his master but keeping virtue alone in view, sayeth what is unpalatable, but medicinal, truly adds to the strength of the King. (37.15)

Governance from Epics

Vidura had opposed the very coronation of King Dhritarashtra; he openly advised the King during the Game of Dice to stop Duryodhana.

Beholding Draupadi won at dice, I told you before, O King, these words – “They that are honest, avoid deceit in play. Therefore, stop Duryodhana!” You did not, however, act according to my words. (36.68)

There are many such instances where Vidura has expressed dissent. Yet, Dhritarashtra did not punish him. He still seeks Vidura’s counsel. There was such a secure environment in Hastinapur that Vidura gives his advice very frankly to Dhritarashtra, without any fear of the consequences. Here are a few examples:

Vidura says: ‘King Yudhishtira, graced with every virtue, is worthy of being the sovereign of the three worlds; yet, O Dhritarashtra, however worthy of being kept by your side, he was exiled by you. (33.16)

You are, however, possessed of qualities which are the very reverse of those possessed by him. Although virtuous and versed in morality, you have no right to a share in the kingdom owing to your loss of sight. (33.17)

O best of men, repentance will be yours (for this inaction at present to stop the war) when in future you will hear of the death of either the Pandavas or your Sons. (39.26)

11. Decision Making

In an Enterprise one may have to take decisions keeping the long-term gain of all stakeholders in mind. One cannot always focus on short-term or immediate-gains. Vidura had advised Dhritarashtra to abandon Duryodhana at birth because there were many indications that he would bring destruction to the Kuru Dynasty.

O King, as soon as Duryodhana was born I told you that you should abandon this one son, for by abandoning him you would secure the prosperity of your hundred sons, and by keeping him, destruction would overtake your hundred sons. That gain should never be regarded highly which leads to great loss. On the other hand, that loss even should be regarded highly which would bring on gain. That is no loss, O King, which brings on gain. That, however, should be reckoned as loss which is certain to bring about greater losses still. (39.5)

After hearing the long counsel of Vidura, Dhritarashtra says, “It is even so as you always teach me. O amiable one, my heart also inclines that very way of which you tell me. Although, however, I incline in my mind towards the Pandavas even as you teach me to do, yet as soon as I come in contact with Duryodhana it turns off in a different way. No creature is able to avert fate” (40.30)

This shows how helplessly attached Dhritarashtra was and how bad governance on his part led to the destruction of all his 100 sons and so many others.

GOVERNANCE FROM RAMAYANA

In contrast to Mahabharata, in Ramayana we find that Bharata is supposed to be crowned as the Prince as per the boon that

King Dashrath gave to his queen Kaikeyi. Yet, when Bharata comes to know about Sri Rama's exile for 14 years, he goes to the forest with all the mothers, his Gurus, the people of Ayodhya etc. to request Sri Rama to return and rule Ayodhya.

Sri Rama asks Bharata during their meeting, a few questions about administration of the Kingdom. In the 100th Chapter of the Ayodhya Kand of Valmiki Ramayana there is a treasure of management wisdom and a lot can be learnt about governance from there. Enclosed are just a few points about governance:

FOURTEEN ERRORS A LEADER MUST AVOID

In the Valmiki Ramayana, Ayodhya Kanda: Chapter 100: Verses 65 – 67 Sri Rama asks Bharata, “Do you avoid the following fourteen failings of Kings?”

Nastikyam-anrutam krodham pramadam dirghasutratam Adarshanam jnanavatam aalasyam panchavrttitam. 65.

Ekachintanamarthanam anarthajnaishcha mantranam Nischitanam-anarambham mantrasyaaparirakshanam. 66
Mangalaadyaprayogam ca pratyutthanam ca sarvatah

Kacchit tvam varjayasyetan rajadoshanscaturdasha. 67

1. *Nastikyam* - Lack of Faith (in Moral Order)
2. *Anrtam* - Lying (especially out of greed)
3. *Krodham* - Anger
4. *Pramaadam* - Neglect of duties
5. *Dirghasutratam* - Procrastination
6. *Adarshanam jnanavatam* - Keeping away from wise people
7. *alasyam* - Sloth
8. *Pancha-vrttitam* - Falling for the temptations of the senses
9. *ekachintanamarthanam* - Taking decisions without advice from right people
10. *anarthajnaishcha mantranam* - Taking advice of wrong people
11. *nischitanam anarambham* - Not launching the projects that have been decided upon
12. *mantrasyaaparirakshanam* - Failing to keep secrets
13. *mangaladyaprayogam* - Not uttering auspicious words at the beginning of great works
14. *pratyutthanam ca sarvatah* - Rising from your seat indiscriminately (to receive all and sundry).

HUMAN RESOURCE OR HUMAN RELATION MANAGEMENT IN VALMIKI RAMAYANA

In the Valmiki Ramayana, Ayodhya Kanda Chapter 100 Verses 22 to 35 Sri Rama enquires from his brother Bharata about the relationship he has with the personnel in the kingdom.

- I hope you prefer one learned man to thousands of fools inasmuch as a learned man is calculated to do immense good in financial crises.



- I hope high-class servants are entrusted by you with important duties, middling ones with second-rate affairs and third-grade servants with menial duties.
- I hope you entrust first-rate ministers, who are past(all) tests (of loyalty), are hereditary servants of the crown and honest, with the highest duties.
- He who does not get rid of a physician adept in devices of aggravating a malady, a servant intent on bringing disgrace (to his master) and a gallant warrior seeking kingly power is (himself) killed (by these).
- I hope a man who is (ever) pleased and full of resolution, gallant and talented, spotless (of character) and well-born, devoted and clever, has been appointed (by you) as the generalissimo.
- I hope you distribute (daily) provisions and disburse the (monthly) salary due to them at the opportune time in a suitable manner and do not defer their payment.
- Salaried servants surely and positively get enraged even at their master when the distribution of their provisions and the disbursal of their salary are delayed and that (itself) is a very great harm done (to the State).
- Has a man of your own state, who is learned, clever, ready-witted and capable of delivering messages correctly, nay, who is able to distinguish between right and wrong been appointed by you as an ambassador, O Bharata?
- I hope you remain ever mindful of your enemies expelled (from their home by you) and since returned, even though they are (apparently) weak, O destroyer of foes!
- I hope all your workmen do not appear unhesitatingly before you nor are they kept (altogether) out of your sight.

(In fact) a middle course is undoubtedly profitable in this behalf.

- Do you keep an eye on the eighteen functionaries of the enemies and the fifteen functionaries of your own side through three unknown spies told off for each?

Sri Rama convinces Bharata and tells him to return and rule Ayodhya so that King Dashrath's boon to Kaikeyi can be fulfilled in its totality. Bharata, says that he would rule the kingdom of Sri Rama, as a care-taker King and would keep the wooden sandals of Sri Rama on the throne. Bharata exhorts "Indeed, having relegated the burden of rulership to the wooden sandals, O gallant brother, I should like to live on fruits and roots alone for fourteen years, wearing matted locks and bark of trees and actually dwelling outside the city, longing for your return to Ayodhya. If, however, when the fourteenth year of your exile has fully ended, O jewel among the Raghus, I do not see you return to Ayodhya the following day, I for my part shall enter the fire once for all." – Valmiki Ramayana Ayodhya Kand Ch.112 Verses 23 to 25

For 14 years Bharata takes good care of the Kingdom in Sri Rama's absence and when Sri Rama returns victorious from Lanka, he hands over the kingdom to Sri Rama without any hesitation. In fact, Sri Rama had sent Hanuman earlier to Bharata and told him that when he conveys the news of Sri Rama's victory to Bharata, he should observe Bharata's face and if there is even a slight hesitation/remorse about Sri Rama's victory and consequent return, he should come back and tell Sri Rama immediately so that he would never return to Ayodhya and would let Bharata rule Ayodhya happily. When Hanuman reaches Nandigram, he finds that Bharata is ready to immolate himself, not seeing any signs of Sri Rama's return. Hanuman consoles Bharata and assures him that Sri Rama is on his way.

Finally, when Sri Rama arrives, Bharata humbly submits to him, "This kingdom was bestowed on me by you and my mother too was gratified thereby. I for my part hereby give it back to you just as you conferred it on me. I am unable to bear the heavy burden any more than a young ox would sustain a load borne by an exceptionally strong bull all alone. I am unable to follow in your footsteps any more than a donkey would follow the gallop of a horse or a crow would imitate the flight of a swan" – Valmiki Ramayana Yuddha Kand Ch.128 Verses 2 to 5

Thus, we see the difference in the approach of Dhritrashtra and Bharata and the result of bad and good Governance. The result of bad governance by King Dhritrashtra is that all his 100 Sons are killed, they lose the war and it is a lose-lose situation for all. The result of good governance by Bharata is that the Kingdom prospers, people are happy and it is a win-win situation for all.

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Competition Law principles in ancient Indian society and modern corporates - A synthesis

This article chronologically highlights a few instances of the interplay of competition principles / regulation with certain mythological and historical events mentioned in ancient and modern Indian history. An attempt is also made to assess whether any of these mythological references have a correlation with principles of fair and free competition in the present times.



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It is increasingly recognized more than ever before that competition in all walks of life - be it sports, education or trade - is benign for everyone. According to OECD, competition brings prosperity. From time immemorial, a businessman is perceived to be in high esteem and was referred to as 'Mahajan'. A known fact is that Indian independence struggle was fueled by local businessmen of that time. Competition is a reality and irrespective of the fact whether we like it or not, it will exist and subsist. The moment a family is blessed with a second child, the first child starts getting the heat of competition in terms of sharing of love, affection and care by parents and grandparents. So is the case in trade and industry. Reliance Jio entered the Indian mobile network market in late 2016

and created turbulence for existing established incumbents like Airtel, Vodafone and Idea. As of 31st December 2019, it has become the largest mobile network operator in India and third largest in the world. The article attempts to highlight the cardinal principles of Competition Law and its relation with ancient Indian society and modern corporates.

Competition reduces the price of the product, encourages innovation, brings efficiency, boosts choice of consumer, propels growth and ensures freedom in carrying trade or industry. Just to illustrate, three decades back an English daily newspaper like Hindustan Times or Times of India in Delhi used to be priced at about Rs.3. After three decade of escalation in the cost of newsprint paper, ink, distribution costs, an English daily like Hindustan Times and Times of India (in much bigger in size in terms of pages and in multicolor as against only black/white color print) are being delivered to a reader almost at the same price. When we ask ourselves as to what compels the publishers to share advertisement revenue with the reader, our conscious says it is pressure of competition by one over another. The other trait of competition is that it is not stable and is dynamic. Consequently, the landscape of markets undergoes change in the changed circumstances. In the wake of COVID-19, it is already being noticed that e-paper is likely to rule over print paper in times to come. With the entry of Uber and Ola, the taxi services had become cheap, affordable and accessible. However, in the currently changed scenario, even the taxi aggregators are struggling and are staring at uncertain future in view of concerns around COVID-19.

The benefits of competition will percolate in right proportion amongst all stakeholders only if competition is fair and free at all levels. Unfortunately, it does not happen all the times in all the markets. Every one of us wishes that there should be stiff competition in all products markets except the one in which we are operating. It is this dichotomy which has compelled over 140 nations to enact antitrust/ competition law and to appoint an antitrust authority to prohibit anti-competitive agreements/ abuse of dominant position in the relevant market and to also regulate mergers/ amalgamations where parties to such transaction crosses the thresholds laid under their respective antitrust laws.

Anti competitive agreement is an important component of competition law in India and worldwide. An agreement especially in commercial transactions is essential and necessary as it serves as a record of commitments of parties. An agreement includes an arrangement or an understanding or an action in concert irrespective of the fact whether it is-formal or informal, intended to be enforceable or otherwise. However, it is to be remembered that every restraint in agreement does not make it anti competitive unless it causes or is likely to cause anti competitive effect on market in India. To illustrate,

*The views expressed are the personal views of the authors

we have a story of Sage Veda Vyasa and Lord Ganesh. Vyasa thought of composing Mahabharata and decided that he would dictate the epic in one go and after careful search, he decided to avail of the services of Ganesh. Vyas said 'only you are capable of writing down the epic as I recite, My Lord'. Lord Ganesh readily agreed on the condition that Vyas will dictate the epic in one go and the moment he stops, Lord Ganesh will also stop and go away. Both agreed to either side of the conditions and resultantly we have the longest dictation ever known - ten million verses were recited and there is no comma to show a pause. Thus, every right and obligation of the parties flowing from an agreement does not make it anti competitive. However, a condition from Lord Ganesh that Sage Vyas has to necessarily engage him for his next publication or that Vyas must award contract of printing to his brother Kartikeye would make the agreement anti-competitive and void.

THE SITA SWAYAMVAR

King Janak was the ruler of Videha. When his daughter, Sita, was of marriageable age, Janak decided to organize a swayamvar, which included a contest. Janak was in possession of an immensely heavy bow, presented to him by Lord Shiva. He directed that whoever could wield the bow and string it, could marry Sita.

If one were to draw parallels to a match, it appears that this was a classic case of inviting potential groom for a prized possession, his own daughter. In modern times, this is akin to a tender being floated by a government agency with clear guidance that the most suitable suitor will be selected.

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While a procurement agency can lay down its specifications unless it can be made out that a specific condition has been made with the intent to disallow a potential participant. Likewise, the bidders are not allowed to rig the bid or collude with other competitors while responding to tenders. A conduct of a bidder which has the effect of eliminating or reducing competition or manipulating the process of bidding, is frowned upon under the law. A collective decision not to participate would also be impermissible.



MATCH FIXING/DOPING TEST IN SPORTS

Match fixing means competing teams have decided not to compete on merits. Similarly doping is not only a health issue but more an issue relating to fair competition in sports and hence the moment athletes deplane, they have to undergo a doping test. The World Anti Doping Agency regulates the use of performance enhancing substances through rules set down in its code. In case of match fixing or doping by an athlete, the punishment inflicted are quite severe so as to ensure deterrence and that it dissuades others from doing the same. Match fixing and doping were existent in ancient Indian and Roman cultures and are witnessed in the current day and age.

ABUSE OF DOMINANCE IN THE RELEVANT MARKET

The other important limb of competition law is an abuse of dominance by an enterprise in the relevant market. The dominance is, *inter-alia*, measured in terms of market shares, size and resources of the enterprise, size and resources of competitors, commercial advantage over competitors, advantages of any head start, dependence of consumers, monopoly in the wake of statute (like intellectual property rights) or if one is a government undertaking. Existence of dominance is not prohibited, however, exercise of unfair dominance *qua* competitors, verticals and consumers is prohibited.

The conduct of the British East India Company is a classic case of abuse of dominance besides being ultra vires of object clause which envisaged trading in cotton textile, silk, salt, etc. It did not permit them to maintain police and military besides acting as an agent of the British Empire to rule India for several hundred years. Any unrestricted and uncontrolled power to an entity heightens the likelihood that it may abuse its powers.

The other case is story of Eklavya and Guru Dronacharya as enshrined in Mahabharata.

THE STORY OF EKLAVYA

The story of Eklavya, a character from *Mahabharata* has come to define exemplary discipleship. He was the son of a poor

hunter and wanted to learn archery to save the deer in the forest that were being hunted by the leopards. He went to Dronacharya, a master of advanced military arts and a teacher of the Royal family. He requested him to teach him archery. In those days, as a rule, a teacher to the members of Royal family was not allowed to teach the state art to anybody else. It was forbidden to make anyone as powerful as the princes for the safety of the region.

Over the following years, with sincerity and practice, he learnt archery and became better than the state princes at the art. He became so good at it that, he would hear the sound of the animal, shoot an arrow at it and claim the animal. Arjuna, a royal prince and Dronacharya's chief disciple learnt of Eklavya's spoils. He was infuriated at Dronacharya. Seeing Eklavya's accomplishments, Dronacharya asked Eklavya for his right hand thumb as '*guru-dakshina*', to which he readily complied.

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Dronacharya was probably the finest coach of archery and he expected that no one would be better at this art than Arjuna. He used his dominant position, as a guru, to impose unfair conditions on Eklavya to benefit his competitor at the art, Arjuna. In a way, this was an abusive post-term non-compete as Eklavya was denied an equal platform to practice his art given that a body part 'essential' for archery was taken away.

THE STORY OF RAJA HARISHCHANDRA AND ROHITSHWA'S CREMATION

Raja Harishchandra was the king of Adhoya. It is stated that the gods decided to test him and asked Sage Vishwamitra to help them.

One day, Harishchandra went hunting in the forest. Suddenly, he heard the cries of a woman. As he went to help her, he entered the *ashram* of Vishwamitra. Vishwamitra was disturbed in his meditation and became angry. To cool his anger Harishchandra promised to donate his kingdom to Vishwamitra. Vishwamitra accepted his donation but also demanded *dakshina* (fees) to make the act of donation successful. Harishchandra, who had donated his whole kingdom, had nothing to give as *dakshina*. He asked Vishwamitra to wait for one month before he paid it.

A man true to his word, Harishchandra left his kingdom and went to *Kashi* along with his wife, Shaivya, and son, Rohitashwa. His wife requested him to sell her as a slave to get the money. Harishchandra sold Shaivya to a Brahmin. As she was about to leave with the Brahmin her son began to cry.




Harishchandra requested the Brahmin to buy Rohitashwa as well. As the money was not enough to pay the *dakshina* so he sold himself as a slave to a *chandala* (a person in charge of the cremation ground). He paid Vishwamitra, and started working in the cremation ground.

Shaivya worked as a servant in the Brahmin's house. One day, when Rohitashwa was plucking flowers for the Brahmin, a snake bit him and he died. Shaivya took her son's body to the cremation ground. There she met Harishchandra. He was filled with grief to see his only son dead. To perform the cremation, he asked Shaivya for the requisite tax and she did not have any money for payment. Harishchandra, who was duty bound, could not cremate the body without tax.

While this is also a mythological story, it highlights that the holder of an essential facility, like an airport, a burial ground, a bus station cannot offer dis-similar terms of usage otherwise his conduct may be termed as abusive in nature. At the same time, we also learn that the rules of the game cannot be altered to one's benefit when dealing with a related party, in this case the cremation of one's own son.

CONCLUSION

There are various other examples of traces of competition regulation in our mythological and modern history. Some of the references cited above have been shared to connect the past with a fairly new regulation, *i.e.* Competition Act, 2002 which seek to govern the markets through its invisible hands and forces, protect the consumers including commercial and retail buyers.

As per Indian mythology, Lord Krishna played the role of Saarthi (charioteer)- a master strategist, a mentor and guide to Arjuna. This led to the eventual victory of Pandavas in the battle of Mahabharata. The role and position of a company secretary is that of a charioteer cum guide to the corporate body and its board of directors and thereby he can make a very pivotal contribution in achieving the mission and vision enshrined *inter-alia* in its foundational documents *i.e.* the memorandum and articles of association. 

Guiding Principles from Mahabharata for effective Management and Governance

The Mahabharata is a great epic giving us several guiding principles for Management and Governance, which have contemporary value. Many management gurus have quoted examples from Mahabharata and connected them with certain success stories. The author has, while referring to these principles and learnings, highlighted the relevance of the concept of Swa-Dharma in discharging the management and governance functions. A true professional seeking success has to recognize that, Mahabharata along with Bhagavad Gita provides a complete management and governance code which can be evolved only after a careful reading followed by application of this understanding to the current situation.



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The crisis arising out of COVID-19 has led to Loss of lives, livelihood, employment, severe damage across countries and affecting all sectors of the economies of the world. It has also created an environment of suspicion and trust deficit amongst many countries. The situation of negativity is such that nobody wants to believe anybody and there is a tendency to stay away from moral responsibility by those who are at the helm of affairs. Consequently, the common people now believe that they are at the receiving end for no fault of theirs and have lost faith in the existing man-made systems. Philosophically, it is at this time of lockdown that people start looking for divine intervention since all professional as well as so-called advanced management techniques and governance principles do not provide any answers to this man-made crisis. To that extent it is the collective failure of governments, politicians, business houses and international agencies to avert this pandemic. A closer look at the scenario leads us to an inevitable conclusion that value and life of a human being is the least important parameter in the policy formulation at the global level, particularly amongst nations which are fighting tooth and nail to become supreme power.

Despite the loss of many lives in many wars in the ancient as well as current times, mankind still does not seem to learn from these losses.

RELEVANCE OF ANCIENT INDIAN SCRIPTURES LIKE MAHABHARATA

Many of us have been in the past marvelling at the great influence these epics have in today's world and derive

entertainment value, whenever we read texts or watch a television serial or we discuss with peers, friends, colleagues or listen to management / governance experts, only to immediately forget the principles, as we were getting back to our day-to-day routine of our rat race in this material world. Some element of seriousness comes in when experts from the western world visit India, complete their learnings from Indian gurus and speak about the value of these epics. Now in the wake of COVID-19, there is an increasing sense of realisation that most of the best practices of management and the true spirit of governance were existing not only in the ancient India, but have indeed influenced management practices being advocated by modern management gurus in India and also across the globe. For example, renowned entrepreneurs like Sergy Brain & Larry Page¹ who was influenced by Indian Guru Shri Rajiv Motwani, Steve Jobs² along with his friend who visited India to study Indian spirituality as also Bill Gates and Mark Zuckerberg³ have widely acknowledged the influence of Indian Scriptures in modern day management. The scriptures, Guru – Shishya Parampara meaning “teacher – Student relationship” and the resultant knowledge explosion forms an important part of the Indian culture, tradition and civilization, because of which India enjoys the pride of its place among various foreign tourists who visit India only for assimilating this valuable knowledge, which is available in India, but at home land, i.e. land of origin of these scriptures. Recently, US President, Mr. Donald Trump, called upon Shri Harish Brahmhatt⁴ to offer his prayers at New Jersey, USA for the health, safety and well-being of everyone in the wake of COVID-19.

Despite many challenges within India and across the globe, the thrust of the great epics like Ramayana, Mahabharata, Vedas, Artha Shastra, Upanishads, Smritis, Puranas etc. continue to influence the Strategy, management practices, governance principles, system of administration of justice and enforcement of law and order.

It is well understood that the epics of Mahabharata and Ramayana have captured the imagination of all the masses in India and now in these days of lockdown, with Doordarshan showing this serial in its national network, it has revived the viewership for these historic epics. One of the reasons for the popularity of these epics is that the viewers are easily able to relate the principles and practices to their day-to-day personal as well as corporate life.

¹ Co-founders of Google

² Former CEO of Apple

³ Co-founder of Facebook

⁴ BAPS (Bohasanwasi Akshar Purushottam Swaminarayan Sanstha)

At a time when superpower nations are suspicious of each other, it has to be realised that when there is an unprecedented crisis which is so deep rooted as to affect the lives of human beings, a greater maturity and responsiveness is called for. It is here that the concept of Dharma as emanating from Mahabharata comes to our rescue with an approach that is now urgently required. Mahabharata tells us that “Dharma” is that which differentiates human beings from animals. It clearly instructs – “dharma vihina, pashu bhi samana”, meaning that there is no difference between a man and an animal without Dharma. At a basic level, Mahabharata advises us to stick to the path of Dharma, but when the concept of Dharma is applied individually by persons according to their own facts, circumstances, time, place and other considerations, it becomes Swa-Dharma.

Swa-dharma, an essential ideal of Bhagavad Gita refers to performance of one’s duty without having any regard to the benefits or the fruits. It is this concept of Dharma and swa-Dharma, which Lord Krishna preached to Arjuna through the historic “Bhagavad Gita”. The concept of swa-dharma lays emphasis on vision rather than on results. The vision based on swa-dharma motivates to think, act and win. This principle should be adopted not only by start-ups, but by all organisations and in every sphere of life. Every individual or organisation needs a good mentor (consultant) and it takes time to build and nurture it towards its vision.

As regards business enterprises, most of the large organisations are organised in the form of a company, which being an artificial person acts through its board of directors appointed by shareholders and other stake holders. For successful realisation of vision be it Kama, Artha, Dharma and Moksha it is necessary to have sustainable, time-tested and trusted methods, systems, policy & procedure implementation, monitoring, mechanism for correction action and for identifying strength, overcoming the weakness, converting threats into opportunities, one may take recourse to the principles emanating from Mahabharata.

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Materials, Machines, Money, Time and Human Resources are scarce. To get the best out of these resources, there has to be effective and efficient utilisation of all the resources for the sustainable development leading to balancing of four interdependent domains of Ecosystem of environments, economics, politics and culture and civilisation. With the development of Information Technology (IT), global markets have become local markets and vice versa. Under this situation for successful and vision-oriented functioning of the corporate, there is a fundamental need to understand divinity of Indian

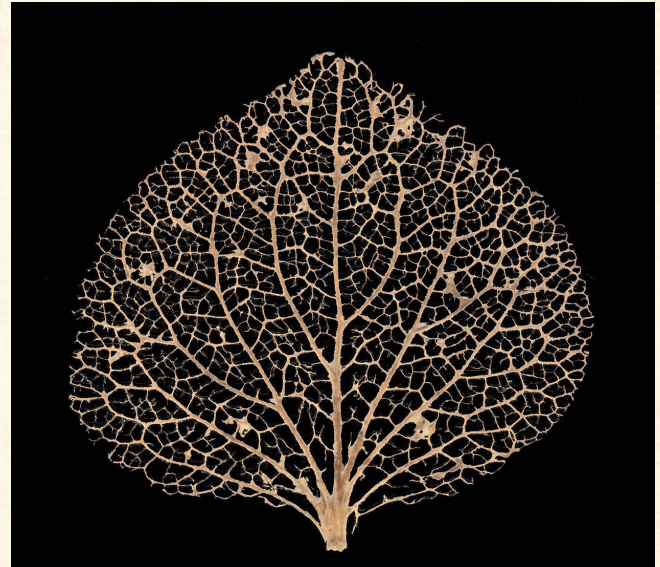
scriptures which would help in strategic decision making, and strengthening corporate governance and compliance systems.

GUIDING PRINCIPLES

1) Peace is a greater objective than victory

Before the inevitable Kurukshetra war, Shri Krishna proposes peace on the ground that it is in the interest of all. Despite, Shri Krishna offering that the Pandavas would be happy with just five houses, Duryodana flatly refuses to offer even a pin space to Pandavas and directed them to go for Vanvaas followed by Angyaatvaas. Had Duryodana heeded to the words of Shri Krishna, the war that followed along with its damages would not have taken place.

From a corporate perspective also, it is always better to avoid costly litigations and concentrate its energies on business rather than pursuing unnecessary legal cases, unless the corporate is dragged into it forcibly. Certain litigations invariably cost a bomb for many corporates who have opted for this course without analysing the possible costs and consequences.



2) Bhagavad Gita operates at grass root level and strengthens the thought process of Leadership, team spirit and spirit of brotherhood

Truthfulness, kindness, calmness, and harmlessness are the four parts of dharma. The Bhagavad Gita inculcates the four -fold methods of *karmayoga* (work), *bhaktiyoga* (devotion), *jnanayoga* (knowledge) and *Rajayoga* (Discipline). When it comes to Karmayoga, it states that one should always do one’s appointed duties. Action is better than inaction. Inaction is death. Action is life. The leader should ensure to focus on performance of specific duties as per swa-dharma. Thus, the leader is enabled to reach the highest ethical standards, which makes easier it for the leader to go through the process with perfect detachment.

The role of Shri Krishna as a renowned strategist and a great mentor is well known. He taught the skills of

preparing the right strategy before venturing in the battlefield. He with his discourses kept on motivating Arjuna that he has to take on the role of the 'Leader' and fight against Kauravas.

Pandavas had a structured approach to their team; they divided the team according to individual strengths and goals, which ensured that the right person was placed for the right job. From the chief strategist Shree Krishna followed by the ethical Yudhishtira, skilful Arjuna and the mighty Bheema, there was a clear channel of communication, roles, and responsibilities. Even the youngsters and junior members were involved in the strategy formulation. Apart from this, the allies with Pandavas were significant in numbers compared to Kauravas. Everyone had a common goal, vision and driving force for their participation. This was perhaps one of the most crucial aspects of their strategy.

Unlike Pandavas, who concentrated on situational leader according to circumstances, under the guidance of Lord Krishna as their mentor, Kauravas were a mix of highly qualified and resourceful team of experts like Bheeshma and Drona who were owing allegiance to Hastinapur kingdom but were fighting the battle with Duryodana, an arrogant leader. Similarly, Shakuni a shrewd operator, was working with his own short-term agenda, which were not in the interest of Kauravas and Duryodana himself. Karna, a great warrior, was taking the side of Duryodana as he considered this to be his obligation, but also wanted to prove that he was the most superior archer. Thus, there was a divided and hidden agenda amongst the team members of Kauravas. This meant that their orientation and processes were both not optimised to their vision, which too appeared to be lacking in clarity and limited to defeating Pandavas. All the great generals of Kauravas, including Bhishma, Drona and Karna crusaded individual fights on the battlefield. However, Pandavas weaved one team that was directed by a single goal. All participated in decision making process and contributed their skills leading to a synergic effect. Every organisation needs to build a highly effective, ethical and committed team and should be led by a person who inspires the team members to work towards a common goal.

Perhaps drawing his analogy to Mahabharata, **Stephen Covey**⁵ referring to modern era, also mentions in his book that *"as a professional, you must pay heed to your 'inner voice'"*. While proposing the whole person paradigm, he focuses on the four dimensions of a person – spirit, body, heart and mind. The one who listens to the voice of his/her conscience often excels in strategizing and pioneering leadership skills.

3) Respecting the mentors

Mentors are angels in disguise and are to be respected as 'Management gurus' who can enable a person to think better, act better and achieve better, thus helping the person in travelling to reach great heights. Mentors will always look out for avenues leading to growth of the business, which in turn means all-round growth. Listening to their advice and implementing their ideas would help corporates not only to avoid business mistakes, but also

minimise their failures / damages if inevitable. This was something that Pandavas did by listening to their mentor, Shri Krishna and even in cases where they committed something without the assent of mentor (like in the case of Arjuna in the wake of Abhimanyu's killing), the mentor stood by them. On the other hand, in several instances, Duryodhana would insult his mentors and disrespect their words while Pandavas, in spite of fighting against their gurus, would seek their blessings and advice. Bhishma and Drona who in spite of fighting against Pandavas were willing to guide the opposite camp, thus making it evident that mentors / gurus always look out for the benefits of their disciples.

4) SWOT Analysis & Due Diligence⁶

Pandavas transformed their weaknesses to strengths during the fourteen years of exile. Mahabharata has many examples which highlight the importance of utilizing time to overcoming one's weakness and sharpen the skills like how Arjuna went on a mission to attain the Divyastras or Yudhishtira mastered the Game of Dice through their hard work, training and dedication with passion.

Before undertaking a new venture, the first step is carrying out a detailed SWOT Analysis ie. carrying out a critical self-appraisal of the strengths, weaknesses, Opportunities and Threats. Corporates should focus on developing and adopting new skills, corporate training and other learning resources, all which contribute to achieving success with distinction in this fast-moving competitive business environment.

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Convert threats into opportunities

During the period of 12-year Vanvaas, Arjun visits heaven to obtain Divyastra (weapons). When Arjun visited Lord Indra, there Urvashi offered to marry Arjun, which he refused saying she is like his mother and marriage is not possible. Lord Indra told Arjun that this curse is going to serve as a boon during the one year stay in hiding and after spending that period he would regain his masculinity. And in Mahabharata after spending 12 years in forest, Pandavas spent 13th year of exile as Angyaatvaas (inognito), in the court of king Virat. Arjuna used this curse and lived as eunuch named Brihannala.

⁵ Stephen Covey - Book The 8th Habit

⁶ <https://www.slideshare.net/supritsharan/values-ethics-the-mahabharat>

This serves as a lesson as to how to convert threats into opportunities

Team work / Networking

In Mahabharata, each Pandava had different skills, viewpoints, their own strengths and weaknesses. But still, for all of them, the final decision was taken by Yudhishtira. The unity and team work of Pandavas was their primary power. Whatever may be the dispute, they were always united.

The same applies to our current corporate world, wherein working in a team of persons having different skills, experiences, expertise and viewpoints. An effective, energetic and efficient good focuses on the objectives of the project, and they know how to resolve conflicts and respect each other's position and capabilities. Team building is an excellent parameter for the success of the project.

Conduct competitive analysis

Kauravas in spite of their enormous wealth, power and resources could not win against Pandavas. The main reason was lack of cohesiveness, as there were some senior and experienced members did not want to fight against Pandavas. Pandavas were thorough with their position as also the weak spots of Kauravas, the opponents. They took advantage of this situation in the battle at the right time, as advised by Shri Krishna, their mentor.

When performing competitive analysis, a corporate should be aware of the competitor's weakness and the same should be exploited through ethical means at the right time, for which there should be a proper strategy.

5) Choosing wisdom v choosing resources

This is a classic example of right and wrong choice made by the Pandavas and the Kauravas respectively. When both Arjun and Duryodana at the same time approached Lord Krishna for assistance in a possible war, Shri Krishna clearly refused to take part in any battle. However, he gave them the following options: -

- a) He himself personally will be available, but will not lift any weapons
- b) His powerful resources in the form of the Narayan Sena.

Arjun wisely opted for option a), recognising the role of a powerful and supreme mentor, while Duryodana opted for the Narayan Sena.

In a management situation, the importance of choosing wise counsel is more crucial than the choice of resources, where there may be many options. It is here that many corporates and business houses fail to recognize the capacity of wise counsel by treating wise counsel as a cost proposition rather than a value proposition, which they realise only when it is too late.

6) Powerful catalyst for managerial transformation where there is conflict of interest

When Arjun faced the mighty Kaurava army for the first time in the Kurukshetra battlefield and he saw all his relatives and his guru Drona, he was in a dilemma as to why this war and what will be achieved.

At this point, Shri Krishna gives the classic discourse now known as Bhagavad Gita. The plight of Arjuna was answered by the Lord explaining the principles of Swa-Dharma and aligning it to the situation. On one hand there are related parties and on the other hand a swa-Dharma, which was creating a conflict in Arjun's mind. Shri Krishna explains to Arjuna that the self-righteousness (Swa-Dharma) should disregard the other considerations.

He further explains that the ultimate goal of human endeavour is "sarvabhutahitharata" meaning 'welfare of all beings,' and that is to be achieved through selfless action. It can be seen that this goal is more sublime.

With respect to the current governance system, this principle highlights how governance professionals should handle related party transactions and resolve conflicts of interest, if any.

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7) Emphasis on process over results

Drawing inspiration from Mahabharata, where Lord Krishna tells Arjuna in Mahabharata "You concentrate on Karma and leave the rest to me", Arjuna Ranatunga of Sri Lanka was a perfect example of being captain of an underdog cricket team which had nothing to lose but everything to gain. He, like Arjuna of Mahabharata, played the perfect role to shape a world cup victory for his Sri Lankan side in 1996.

The team under Arjuna translated the following principles perfectly, as they achieved history: -

- a) Identify the processes, resources and plan of action astutely
- b) Each member of the team to perform the duty to the best of one's ability
- c) It is not possible to control others, but definitely possible to control our thinking and actions
- d) Delink the fruits and rewards at the time of performing the karma (duties)



Based on the above principles, the team management laid emphasis on two main aspects namely;

- a) excellence in fielding; and
- b) pinch hitting in the first 15 overs, in which two of their underrated and unheard names were promoted up the batting order to open with an objective of all-out attack on the bowlers the rest is history.

From a management and governance perspective, corporates would do well to learn from this principle that results as perceived or forecasted may not be achieved despite best efforts. This is where analytical methods using Management Accounting and Quantitative techniques such as Cost Benefit Analysis, Critical Path, Resource Planning & Allocation, Re-Engineering etc. helps the corporates to optimise its functions, activities and processes which become time-tested over a period of time.

8) Effectiveness and efficiency

It is very important to distinguish between these two words viz. Effectiveness and Efficiency. Effectiveness is doing the right things and Efficiency is doing things right.⁷

It may be noted that while Western design on management deals with the problems at superficial, material, external and peripheral levels, the ideas contained in the Bhagavad Gita tackle the issues from the grass roots level of human thinking because once the basic thinking of man is improved

it will automatically enhance the quality of his actions and their results, thus making them effective and efficient.

9) Attitude and commitment

Distinct differences in commitment were noticed between Pandavas and the Kauravas. For example, on the Pandavas' side, youngsters like Abhimanyu and Ghatotkach were willing to come forward and fight for the cause of Dharma. This was an evidence of their attitude and commitment. On the other hand, Shalya who was honoured by Karna to be his Saarthi, kept on continuously feeding negative thoughts to Karna during his decisive moments in the battle with Arjun.

Focussed attitude and commitment is of prime importance in the case of all activities whether it is business or social cause or any other. Unified commitment and positive attitude of all the team members is a must to travel towards realising any vision.

TAKEAWAYS

1) Destructive attachment is dangerous (Putramoh⁸)

Contrast the behaviour of King Bharat in Ramayana to that of Dhritarashtra. Dhritarashtra had an obsessive attachment to his evil son. He permitted the Pandavas to proceed to Varnavat where, by his son's evil designs, they are persuaded to stay at a house constructed of inflammable materials. He allows a deceptive game of dice, making the Pandavas lose their part of the kingdom.

⁷ <https://www.slideshare.net/shivramkrishnan/management-lessons-fron-bhagavat-gita-slide-14>

⁸ <https://ashokbhatia.wordpress.com/2013/07/12/management-lessons-from-mahabharata/>

In his presence, Draupadi, his daughter-in-law, is insulted in his royal court. Bhishma, Vidur, Shri Krishna and several others attempt to persuade him to rein in the unbridled ambition of his son Duryodhana, but to no avail. The result is a terrible war leading to devastation of the kingdom.

CEOs who promote their sycophants without assessing the overall welfare of an organization get doomed likewise.

2) Importance of exit strategy

Abhimanyu as a character is remembered in Mahabharata for the dangers of half knowledge. He knew how to enter, but did not know how to exit when a Chakravyuha was formed by Drona. From a management perspective, exit strategies particularly when things do not turn out as desired, are as equally important as entry strategies, particularly in the case of investment decisions.

3) Loyalty to boss – Obligation even if it means Adharma

Karna faces humiliation at the hands of Pandavas for not being born in a royal family. Duryodhana realizes his potential as an ally and immediately comes forward to confer kingship upon him. They become life-long friends.

Karna's loyalty towards Duryodhana is so strong that even after realizing that he is the eldest of the five Pandavas, he chooses to fight against them, for Duryodhana.

4) Role of Juniors⁹

When a decision has to be taken as to who should lead the Pandava army in the war, Yudhishtira first consults Sahadeva, the junior most brother.

“ Abhimanyu as a character is remembered in Mahabharata for the dangers of half knowledge. He knew how to enter, but did not know how to exit when a Chakravyuha was formed by Drona. From a management perspective, exit strategies particularly when things do not turn out as desired, are as equally important as entry strategies, particularly in the case of investment decisions.

This approach has several spin-offs. It instils enthusiasm and self-confidence in the younger managers. If the seniors are consulted first, others may not be able to speak with freedom, and even honest differences of opinion may get construed as disrespect.

5) Receive Favours with Humility and Alertness

Just before the start of the war, Salya by mistake goes to Kaurava's camp instead of Pandavas where he actually wanted to go. Duryodana by trick treated him royally and obtained his commitment to fight on his side.

It is therefore necessary that one should be careful before receiving / accepting gifts / offerings as they are usually with unfavourable or onerous T&C applied.

6) Knowledge vs. Virtue¹⁰

Knowledge without good virtues is of no practical use, as a knowledgeable person may align with wrong company which may be against Dharma. Further, knowledge could act as a double-edged sword and when aligned with wrong company will cause only damage. This is precisely what happened to a lot of knowledgeable men who aligned with the Kauravas.

Dhritrashtra had no virtue but only vices such as attachment, greed, envy and senseless decisions. He represents - excessive unrestrained attachment (Vyasanga). Krishna calls him the root of evil in Mahabharata when he goes for the peace mission to Hastinapur. (He calls Duryodhan the tree of evil and Dhritrashtra as its root - root of all evil is unrestrained obsessive attachment / blind obsession)

Vidur's virtue was honesty and his faith in truth. He was righteous. He is a role model for bureaucrats to how to follow their duty and commitment to the kingdom rather than the king and not succumb to their pressure. He contested Draupadi disrobing, he helped Pandavas wisely and he did not support Dhritrashtra's wrong doing in war like Bhishma & Drona but walked away from the scene. He did selfless service to state and despite Duryodhana being an incarnation of evil, still he kept his commitment to the Hastinapur kingdom. He was Dasi putra but got respect of pandavas and society. He got the love and respect of Shri Krishna.

7) Avoid Arrogance¹¹

Duryodana was the natural product of his father's Putramoh and a very arrogant and selfish personality, who was only interested in becoming Yuvraaj. His actions were therefore only guided to preserve and further his position rather than the prospects of the Hastinapur kingdom. Such an approach from a management and governance perspective will always yield disastrous results over a period of time.

8) Associating with right people

Yuyutsu, the son of Dridrashtra through a Dasi was initially slated to be on the side of Kauravas. At the start of the battle however, he used his discretion, answered the call of Dharma and moved over to the side of Pandavas. He contributed significantly to the war strategies. The Pandavas from their side ensured that he was not killed in the battle.

9) Adaptability

In spite of living a life of royalty, the Pandavas did not hesitate to give up all their riches and comforts to live in the wild. Of special mention is the one-year period where they lived incognito, donning various extreme roles while working for a King. Arjuna a transgender music teacher,

⁹ Ibid,8

¹⁰ Ibid,8

¹¹ Ibid,8



Bheema a cook and Draupadi a beautician to a princess – they held themselves together through long periods of strife by adapting to every situation they encountered.

10) People and their intention

In Mahabharata, Yudhisthira was blinded by his respect and love for Vidhur and Dhritrashtra (his uncles) and did not understand the ill intentions of his cousins who had invited him for a party. This sowed the seeds for a war that would end up wiping out an entire clan.

It is however important to spend time with people who are part of the working team to understand their nature, intentions, ambitions and attitude. The core team is going to be the backbone of the business, and therefore should be chosen carefully.

10) Cause and effect

Kunti who was one of the greatest influences on the Pandavas, made a huge mistake by deciding without analysing or understanding the consequences.

She summoned Lord Sun (to test the authenticity of the boon she had received) and gave birth to Karna whom she abandoned fearing social stigma. This one action of hers had severe repercussions. A holistic analysis of the situation and its possible consequences would have definitely helped in better decisions.

From a management and governance perspective, it is better to recognize and accept mistakes / errors at the earliest, so that prompt corrective action can be taken.

11) Women Empowerment

Mahabharata, apart from being a historic epic about Dharma and Swa-dharma, it is also about the women empowerment. The well-known women characters in Mahabharata epic - Ganga, Satyawati, Subhadra, Chitrangada, Gandhari, Kunti, and Draupadi did play a major role and have faced and displayed varying degrees of women oppression and women empowerment respectively in their own way, leaving behind an indelible imprint of learnings for today's women.

While in the case of Pandavas, they considered the inputs from women be it Kunti, Draupadi, or Hidimba (Bheema's wife) and Subhadra (Arjuna's wife), which contributed to their success in no uncertain terms. Unlike in the case of Pandavas, there was no participation of women in decision-making process of Kauravas. Consequently, they did not use the wise counsel of Gandhari at all at any time.

The one very important message which we get from the above-mentioned women is – They fought for their rights and equality, and not for the extra status like what today's radical feminists are asking for. They did justice to their Stridharma but raised their eyebrows against injustice. They fought for it blindly, silently and bravely.

In preserving Dharma be it in Government, Administration, Corporate, Society or Home it is the women who have shone when it comes to upholding Dharma.

CONCLUSION

Bhagavad Gita teaches us that soul is neither born nor does it ever die. When a company is formed, it is an artificial person. The promoters who form the company should regard it as an artificial soul, which should ideally never die. Thus, when a company is managed, controlled and governed in accordance with the principles of Dharma, ideally it will continue to run and flourish forever.

Leaders are not able to understand that every aspect of life has two sides. One has to learn or develop the art of handling the world around us by managing the swa-dharma within.

Mahabharata along with Bhagavad Gita provides a complete management and governance code, which would require minimum adjustment to current realities. It provides solution for developing vision, goal setting, formulation of strategy, developing leadership quality & highly motivated team spirit, by adopting proper managerial policies as guidelines, setting the performance standards and proper appraisal at reasonable time interval and taking timely corrective action. Further, if we analyse the regulatory framework for companies, it is noteworthy to find that the provisions in fact have their roots firmly in these principles of Dharma.

It would be of great relevance, if the principles of Dharma also form part of the formal educational curriculum by involving the spiritual intellectuals, learned professionals and management gurus in the process.

Revere the Scriptures, establish governance and create real wealth

The scriptural injunctions connect us to our Inner conscience. Inner conscience is the best friend. Following these, and conquer the pinnacles in the field of your choice. Principles and values enshrined in the ancient scripture fortify and support the cause of governance. Current day techniques and ancient scriptural injunctions complement each other in achieving good governance. Good governance safeguards wellbeing of business entities and stakeholders. Well governed companies enjoy higher rankings at national and the international levels. Also results of good governance will lead to overall inclusive growth and to address the United Nations Sustainable Development Goals. These prescriptions can be used by a Company Secretary to enlarge his horizon to look at issues in a larger perspective with highest standards of governance. Company Secretary's academic background, training and continuing educational pursuits make him a powerful and potential role model.



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Governance as per oxford Advanced learners dictionary is the activity of governing a country or controlling a company or an organisation the way in which a country is governed, or a company or institution is controlled. Governance occupies a pivotal role in the management of an organisation impacting every stakeholder. In business monetary profits and returns to the owners are important. Resources employed for the business shall be fairly treated and not exploited. Good governance safeguards fair deal. Good governance is a continuous mission and encompasses all levels. Whatever we expect others do for us we should do that for others. We want others to be moral and ethical. We also be the same to them.

It is natural that we wish to achieve what we want. Yes, we must achieve whatever we want. We must win. But through honouring the rule book, written or unwritten. Rules come from the man-made rule books. And also, from prescriptions of ancient scriptures. Scriptures are followed and practiced for universal welfare from time immemorial. When we keep the both in mind and strive, we will get the best of what we want. The scriptural injunctions connect us to our Inner conscience. Inner conscience is the best friend. Follow these, work hard, establish governance, and conquer the pinnacles in the field of your choice.

"Be the change you want to see in the world" – Mahatma Gandhi

* Past President, The ICSI

"Be not afraid of anything you will do marvellous things" – Swami Vivekananda

Principles and values enshrined in the ancient scripture fortify and support the cause of governance. Current day practices and ancient scriptural injunctions complement each other in achieving good governance. Good governance safeguards wellbeing of business entities and stakeholders. Well governed companies enjoy higher rankings at national and the international levels. These rankings and recognitions fetch innumerable benefits to the whole nation to help the nation emerge as a favourable destination for foreign investments and businesses. That in turn supports growth and generation of employment apart from others. That facilitates overall inclusive growth and helps address the United Nations Sustainable Development Goals (SDGs).

Ethical and moral issues enshrined in the scriptures remain powerful, guiding human actions for time immemorial. We can draw inspiration from them on what constitutes good governance. A few verses are selected for this article with an attempt to connect their inner construal to the subject of governance.

The scriptural principles are apt, germane, pertinent, and appropriate to present day issues of good governance. During unclear and conflicting situations these scriptural treasures release us with clear and right direction to achieve what is advantageous and desirable.

What does constitute good governance? What are the features? Difficult to have a comprehensive answer. We may take a few, particularly to link them with the scriptural injunctions.

“ The scriptural principles are apt, germane, pertinent, and appropriate to present day issues of good governance. During unclear and conflicting situations these scriptural treasures release us with clear and right direction to achieve what is advantageous and desirable.

Revere the Scriptures, establish governance and create real wealth

1. GOVERNANCE IS A CONTINUOUS ENDEAVOUR

“Cowards never win victories” says Swami Vivekananda

Endeavours for good governance are not casual but relentless, incessant and non-stop. People in charge should put in earnest and unceasing efforts. One should be simple but firm, bold and fearless in addressing or focusing on governance issues. If one is fearful, timid, or diffident, he will only land into obliging and compromising. Cowardice will not help in ensuring good governance.

No place for yielding to temptations and move away. The efforts should be determined with strong resolve and courage, holding on to the cause. Efforts are full-fledged, break less and not in bits and bits. No endeavour to achieve good governance be stopped in between. Limitations, constraints, challenges, and obstacles may come in the way of governance, but pursuit for governance should be relentless.

A Subhashitam in an ancient scripture narrates on who gives up once tasks taken up:

Prarabyate nakalu vignabhayena neechaihi

Prarbya vigna vihata viramanthi madyaaha /

Vignaihi punah punarapi prithanyamaanaaha

Prarabda mutthama janaa na parityajantghi //

Meaning of this verse is that there are three types of people. First who never starts at all, afraid of problems, complexities, or difficulties that he may face. The middle type is that they start but leave unfinished due to perceived inability or alleged troubles and lack of patience. But people of quality, proficiency and distinction never leave tasks once taken up uncompleted or unaccomplished.

So, leaders of good governance belong to the third type as described in the subhashitam. So, one with confidence, positive, fair, ceaseless efforts and constructive approach achieves. Not the one who gives up in between. Good governance is an incessant endeavour.

2. LEADERS OR BOSSES SHOULD ENDEAVOUR BY EXAMPLE

Integrity is often said as doing something when nobody is watching. Integrity is all encompassing in good governance. The standards of integrity displayed by men at the helm of affairs percolate down across all cadres in the organisation. Governance principles are to be adhered to, by all in one way or the other.

People at the helm of affairs while leading the organisation and taking care of the welfare and interests of stakeholders, should always tread the right path. They should also be conscious that their acts and deeds are in the know of others. They are observing who is doing what. They follow them too. Whatever the chairman, board of directors or key managerial persons like Company Secretary or an auditor are doing, these are taken as standards and followed. So, they should lead by example. Shree Krishna's message in verse 21 of chapter 3 in Bhagavad Gita underscores this point.

Yad – yad acarati stestha

Tat- tad evetare janah /

Sa yat pramanan kurute

Lokas tad anuvartates -- 3/21

Meaning of this verse is Whatever the learned, educated and those in higher positions do, are taken as right things. Others follow them as standards.

An example of this has been “The First National Conference of Student Company Secretaries”, which was held at Hyderabad in November 1998, where the author was motivated by the then President of ICSI and as Chairman of the Organising Committee, could organise a successful conference attended by over 500 students. This is a clear example of what Shree Krishna says and does as a learned leader, others follow as standards.

So, those who lead and manage need to be conscious in their actions, as the others follow them which has impact on good governance.

“ People at the helm of affairs while leading the organisation and taking care of the welfare and interests of stakeholders, should always tread the right path. They should also be conscious that their acts and deeds are in the know of others. They are observing who is doing what. They follow them too.

3. BE CONSCIOUS WE GET BACK GOOD AND BAD BOTH WE DO

It is known the good we do will come back as good. Bad will land us into bad. It is a science. So, whatever we do we get back. Another English proverb “As you sow so you reap” having almost similar meaning is also relevant. We are, therefore, responsible for what we get. If we govern well, we get back great results.

Two of the quotes of Swami Vivekananda and a verse from the Sundarakanda in Ramayana by Maharshi Valmiki amplify this reality.

Swami Vivekananda:

- A. “every good thought we send to the world without thinking of any return, will be stored up there and break one link in the chain, and make us purer and purer, until we become the purest of mortals”
- B. “If you project hatred and jealousy, they will rebound on you with compound interest. No power can avert them; when once you have put them in motion, you will have to bear them. Remembering this will prevent you from doing wicked things”

Lord Hanuman's advice to Ravana the king of Lanka, about the consequences of good and bad acts.

Verse 29 of Sarga 51 in Sunderakanda

Natu dharmopa samharam

Adharma palasamhitam

Tadeva phala nunveti

Dharmasch dharma nasanaha

Gist of this verse is that, result of unrighteous acts or deeds are to be born with, without escape, even if one has done many righteous acts or deeds.

Hanuman is telling Ravana - Hey! Ravana! You have done so many good deeds or dharma but remember no good deed of yours can help you to net out this bad deed or adharma of confining Sita in Lanka. You will face and suffer for this adharma. You will be punished for this bad deed. Be aware of that. One enjoys his good deeds and suffers bad deeds. They cannot be balanced or netted out. Remember.

How do we connect this to our subject of governance! See, we find people or organisation carry on activities detrimental to the stakeholders like exploiting of work force by improperly taking care of them, destroying greenery, exploiting environment, overuse of fossil fuels, evading taxes, mis use of funds so on and so forth. They may do several social activities thinking they compensate for the detrimental deeds they have committed, in enriching themselves at the cost of good governance. Some may even build temples. This is what has been emphasised in the above quotes of Swami Vivekananda and Hanuman's wisdom and his advice to Ravana. So, be champions of good governance through good deeds or dharma and leave off/ completely discard the adharma or bad governance.

4. BEWARE OF COMPLIANCE

Compliance is sine qua non for good governance. For orderly organisation of entities, compliance of legislations, rules, regulations, procedures, notifications, circulars, and judicial rulings and so on and so forth is essential and must.

Bhagavad Gita proclaims compliance is must.

Tasmaath saastram pramaanam te

kaarya 'kaarya vyavasthitau /

jnaatva saatra-vidhan'ktam

karma kartum iha'rhasi // 16/24

The verse says work with shastras in mind. It explains to first understand the scriptural injunctions, then proceed. Scriptural rulings provide inspiration, guidance, clear path, and direction. People should not work as per the triggers of their longings or desires but as per the sastras for perfect achievements. So, Bhagavad Gita speaks that compliance is must. He declares to know the standards prescribed in Sastras and adhere to them in all types of work. Therefore, Compliance is a part of good governance from time immemorial.

Whilst on the above we have today several hundreds of compliances like provisos, clauses, sub sections, sections, and schedules in one legislation say, the companies Act, 2013. Like this Act, there are several hundreds of legislations



including the Securities Exchange Board of India Act, The Income Tax Act, The Foreign Exchange Regulations Act to mention a few. If we count all these together, what the total will be? Thousands or lacs? Whatever may be the number, compliance is must. Responsibility is collective though some have specific responsibility. It is understood from this verse that every person to whatever extent he is responsible should understand and adhere to the rules. So, what is essential is faith and trust in the scriptural truism. Keeping this verse of Gita in our thoughts makes us comply, then the numbers and the rest is taken care on its own. When one makes this as habit, others follow suit. Then compliance shapes itself into regular practice and a routine feature. Good governance thus gets established.

Inspiration thus gained from the verse and the resultant practice by all concerned helps ensure many provisions including clause (f) and clause (e) of subsection 5 of section 134 of the companies Act 2013. The issues like Secretarial Audit under section 204, functions of the Company Secretary under section 205, audit under Chapter X, cost audit under section 148 will become more effective and powerful. Professionals can excel giving their best for good governance and robust wealth creation.

5. BELIEVE WHATEVER WE THINK THAT WE WILL BE

'Yes' I am for good governance. Have that resolve with full zeal with purity of mind and thought you can achieve. Never think of words like impossible, weak, or helpless. Probably cowards have these words. Be confident and positively assert yourself that you can. Be firm and bold but be polite and fair. This should be for everyone and all cadres.

Two quotes of Swami Vivekananda and a verse from Sunderakanda help us comprehend this better.

Revere the Scriptures, establish governance and create real wealth

Swami Vivekananda's says "Whatever you think, that you will be. If you think yourselves weak, weak you will be; if you think yourselves strong, strong you will be.

Never say 'No', never say, 'I cannot', for you are infinite. Even time and space are as nothing compared with your nature. You can do anything and everything, you are almighty.

Hanuman's strong resolve: Sunderakanda

Yaavath Sitaam na pashyami

Rama pathnim yashaswineem /

Taava detam pureem Lankam

Vichinomi punah puanah //

Lord Hanuman tries his best to find Sita but could not for a long time. Then he gets into a kind of disappointment. But the next moment he composes himself and takes heroic resolve that till he sees Yasaswini Sita, the wife of Lord Rama, he will search again and again in the Lanka. His resolve was so strong that the many odds and many tests did not make him give up. And he succeeded and found Sita and accomplished the task for Lord Rama. So, in ensuring good governance too, have that resolve, belief and trust you will succeed.

6. NEVER YEARN FOR OTHERS' WEALTH

In the world the most ancient of scriptures are Vedas. Upanishads are part of Vedas. "Ishavasya Upanishad" is one of the prominent of the Upanishads. It is a small Upanishad with 18 mantras. The first mantra has a great message for good governance.

Om easa vashyamidhagam sarvam

Yathkincha jagtyam Jagath /

Thena thyaktena bhunjeeda

Maagridaha kasyasvidh dhanam //

The almighty is omnipresent. Each and everything on the earth is covered by Him. See God in everything. He is there in everything. Everything belongs to Him. The Upanishad says that all should be filled by Him. The Upanishad also says never aspire for somebody's wealth.

In good governance, there is no place for aspiring for somebody else's wealth. Wealth creation is must. Good governance creates good wealth, which completely belongs to those who practice good governance.

7. BE ATTENTIVE TO GLOBAL WARMING AND CLIMATE CHANGE

To achieve United Nations Sustainability Development Goals (UN SDGs 17) the world must address climate change issues where corporates have a significant role to play through good governance. Climate Action is one of the 17 SDGs.

We do not have alternate for our earth. We are one family on the earth. We cannot afford to be oscillate on global warming and climate change. Sustainability is a serious concern that is haunting men at top across the globe. We should be

attentive to the spirit of Paris agreement and Kyoto protocol. Effective corporate actions help mitigate the climate change. Sustainability report today forms part of corporate reporting. Trees and greenery play a vital role and we have a lot to accomplish.

Overdoing as to deforestation, cutting of trees, greenery, flora, fauna, do not constitute good governance. If we continue indulging in these acts for growth, then growth at what cost? Cost to us, and generations to come? Growth is must. We need to grow high and excel but sustainability is must. Effects of climate change are evident even in our own times.

Our scriptures articulate how we deal with nature in several instances. Let us pick up two verse relating to trees. When we love the trees, then we remain under the protection of mother nature. Good governance is that which ensures good relationship with the nature.

Srimad Bhagavatam and Abhignana Shakuntalam have adoration for trees. They provide immeasurable inspiration.

First from Srimad Bhagavatam, and the verse goes like this:

Pashyathitan mahabhagan

pararthaikantajivitan /

Vatavarsatapahiman

shanto varayanti nah //

Shree Krishna praises trees and says that trees are lovable and admirable. They provide lifelong shelter, and many benefits several ways despite upfronting the intolerable forces of nature including heavy winds, scorching heat, cold and things alike. They stay in forefront in ensuring natural balance and comforts for living beings be they are creatures, birds, or human beings. All living in harmony ensures a balanced nature that stems from the trees. These are the words of the almighty Shree Krishna.

The other scripture is Maha kavi Kalidas's Abhignana Shakuntalam. Here is an instance of heart touching human-nature relation. This should be the order for all times. The verse goes like this:

Pathum na prathamam vyavasyathi

Jalam yushmaswa peetheshu yaa /

Naa dathe priyamanda vaapi bhavatham

Snehena ya vallavam //

Shakunthala, the mother of Emperor Bharata, and wife of king Dushyanta, never took water without first watering the plants and trees after she gets up every day in the morning. Only after watering them and finding vitality and gleeful shine in them she would take water. She treated them as her own family members and showered love and affection. When those who water plants regularly can find plants responding with joy. This exuberance of plants everywhere on the earth obviously send cheerful and positive vibrations making our planet a heaven.

This amplifies how we live along with the nature respecting and loving all that grow on the earth as one family ensuring



ecological balance. This is what we learn from the scriptures on how to treat the mother nature. We can enrich ourselves but should consciously and enthusiastically pay attention to all constituents of the nature. Nature is the most important stakeholder so taking care of that is essential for good governance.

8. PURE AND SERENE COMMUNICATION IS IMPRESSIVE

Decent communication is essential for good governance. Certain things like animosity, unwanted dislikes, hatred or so, hampers and weaken. A communication is good and effective when it is fair and tranquil with appealing qualities of honesty, pleasantness, and truth to say a few.

A writing of Swami Ranganadananda, 13th President of Ramakrishna Math and Ramakrishna Mission says:

“A message to all people from the world’s scriptures: Blessed is the heart that does not collect resentments and often dwells on them”.

Shree Krishna declares in Bhagavad Gita - Chapter 17 Verse 15

*Anudvega karam vakyam
Satyam priyahitam chayat /
Svadhyabhyasanam c'iva
Vanmayam tapa ucyate //*

Shree Krishna is describing how the speech should be. It should be true, pleasant, unoffending, and advantageous. He also suggests regular reciting of scriptures as it ensures remembering and recounting them to practice when needed.

In another verse Shree Krishna pronounces in Bhagavad Gita, pure mind is - Chapter 17 Verse 16

*Manah-prasadah saumyatvam
Maunam atma vigrahaha /
Bhava-samsuddhir ity-etat
Tapa manasam ucyate //*

Effective communication is essential for dealing with stakeholders. One’s talk should not be what emotions prompt. Should be gentle, polite, and honest. Stakeholders should feel the communication is fair and transparent. It should be a state of win – win. Then the communication is between the hearts and souls of communicator and the communicated with sparkling understating which is the quintessence of good governance.

9. GENDER EQUALITY

United Nations Sustainability Development Goals (SDGs) prescribe ‘Gender Equality’ as one of the seventeen.

We have in our ancient scripture that:

*Yatra naryasthu pujiyanthe
ramyanthe thatra devataha: /
Yatraithasthu na pujiyanthe
Sarvasthatraphalaha kriyaha : //*

Ancient scriptures dating back to Vedas have proclaimed and declared that wherever women are respected and esteemed, there live the devatas i.e. deities. It means there is prosperity, growth and happiness. This is the Vedic culture and we know that we call Sita-Rama and Radha-Krishna to say some.

Second proviso to subsection (1) of section 149 of the Companies Act, 2013 provides for at least one women director in such class of companies as may be provided. Also, Securities Exchange Board of India (SEBI) requires appointment of Women on the boards of certain companies. Often some people feel sufficient suitable persons are not available. What is needed is zeal to work, learn, actively participate, and excel. Many women do not know the availability of these opportunities. They should also know the associated advantages, responsibilities, and liabilities. Once they know all these, and willingly join, they will excel in the boards. Availability may not be an issue but what is required is awareness. We understand through our scriptures they outstand and excel. So, the emerging role of women on boards will get new light and augment good governance.

Revere the Scriptures, establish governance and create real wealth

10. NO PLACE FOR BIAS IN GOVERNANCE

A king in a kingdom is king for all. He should not take sides and be biased. If not, he is unjust and unrighteous. Then he is a bad king not worth of being a king. An unjust or bad king governs bad and is bound to get ruined.

Maharshi Vedavyasa gives power to Sanjaya the minister of King Dhritarashtra to see what was happening in the Kurukshetra battlefield and narrate that to his king. The first verse in Bhagavad Gita says:

Dharmakshetre Kurukshetre

Samaveta yuyutsavaha

Mamaka pandavaschaiva

Kim akurvata Sanjaya

King Dhritarashtra in Mahabharata asks at the start of the Kurukshetra war, his minister Sanjaya, "hey Sanjaya, what are my people (Duryodhana and others) doing. And those Pandavas doing? He used mine and others. So, though as a king all are his people, he became biased for his own reasons. So, he has deviated from the path of dharma. He was partial on several occasions earlier too. It was unjust as a king to be partial and biased. And the king has suffered defeat and a great ruin.

In case of a corporate body also the same thing operates. The chief by whatever name he is called, a Chairman, Managing Director or Chief Executive Officer, he must take care of the welfare of all stakeholders. He must be just and fair. Instead, if he favours unjustifiably some and causes bad to others and enriches himself unduly, he and the organisation he heads is bound to get ruined, though may escape in short run, as we see some of the corporate debacles.

11. RIGHTEOUSNESS AND HARD WORK CONQUER

When walked through the truth and tread the right path following the principles of dharma coupled with relentless hard work, we get what we need.

Sanjaya, the learned minister of the king Dhritarashtra says in the last verse of Bhagavad Gita

Yatra yogeswarah Krishna

Yatra partho dhanurdharaha

Tatra srir vijayo bhutir

driva neetir matir mama

Sanjaya concludes by saying wherever Shree Krishna, the embodiment of dharma, the righteousness is present and where the greatest of the warriors dhanurdhara, a greatest of great bow warrior is there, there are the riches, the triumph, victory and prosperity. Arjuna is the symbol of courage, boldness and hard work and the embodiment of dharma is Shree Krishna. Righteousness and hard work are two important ingredients of good governance.

"The man who has developed his willpower goes ahead and, if he has faith, no power can lay him low." J P Vaswani.

Company Secretary and Governance

Secretarial Standards to the acclaim of corporates, regulators and others across the globe, for the first time in the world, are instituted by the Institute of Company Secretaries of India in the year 2001 and have become mandatory through sub section 10 of Section 118 of the Companies Act, 2013.

Company Secretary is the professional nearest to the subject of governance. His academic, training and continuing educational pursuits make him a perfect fit. His successful placement in strategic positions in the organisations he is associated with reverberates his role.

As a company secretary he does what he does with commitment, adhering to best of the standards with courage of conviction, renders professional services as an advisor, philosopher and a guide standing second to none as governance professional, living in the hearts of regulators, government, legislators, and all stakeholders.


CONCLUSION

We can address and conquer every kind of issues, to ensure good governance following current prescribed practices, drawing guidance and inspiration from the ancient scriptures by our rishis, sages and saints and achieve excellence.

“ Company Secretary is the professional nearest to the subject of governance. His academic, training and continuing educational pursuits make him a perfect fit. His successful placement in strategic positions in the organisations he is associated with reverberates his role.

Scriptural injunctions expand our intellectual understanding and enlarge our horizon to look at issues in a larger perspective with highest standards of governance. That in turn helps managerial and professional efforts becoming more fruitful in expanding businesses and creating wealth for all, across the globe living in perfect harmony.

Swami Vivekanand said "up, India and conquer the world with your spirituality"

We look forward to all round harmony, brighter future, a great business and wealth creation, happy nations, and a blissful world with good governance. 

SOURCES:

1. Publication on Company Secretary-Corporate Governance and Bhagavad Gita, and Company Secretary Corporate Governance and Sunderakanda published by the Asia Law house authored by Dr.PVS Jagan Mohan Rao
2. Various publications of Shri Ram Krishna Mutt

Economic System and Management Lessons for Corporate Managers: An analysis from Bhagavad Gita

India has gifted the world with the Holy Bhagavad Gita, the best guide to self development and is very much useful for all the levels of corporate leaders. Lord Krishna in order to boost up the morale of the depressed Arjuna went with his discourse in various chapters. The thoughts of Gita offers a great counselling to all who enter the world of management, professionally and personally. This paper is an attempt to draw the managerial implications as a learning aid from the Gita. Few important Shlokas of Chapter-1 have been analysed with their managerial implications. Even though the management literature is scarce in explaining detailed implications of each Indian scripture, an attempt has been made to draw certain conclusions by coordinating Bhagavad Gita with corporate decision-making process. This paper, based on the principles of Gita stimulates spirituality that a leader can inherit by the teachings of selflessness. From the analysis, the greatest lesson the managers must inherit is to create rightful and long living organizations.



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INTRODUCTION

Corporate sector is the main stimulant of growth in any economy. The size of this sector since last few years both in terms of number and capital has grown fast in India. As per a report of the International Monetary Fund (IMF), India's GDP will take over that of Germany's by the year 2022. On the contrary, the world economy is continuing once again at the eye of storm. Occurring of massive shakeout in the financial markets across the globe more particularly due to bad debt situations, has become a continuous phenomenon.

On the other hand, one of the important causes of India's steady growth might be due to the application of more than 3500 years old ancient Indian ethos. The new and just growing management literature is well guided by the ancient Indian principles. Indian culture and values are standing on an age old function which is very deep rooted and even today existing and is acting as the strongest tool which helps in building ethical value and culture. If we analyse in detail to the entire Indian ethos, all *Dharmas* have given good foundation to adopt good ethical practices and none of it has preached anywhere in any manner to follow unethical approach to live peacefully on this earth.

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RELEVANCE OF THE STUDY AND LITERATURE REVIEW

The basic objective of this paper is to draw management lessons from *Bhagavad Gita* that are applicable for the corporate decision making at this pandemic situation where the world economy, particularly the Indian economy is experiencing worst ever downfall. The first part of the paper analyses current world economic outlook. The second part of the paper analyses theoretical derivation of operation of an economic system followed by highlighting current Indian economic situation and the measures taken by government of India through stimulant packages. In the third part some important shlokas of Chapter-1 of the *Gita* are analysed as a lesson for Corporate India that could help them to counter act during this situation of pandemic. The elaboration could help corporate managers in better understanding of the current situation at the time of execution of various managerial responsibilities.

Literature reviews in detailed application of Indian ethos in management, and more particularly on corporate governance are scanty. Most of the available reviews existing in the literature are just the summary of the individual scriptures. However, some related literatures to this study are identified for the better understanding of the concept.

Mahadevan (2008) had studied the reasons behind the disconnection between quality of life at large and work life in employees working in corporate. He also experienced serious issues about sustenance of firms and the environment in the long run by examining some Fortune 500 companies. He had suggested certain simple and useful lessons to managers based on *Gita*.

Roy (2009) has studied the important role of religion on ethical analysis. To him, from the childhood we act and live in accordance with our religious systems. Starting from birth to death we celebrate our various family functions which widely differ. Each religion and all religious books have given some commandments to follow in five, creating a different nature in us. Among the religions, Hindu religion is widest, vast and old. It starts from four *Vedas*, *Upanishad*, *Gita*, *Mahabharat*,

Ramayana, and Puranas which are quite vast and each of these books have given the code for good corporate governance, if critically understood. It also provides the codes of moral, good behaviour, social habits and social approach of an art.

Bhattacharjee (2011) has discussed the importance of the teachings of ancient Indian scriptures like *Vedas, Upanishads, Bhagavad Gita, Manu-smriti, Arthashastra*, etc., in the practice of modern management. The author has created a specific model which depicts a 6-fold path.

Chakravarty (2013) in his study had incorporated the ideas as expressed in the wisdom literature for the fullest growth of human potentials that accepted business ethics, appreciated corporate social responsibility and initiated leadership for a prosperous and strong nation.

Management decision making has become a part and parcel of everyday life, be it at corporate houses, in the home and in the government. The *Bhagavad Gita* is a message addressed to each and every human individual, more particularly to corporate leaders and decision makers, to help oneself to solve the existing problem of overcoming the present and progressing towards a bright future.

Indian ethos are famous and popular worldwide. There are many examples in which Indian ethos, particularly *Bhagavad Gita* are practised to find the best business solutions and as a teaching pedagogy in reputed higher learning institutions. Among the leading Indian higher learning institutions, IIM, Indore and IIM, Kozhikode are those who have incorporated *Gita* and similar thoughts in their running syllabus. The *Gita* has become a compulsory subject at Seton Hall University, New Jersey, USA where none of the faculties are Hindus. In October, 2013, the then Tata Group Chairman with some leading corporate leaders had an unusual session during their annual meeting discussions on ethics at Mumbai. There was an expert presentation on *Gita* too. Maruti Suzuki at one of the training programmes for employees had discussed about *Gita*. Escorts had a motivational trainer and *Gita* expert to learn and motivate its union leaders. Other business conglomerates like the State Bank of India, NTPC, NHPC, L&T and MMTC are among the growing list who are looking up to the *Gita* to solve management labyrinths.

OVERVIEW OF WORLD ECONOMIC OUTLOOK

In order to understand the situation, it is required to make an overview of world economic situation the world is experiencing at present.

The impact of trade war on one hand and the pandemic on the other hand have created economic uncertainty around the globe. The global economy is projected to contract sharply by -3 percent in the year 2020, much worse than during the 2008-09 financial crisis. There is extreme uncertainty of world growth forecast also. The economic fallout depends on factors that interact in ways that are hard to predict, including the pathway of the pandemic, more particularly, the intensity and efficiency of containment efforts, the extent of supply disruptions, the repercussions of the dramatic tightening in global financial market conditions, shift in spending patterns, behavioural changes (such as people avoiding shopping malls and public transports), confidence effects, and volatile commodity prices.

Many countries are also experiencing a multi-layered crisis comprising a health shock, domestic economic disruptions, plummeting external demand, capital flow reversals, and a collapse in commodity prices. Risks of a worse outcome predominate. Table-1 derived below presents an overview of the world economic scenario.

Table-1: World Economic Outlook Projections

	2018	2019	2020	2021
World Output	3.6	2.9	-3.0	5.8
Advance Economics	2.2	1.7	-6.1	4.5
United States	2.9	2.3	-5.9	4.7
Euro area	1.9	1.2	-7.5	4.7
Germany	1.5	0.6	-7.0	5.2
France	1.7	1.3	-7.2	4.5
Italy	0.8	0.3	-9.1	4.8
Spain	2.4	2.0	-8.0	4.3
Japan	0.3	0.7	-5.2	3.0
United Kingdom	1.3	1.4	-6.5	4.0
Canada	2.0	1.6	-6.2	4.2
Other Advanced Economics (Excluding Group seven and Euro Area Countries)	2.6	1.7	-4.6	4.5
Emerging Market and Developing Economics	4.5	3.7	-1.0	6.6
Emerging and Developing Asia	6.3	5.5	1.0	8.5
China	6.7	6.1	1.2	9.2
India*	6.1	4.2	1.9	7.4
ASEAN-5 (Indonesia, Malaysia, Philippines, Thailand, Vietnam)	5.3	4.8	-0.6	7.8
Emerging and Developing Europe	3.2	2.1	-5.2	4.2
Russia	2.5	1.3	-5.5	3.5
Latin America and the Caribbean	1.1	0.1	-5.2	3.4
Brazil	1.3	1.1	-5.3	2.9
Mexico	2.1	-0.1	-6.6	3.0
Middle East and Central Asia	1.8	1.2	-2.8	4.0
Saudi Arabia	2.4	0.3	-2.3	2.9
Sub-Saharan Africa	3.3	3.1	-1.6	4.1
Nigeria	1.9	2.2	-3.4	2.4
South Africa	0.8	0.2	-5.8	4.0
<i>Memorandum</i>				
European Union (excluding UK)	2.3	1.7	-7.1	4.8

Low-income Developing Countries	5.1	5.1	0.4	5.6
Middle East and North Africa	1.0	0.3	-3.3	4.2
World Growth based on Market Exchange rates	3.1	2.4	-4.2	5.4
World Trade Volume (goods & services)	3.8	0.9	-11.0	8.4
Imports				
Advance Economics	3.3	1.5	-11.5	7.5
Emerging Market & Developing Economies	5.1	-0.8	-8.2	9.1
Exports				
Advance Economics	3.3	1.2	-12.8	7.4
Emerging Market & Developing Economies	4.1	0.8	-9.6	11.0
Commodity Prices (US\$)				
Oil**	29.4	10.2	42.0	6.3
Nonfuel (average based on world commodity import weights)	1.3	0.8	-1.1	-0.6
Consumer Prices				
Advance Economics	2.0	1.4	0.5	1.5
Emerging Market & Developing Economies (excludes Venezuela)	4.8	5.0	4.6	4.5

Note: * data and forecasts are presented on a fiscal year basis, and GDP from 2011 onwards is based on GDP at market prices with fiscal year 2011/12 as a base year.

** sample average of prices of UK Brent, Dubai Fateh and West Texas Intermediate crude oil. The average price of oil in US dollar a barrel was \$61.39 in 2019, the assumption price, based on the future markets is \$35.61 in 2020 and \$37.87 in 2021.

Figures for the year 2020 and 2021 are projections

Source: World Economic Outlook: The Great Lockdown, IMF, April, 2020.

Indian economy has not runaway from the impact of this COVID-19 pandemic. World bank predicts that India is likely to record its worst growth performance since the 1991 liberalisation in this fiscal year. It predicts that Indian economy is expected to grow 1.5 per cent to 2.8 per cent in the 2020-21

fiscal. There are huge resulting domestic supply and demand disruptions (on the back of weak external demand).

The Asian Development Bank (ADB) sees India's economic growth slipping to 4 per cent in the current fiscal. The S&P Global ratings has slashed India's GDP growth forecast to 3.5 per cent from a previous downgrade of 5.2 per cent. Fitch ratings put its estimate for India growth at 2 per cent, while India Ratings and Research has revised its forecast to 3.6 per cent for the year 2021. Moody's Investors Service has slashed its estimate of India's GDP growth during 2020 calendar year to 2.5 per cent.

HOW AN ECONOMIC SYSTEM OPERATES?

A common man is in dilemma. They are anxious to understand what particularly are the causes behind this slowdown? In other words, what is the logic for this downfall in the economy due to the pandemic? To make the concept clear and to answer the raised question, it requires to understand that how an economy functions? To make the concept interesting and understandable, the two important economic models which points out the basic function of economy are analysed. A summary of Classical theory and Karl Marx's theory of operating an economic system are narrated in table-2 derived below.

As per Adam Smith, one of the leading classical economists, the wealth of a nation can be increased by increasing the quantity and quality of productive labour. The process of economic development is initiated by the employment of productive labour, accelerated by the division of labour and regulated by capital accumulation. The dynamics of the growth process depends on:

- an increase in capital accumulation increases demand for productive labour,
- increase in demand for labour rises wage, hence, increases supply of labour; and
- increase in working population enlarges the size of the market and widens the scope of division of labour.

Karl Marx also suggested that the economic crisis have the secular effect of producing deeper and deeper depressions and shorter and weaker booms. In order to remain in the competitive race, the states must introduce technological improvement, which mean accumulating more and more capital and using more and more capital intensive and labour saving technologies.

Table-2: Theories of Economic Operations

<p>The Classical theory of economic system can be represented as follows:</p> <ol style="list-style-type: none"> Total Output (O) depends on size of labour force (L), the stock of capital (Q), land available (K) and the level of technology (T). Hence $O = f(L, K, Q, T)$ Technology (T) depends upon the level of Investment (I) i.e., $T = f(I)$ 	<p>The Marxian theory of economic system can be represented as follows:</p> <ol style="list-style-type: none"> Total Output (O) is a function of the size of labour force actually employed (L), the land available (K), the stock of capital (Q) and Technological progress (T). Hence $O = f(L, K, Q, T)$ Technological progress (T) depends on Investment (I) i.e., $T = f(I)$
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3. Investment (I), which is considered equal to the increase in stock of capital, dQ , depends on Profit (R) i.e., $I = dQ = f(R)$
4. Profit (R), depends upon Labour supply (L) and the level of Technology (T). $R = f(L, T)$
5. Labour Supply (L), depends upon the size of the Wage bill (W). $L = f(W)$
6. The Wage bill (W), depends upon the level of Investment (I). $W = f(I)$

Thus the final system is Total output (O) equals to profits (R) and Wages (W).

$$O = R + W$$

Thus the long run equilibrium condition can be derived at **W = wL**

where 'w' stands for the minimum wage rate.

Hence, due to any reason when the circular process is affected then **profit reduces, leads to fall in investment, leads to break technological progress, leads to decline in wage, leads to reduction in consumption, leads to reduction in demand, leads to over production finally reaches at less profits.**

3. Investment (I) depends on the rate of Profit (R) i.e., $I = f(R)$
4. The rate of Profit (R) is the ratio of profits (r) to labour cost or wages (W) plus capital cost Q_1 . Profits are equal to total output minus wages ($R = O - W$).
5. Wage (W) depends on the level of Investment (I) i.e., $W = f(I)$.
6. Labour employment (L) depends on the level of Investment (I) relative to existing stock of capital (Q) i.e., $L = f(I/Q)$.
7. Consumption (C) depends on wage bill (W) i.e., $C = f(W)$
8. Hence Profit (R) as per the theory are determined by the level of Technology (T) and the level of Consumption spending (C), i.e., $R = f(T, C)$.

Thus, we have total Output (O) is equal to profits (R) plus wages (W)

$$O = R + W \text{ or } O (C + I) = R + W$$

Hence, the economic crises when arises **reduces profits, leads to fall in purchasing power, leads to consumption goods unsold, leads to fall in investment and the circle continues.**

From the above theories it is clear that the Indian economy is at present experiencing economic, psychological and social situation of vicious cycles. There is presence of the psychological vicious circle leading to the negative expectations for the future of the country and its economy causing a reduction in consumer demand (especially of durable goods) and of investments. The social vicious circle is disrupting social cohesion and increasing social tensions causing deterioration in the economic environment and investments, increasing losses in work hours due to pandemic, reducing the effectiveness of crisis management and slowing down structural changes. The economic vicious cycle is the result of causes as summarised by both the theories.

In order to break the vicious cycle of economic crisis it requires huge capital investments and strong proactive economic policies. The Government of India is continuously undertaking measures to contain health and economic fallout, and the RBI is also providing calibrated support in the form of policy rate cuts and regulatory forbearance. The Government has announced a special economic and comprehensive package of Rs 20 lakh crore which is equivalent to 10 percent of India's GDP under the *Atmanirbhar Bharat Abhiyan*. A brief summary of the package is highlighted in table-3 derived as explained at the end of both the theories. From the table, it can be seen that, the intended objective of this plan is two-fold. First, interim measures such as liquidity infusion and direct cash transfers for the poor will work as shock absorbers for those in acute stress. The second is long-term reforms in growth-critical sectors to make them globally competitive and attractive. Through these reforms it has prioritised five pillars of Aatmanirbhar Bharat such as Economy, Infrastructure, System, Vibrant Demography and Demand. The package will also focus on land, labour, liquidity and laws. It will cater to various sections including cottage industry, MSMEs, labourers, middle class, existing labour intensive sectors/ industries among others. The package will not only increase efficiency in various sectors but also ensure quality.

“ In order to break the vicious cycle of economic crisis it requires huge capital investments and strong proactive economic policies. The Government of India is continuously undertaking measures to contain health and economic fallout, and the RBI is also providing calibrated support in the form of policy rate cuts and regulatory forbearance. The Government has announced a special economic and comprehensive package of Rs 20 lakh crore which is equivalent to 10 percent of India's GDP under the *Atmanirbhar Bharat Abhiyan*.

Table-3: Summary of Economic Package as a Stimulant of Economy (Rs. In Crores)

ATMANIRBHAR BHARAT ABHIYAN ECONOMIC PACKAGE	20,97,053
Stimulus Part -1	5,94,500
Emergency W/C facility for Business, including MSMEs	3,00,000
Subordinate Debt for Stressed MSMEs	20,000
Funds for MSME	50,000
EPF support for Business and Workers	2,800
Reduction in EPF rates	6,750
Special liquidity scheme for NBFC/HFC/MFIs	30,000
Partial credit guarantee scheme 2.0 for liabilities of NBFCs/MFIs	45,000



Liquidity injection for DISCOMs	90,000
Reduction in TDS/TCS rates	50,000
Stimulus Part -2	3,10,000
Free food grain supply to migrant workers for 2 months	3,500
Interest subvention for MUDRA Shishu loans	1, 500
Special credit facility to street vendors	70,000
Housing CLSS-MIG	5,000
Additional emergency working capital through NABARD	30,000
Additional credit through KCC	2,00,000
Stimulus Part -3	1,50,000
Food Micro enterprises	10,000
Pradhan Mantri Matsya Sampada Yojana	20,000
TOP to Total: Operation Greens	500
Agri Infrastructure Fund	1,00,000
Animal Husbandry Infrastructure Development Fund	15,000
Promotion of Herbal Cultivation	4,000
Beekeeping Initiative	500
Stimulus Part -4 & 5	48,100
Viability Gap Funding	8,100
Additional MGNREGS allocation	40,000
Other Measures including PMGKP	1,92,800
RBI Measures (Actual)	8,01,603

Source: Compiled from various sources (Figures are indicative only).

MANAGEMENT LESSONS FROM GITA: AN ANALYSIS

In the today's scenario of high risks, corporate management is the essential part of every one's life. Corporate Management is getting things done through and with people, efficiently and effectively. The process of management involves planning, organizing, staffing directing and controlling human efforts. *Bhagavad Gita* Shlokas by management view-the philosophy of *Gita* should not be viewed from devotional perspectives but also as a guide in developing managerial effectiveness.

The *Gita* is an important part of the great Mahabharat drama written by Veda Vyasa and contains the essence of Vedas and Upanishads condensed into 700 concise Shlokas (verses). It guide the science of self realization and provides teaching of human existence from Lord Krishna to Arjuna, a warrior. It was first translated in English in the year 1785 by Siri Charles Wilkins. This Hindu epic is the world's longest poem and is an episode in the war of Mahabharata which covers dialogues between Arjuna and Lord Krishna, his chariot driver. Lord Krishna is one of the 10 Avatars (incarnations) of Lord Vishnu, the Hindu God of growth.

The subject of the *Gita* entails the comprehensive of five basic truths. There is *Isvara*, who is the controller and the *Jivas*, who are the living entities, who are controlled. *Prakriti* (material nature), *time* (life spans of the *Jivas*) and Karma (activity of the *Jivas*) are also discussed in a great detail in *Gita*. The *Gita* teaches us about the presence of God, functions of living beings, role and influence of environment i.e., the *prakriti* in living person's life, and also about the cosmic manifestation. Further it makes us aware about various activities of living entities that are living in the earth and the control of the supreme element time over all of us including the nature.



1. Selflessness:

To start with, one of the important principles of a corporate decision maker is selflessness. The first Shloka of chapter-1 states about selflessness. The sloka is:

***dharma-kshetre kuru-ksetre samaveta yuyutsavha
mamakah pandavas caiva kim akurvata sanjaya***

Dhrtarastra, the father of Kauravas, was highly doubtful about the possibility of his sons' ultimate victory at the battle. He was inquiring about his sons' status by quoting 'my son'. In doubt, he inquired from his secretary Sanjaya about the status of war which was not started that time. The place where the battle was held called as Kurukshetra. Kureshetra was also presented as *dharma khetre* because, here the supreme personality of Godhead was present on the side of Arjuna, third brother among five brothers called as Pandavas. Further the word '*Dharma*' implies ethical. The rule of nature is that, one who used unethical means (*Adharma*) had to bear the defeat at *Kurushetra*.

Kuruksetra represents business environment where the corporate houses are existing and engaged in business. The nature of business is such that all have to adopt fair business strategy. Hence *dharm khetra* implies existence of ethical and fair competition between the organizations. Normally, there exists fair competition between the competitors in an industry.

The kings they are participating in the battle are representing their kingdom in Mahabharat. *The kings in corporate houses represents the MDs/CEO's who are representing their*

own corporate houses like that of the kingdom in case of Mahabharat.

Dhrtarastra in Mahabharat is represented as an owner of big corporate house in modern management thinking. Dhrtarastra who had adopted unethical practices during his kingship was worried about his son's win in the battle of Mahabharat. It shows that he had violated the principle of selflessness.

The battle of Mahabharat was for the kingdom of *Hastinapur*. Corporate houses compete among selves for the capture of market territory or market share. Each corporate house wants to position itself in a market/industry (as a benchmark) as a leading market leader.

The principles of selflessness states that the decision maker should avoid, rather eliminate selfishness and only then he shall be able to take an honest decision. An organization is made of human elements and for a human being it is very difficult to bring his/her selflessness to zero. A decision maker as closely approaches to zero, the possibility of getting unbiased decision is more. But in case of the Dhrtarastra, the high degree of selfishness is reflected during his ruling at *Hastinapur*. He had an inclines towards his son rather than thinking on ethical decisions, organization and the society. Likewise selfish entrepreneurs only think about self growth and progress of specific employees rather than thinking about the overall betterment, organisation and society.

At this time of crisis, corporate houses not only need to think about growth of their own company but also should think about the existing stakeholders both internal and external. They are to prioritise about the welfare of the society and nation building.

2. Preparedness and Team Building:

In the 3rd sloka, Duryodhana, a great diplomat, wanted to point out the defects of Dronacharya (the teacher/Guru) in an earlier battle, the great Bhahman commander in chief. Duryodhana, had pinched Dronacharya by pointing out some mistakes he did earlier so he would remain alert in the upcoming fighting. The Shloka is:

***pasyaitam pandu-putranam acarya mahatim camum
vyudham drupada-putrena tava sisyaena dhimata***

In the language of Duryodhana, o my teacher, behold the great army of the sons of Pandu, and so expertly arranged by your intelligent discipline the son of Drupada.

“ At this time of crisis, corporate houses not only need to think about growth of their own company but also should think about the existing stakeholders both internal and external. They are to prioritise about the welfare of the society and nation building.

This Shloka reflects two things. In one hand, we can see that, the Pandavas are well planned for the war and disciplined and are utilising all the skills they had learned from Guru Dronacharya. Hence, the corporate leader's strategy should always remain perfect and well planned. He/she has to utilize

the knowledge properly at the right place and at the right time so that the competitor could not guess anything of its strategy. He/she must have complete knowledge as well as clarity in objectives of the industry, business environment and competitors' strategies. This reflects how prepared are the policy makers of an organisation.

Secondly, it can be seen from the battle that all most all the great heroic, powerful fighters like Pitamaha Bhishma, Dronacharya, Karna and Krupacharya etc., were standing to fight against the pandavas, but all were promised not to harm anyone among the five brothers of Pandavas (except Karna wants only to kill Arjun).

It teaches us team building. Building a team is not an easy task. While formulating a team, it is always advisable to avoid making the team just for the sake of formalities. Moreover, it is important to identify the key areas of talent that one equally needs to achieve his/her vision. If a team would have right combinations of skilled experts, the team is un-expectedly will perform better. Rather an organisation will collapse as the Kauravas collapsed at the end of the battle. The greatest truth for the defeat of Kauravas was, each hero in their army except Duryodhasan and Dushasan were fighting not for the kingdom but for the sake of formalities only.

In this pandemic situation of uncertainty, the nature of business environment both internal and external, national and international etc., is behaving differently than what they were earlier. Corporate managers are no more able to manage their operations with existing teams. They need to rethink and redesign their team members by identifying new talents. Accordingly the strategies need to be redesigned also.

3. Discipline and Organise:

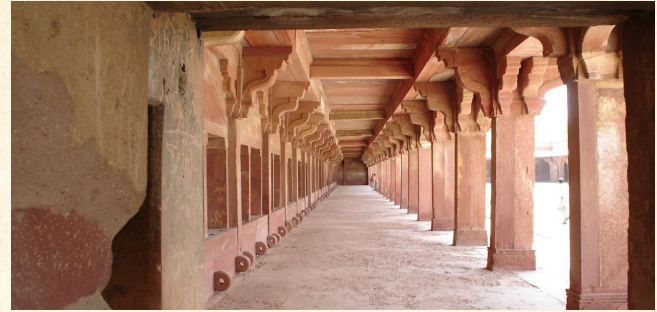
Furthermore, after explaining the military strength of Pandavas, in 7th Shloka, Duryodhana is narrating to Guru (teacher) about Kuravas military strength. To him:

***asmakam tu visista ye tan nibodha dvijottama
nayaka mama sainyasya samjnartham tan bravimi te***

Here Duryodhana was made a comparison between military strength of both the competitors. He explained that we were having 11 'Akhyarini' army as against seven 'Akhyarini' of Pandavas. One 'Akhyarini' constituted 109350 (*padati*-soldiers) plus 65610 trained horses plus 21870 trained elephants plus 21870 charots which in a total constituted a quantity of 218700.

The truth is that having such a large army, Kauravas lost the battle at the end of the war. The management lesson from the Shloka is very simple. The reason behind the defeat of Kauravas is that it is very easier to manage the talent within a small group of experts. The Pandavas were only five in numbers, guided by Lord Krishna, the greatest successful leader of the earth so far. Pandavas were having the perfect blend of everything required to win a battle like Mahabharat. They had the talent, proper guidance from Krishna, leadership, strength, intelligence, flamboyance, and over all youth which made them perfect in all most all areas of battle. They were well planned and the truth is that all the five brothers of Pandavas were fighting for Hastinapur.

“ In this pandemic situation of uncertainty, the nature of business environment both internal and external, national and international etc., is behaving differently than what they were earlier. Corporate managers are no more able to manage their operations with existing teams. They need to rethink and redesign their team members by identifying new talents.



Whereas the Kauravas, despite having an army with strongest warriors, ninety nine brothers of Duryodhana, thousands of army brought from Lord Krishna were unable to win over the five brothers of Pandavas. It teaches us that having a large team is not an indicator for the successful completion of a work. It may sometimes act as a proverb in English that 'too many cooks spoil the broth'. It shows that Pandavas were more disciplined and organised than Kauravas. Kauravas were punished due to over ambitious nature and lack of co-ordination. As already pointed out, Kauravas did not have a leading front row leader like Lord Krishna with Pandavas. Each one of them represented as a proxy member at the battle field.

Planning is the basic function of every organisation. One has to formulate effective strategies to achieve results effectively. This crisis teaches us to search true and strong leaders for their respective organisations, who should lead for the organisation not for self but for the benefit of the organisation.

4. Competitors Strategy:

Further the 10th Shloka reads as:

***aparyaptam tad asmakam balam bhismabhiraksitam
paryaptam tu idam etesam balam bhimabhiraksitam***

Here Duryodhana is saying that our strength is immeasurable, and we are perfectly protected by Grandfather Bhishma, whereas, the strength of Pandavas, is Bhima, who is limited.

The learning from this Shloka is very clear. *It says that one is to be very careful about the competitor's strategies- both present and future. One leader should not underestimate another leader. One corporate house should not underestimate its competitors existing in the market. Competitors however big or small they may be, should never be underestimated.*

The driving forces in today's businesses are speed and competition. These two forces compel organisations to use various immoral means. *Gita* teaches us how to counter act such difficulties.

5. Confidence:

Furthermore, in 28th Shloka to 31st Shloka, Arjuna was expressing to Lord Krishna about all his physical incapacibilities due to nervousness. These symptoms are the caused either due to spiritual ecstasy or out of fear. Arjuna's fear here is out of material fear i.e., mainly the fear of life. These symptoms are reflecting his nervousness and indicating the loss of patience.

The 29th Shloka says as:

***vepathus ca sarireme roma-harsas ca jayate
gandivam sramsate hastat tvak caiva paridahyate***

One of the important characteristics of a good corporate leadership is confidence. This is true that in any business, large or small, uncertainty must be there. As a part of the job, a corporate leader has to keep confidence level high and assure the sub-ordinates that setbacks are natural phenomenon. The basic requirement is to put strong focus on the larger and visionary goals. *A successful leader is to put out fires and be able to maintain the team morale to be boosted. As a leader, by remaining calm and confident, the team morale will boost. Arjuna's activities are not an indicator of a good leader. However, with the inspiring words of Lord Krishna, Arjuna gets his confident back, but in real life situations, today's complex business environment may not give a chance of retake.* Thus, through these Shlokas, Lord Krishna tries to teach us the lessons of confidence.

It seems that Arjuna with other Shlokas, explained his arguments not on his own personal experiences, but on what he has heard from the authorities with quite nervousness. In real life situations, there are many incidences where due to selfish motive, one may be inclined to do sinful acts as the killing of one's own brother, father and mother. There are many such instances existing in the world history. But here, Arjuna, being a saintly devotee of lord, is always conscious of moral principles and therefore takes care to avoid such cruel activities.

The lack of planned and proper management will cause disorder, confusion, wastage, delay, destruction and even depression. Sound mental health is the very goal of management. It is that state of mind which can maintain calm, positive poise or regain it when unsettled. Managing man, money and material is the best possible way according to circumstances and environment is the most important and essential factor for the successful management. Keeping subordinates morale high is one of the important quality of a successful corporate leader.

6. Strong Willpower

At the end of the chapter, in the last Shloka, Arjuna, having thus spoken on the battle field, casts aside his bow and arrows and sat down on the chariot, his mind overwhelmed with grief. He was too much emotional and sentimental because of which he lost his mental order. The Shloka is:

***evam uktvarjunah sankhye rathopastha upavista
visrjya sa-saram capam soka-samvigna-manasah***

With the discussion between the two friends when Krishna shouted upon Arjuna by saying that 'get up and fight'. This is


an indication to all the human beings that never to bow down at any situation in the life. Corporate leaders are advised to stand themselves in the adverse situations of the business life cycle or dealing the phases of depreciation.

Gita teaches us that a visionary leader must be a missionary, extremely practical, intensively dynamic and capable of translating dreams into reality.

CONCLUSION

The contribution of *Bhagavad Gita* is not only in terms of spiritual knowledge but also the art of self-determination, personality, behaviour, time management, stress management and many others aspects of management which can be used as a guide to increase management effectiveness.

If *Gita* is fully understood and followed by anyone, then he/she could be converted as a most ethically valued person. In fact, the way the world works means that events do not always respond positively to our expectations and hence, expected results may not always be forthcoming. The teachings of *Bhagavad Gita* focus on duty, realisation, equality, detachment, God and work. Much of the modern corporate management principles existing in operation today can be derived from the body of knowledge of the *Gita*. *One of the greatest lessons that Gita teaches us is performance of the activities without attachments or any expectations of results. It also emphasizes that prosperity can be achieved through co-ordination or the team work.*

At this stage of economic crisis, because of occurrence of multiple-factors, it is required to not only follow the principles but also implement the thoughts of *Gita* in true spirit. The paper offers a framework for stimulating high levels of motivation. This shows the magic transformation that Arjuna has gone through from a state of fear, mental agony and hair raising experience to one of waging a war against a battery of most credible and competent leaders in the society and eventually winning the war. Such a study teaches us about building a long living and high performing organization. 

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Dharma and dispassionate discharge of Duty as tools for value creation in Corporate Governance

Globally corporates abide by the principles of Dharma for success in their business activities. When leaders at the helm of such business dealings discharge their duties dispassionately, it results in value creation not only for the individuals in the organisation but also for the entire company as a whole. In this aspect Mahabharata has contributed valuable key inputs for crisis management by corporates to follow in order to convert such critical situations into one of smooth transition. In this article the author has tried to focus only on certain important aspects viz. role of the leader, his duty towards various stakeholders and adherence to Dharma while implementing Corporate Governance. Discharging one's duty dispassionately together with adherence to Dharma, act as tools for value creation. Here, references are restricted to the great epic namely Mahabharata. In the process, lessons learnt are derived and translated on to the modern Governance system. Future course of action required to be taken are also enumerated which will serve as pointers for corporates to act upon.



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SIGNIFICANCE OF DHARMA AS A TOOL FOR GOOD CORPORATE GOVERNANCE

The two main guiding principles which should dominate effective and efficient Corporate Governance are Duty and Dharma. Duty towards its stakeholders and following the path of Dharma in its implementation. Duty encompasses accountability, transparency, responsiveness, equitable and inclusive, participatory and consensus-oriented action. While executing his duties a ruler (a government) should adhere to Dharma or righteousness so that it will result in *Yogakshema* or the welfare state. Only then his subjects or people will feel secure, happy and lead a satisfied and fulfilled life. A ruler who follows Adharma will not only create anarchy and chaos in the country but will be a very poor role model for his people. That is why it is mentioned in Smritis "*Yatha Raja thatha Praja*" (as is king so are his people).

In this context a reference to Mahabharata is worth mentioning. One who adheres to Dharma achieves success and one who follows Adharma ends up in death. Yudhishtira the eldest son of Pandavas is an embodiment of Dharma, its values and does not sacrifice his power or authority and upholds Dharma. Therefore, when he becomes the emperor of Indraprastha his

BACKGROUND

Corporate India is presently geared towards practising good Governance in its various forms. The concept of Governance in the Indian context is very old and is referred to in various Indian scriptures. These scriptures form the very basis of good modern governance systems. Strong adherence to the traditional Indian governance principles enumerated in Indian scriptures, enhances the strength and foundation of the corporates. The values and principles enumerated in Indian Scriptures are manifold and requires a comprehensive study if all the aspects are required to be covered.

SIGNIFICANCE OF GOVERNANCE

Governance refers to framing rules, implementing them effectively for the welfare of the people resulting in their development and growth. This means that it has to ensure happiness of the people, effectiveness of the process, creating value for the beneficiaries and following righteousness in order to sustain competition and enhance value creation.

people rejoice, are happy and are willing to sacrifice their life for the welfare of their state.

On the contrary, Duryodhana the eldest son of Dhritarashtra of Kauravas is greedy for power and authority. He chooses the path of Adharma after listening to his uncle Shakuni. With the result he is not liked by his people, becomes unpopular in his state of Hastinapur and finally dies in the Mahabharata war.

The key thought which we need to ponder from this epic is Dharma when followed results in success, either in the form of enhanced power or authority, justice and security to the people, while following Adharma results in anarchy, chaos, injustice and insecurity to people of the state.

Therefore, the corporates while governing their organisations have to necessarily follow the path of Dharma in their Governance in order to deliver justice to their customers, employees, stakeholders, society at large and the Government. This would result in enhanced trust of the corporates in the minds of the people and create brand value. The sustainability of any corporate in the midst of competition is determined by its true brand value which is based on its adherence to practice of Dharma in its dealings.

SIGNIFICANCE OF “DUTY” IN CORPORATE GOVERNANCE

The next principle that corporates have to follow in their Governance is Duty. Duty can be defined as a task which people expect one to do or because it is right to do. A leader is required to perform his duties in an equitable and inclusive manner without any bias. Irrespective of his power, position and authority he has to perform his duty as a moral commitment to his subjects. In the process he should not get attached to his emotions or should not be bound by any personal bond/relationship. While doing so he has to follow objectivity, reasoning and the final goal expected out of it.

This is aptly corroborated in Mahabharata when Arjuna sees Bhishma and his Guru Dronacharya in the battle field. He is disturbed mentally and hesitates to fight against these two great mentors. But, it is Lord Krishna who clarifies that while performing one's duty as a Kshatriya, one has to be more objective and carry out one's duty without any attachment. Because the ultimate aim of any war is between Dharma and Adharma. If Adharma has to be destroyed and Dharma established for posterity, Duty has to be performed wholeheartedly without any hesitation.

KEY TAKE AWAYS FOR CORPORATES

Drawing lessons from these historic events it can be said that the leader of any corporate while discharging his duties should be unbiased, should focus on meritocracy, carry out righteousness and stand for ethical and moral values. Ultimately these efforts carried out sincerely would weed out criminal tendencies and corrupt practices.

Under these circumstances it is the responsibility of the leader to ensure that the company's performance is not compromised and adhering to Dharma and discharging his duty dispassionately, add to value creation.

ADHERENCE TO DHARMA AND DISPASSIONATE DISCHARGE OF DUTY AS TOOLS FOR VALUE CREATION

The quality of Governance in a corporate is decided ultimately by the value it creates. The value of a company is measured both in terms of quantitative factors and qualitative factors. While, quantitative factors are measurable, qualitative factors are perceivable. It is the qualitative factors which creates trust and loyalty for a company's products, its durability, reliability and affordability. Once the end users are convinced that the company does not cheat them in its dealings, then it results in increase in sales, improvement in profit, improvement in dividend declaration and ultimately enhanced value creation in terms of its market capitalisation.

This is possible only when corporates adhere to Dharma in its dealings. Delivering good quality products without any corrupt practices enhances the popularity of the organisation and enables it to sustain competition. When the company's progress is manifold, there will be definitely some jealous tendencies among its rivals to bring bad reputation to the company. But when corporates adhere to Dharma and discharge their duties dispassionately, their foundation becomes very strong and growth is assured. When growth is assured, automatically it results in increased value creation.

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COVID-19 SCENARIO

Presently the entire world is going through COVID-19 pandemic. The impact of this pandemic on humanity is devastating physically, mentally and financially. People are struggling for their survival and corporates are no exception. Under such circumstances it becomes necessary for the corporates to manage the crisis through strategic leadership and reinventing oneself to overcome the crisis.

CRISIS MANAGEMENT THROUGH STRATEGIC LEADERSHIP AND REINVENTING ONESELF- KEY INPUTS FROM MAHABHARATA

Crisis management is a skilful task as it involves dealing with uncertainty, fear of failure and insecurity. When unanticipated negative events challenge one's survival ability, people are psychologically disturbed and are emotionally imbalanced. Under such circumstances it becomes important for leaders



to imbibe qualities such as resilience and develop foresight to deal with such unexpected eventualities. Resilience requires tremendous mental strength and mental preparedness to cope up with the crisis, learn from experience and to transform crisis into a more positive transition. Crisis management is therefore a continuous process which requires tremendous skills by an individual or an organisation to handle such major events that threatens the very existence of the organisation resulting in harmful impact on its stakeholders or the general public.

In this aspect Mahabharata has contributed several key inputs which need special reference. Lord Krishna as a skilful strategist (charioteer) and tactful leader has adopted different leadership styles for different situations and for different people he had to deal with. A couple of instances are narrated below.

- On seeing a hesitant Arjuna, unwilling to fight against his relatives, Lord Krishna explains to Arjuna in the nature of an advisory discourse called Bhagavad Gita, about his duties and responsibilities of a soldier together with finer aspects of human life. The quality highlighted here is Duty with responsibility towards his people to establish Dharma.
- Lord Krishna adopts another strategy for strengthening Arjuna's emotional imbalance. During the great Mahabharata war, Arjuna asks Lord Krishna to park their chariot between the two armies to enable him to have a look at all those with whom he had to fight. Although he was in full fighting spirit till then, on seeing his Guru, elders, brothers and relatives and friends, his determination becomes shaky and weak falling into a state of extreme mental and physical stress. At this juncture, Lord Krishna assumed the role of a crisis management leader and gave Arjuna a good piece of advice enlightening him about what

he should do. On hearing the advice Arjuna becomes a totally rejuvenated personality full of enthusiasm to do what was expected of him in such circumstances. The quality highlighted here is the significance of role of a leader in converting emotional imbalance into one of strong mental determination which can convert crisis into a potential good opportunity. It also enables one to reinvent and revitalise one's ability to face such critical situations.

Drawing lessons from Mahabharata, an attempt has been made to enlist certain measures required to be followed by corporates in their Governance system to overcome such crisis.

MEASURES TO BE FOLLOWED BY CORPORATES IN THEIR GOVERNANCE SYSTEM TO COME OUT OF CRISIS

The entire world is now passing through COVID-19 crisis. Globally it has resulted in labour displacement, unemployment, insecurity and emotional imbalance. There is lot of fear among various strata of society about their future and the future of their family members. Corporates are worried about sustainability of their operations. Productivity and Performance have come to a standstill. Need of the hour is to frame policies to rebuild them, and restart their operations. Some of the measures for the above tasks are enumerated below. These measures will help corporates to practise Governance in a more effective and efficient manner without compromising on quality and brand value. Corporates should not assume that the environment for its products will be status quo. They have to anticipate a totally different scenario whether good or bad whereby the entire company's operations come to a standstill or increase




manifold. The corporates have to introspect and come out with workable solution.

- In the process the mission statement and policy statements will undergo modifications to suit the revised scenario.
- The corporates should explore possibilities of shifting from single product to multiproduct facility.
- Accordingly, the corporates have to redesign product processing facilities and reorient their strategies.
- Corporates have to create an Innovation cell which should constantly strive to attempt innovative products to meet the crisis.
- Accordingly, resources have to be set aside for such efforts as contingency fund.
- A monitoring committee can be set up to monitor its progress and reviews carried out periodically.
- This will ensure successful utilisation of idle capacity.
- The employees have to be retrained to suit the requirements of the revised products which will act as a motivation factor for their retention in service. They need to be assured that their future will not be in jeopardy and will be safe and secure. This will enhance their productivity and performance.
- In order to bring about all these modifications, the leader has to follow the approach of consensus orientation and participative management. When authority and responsibilities are delegated to employees, it gives a sense of empowerment and satisfaction resulting in increased trust on the quality of leadership.
- While undertaking all the above responsibilities, the leader should follow the path of Dharma and discharge his duties in a more objective way to attain the ultimate goal of *Yogakshema*. These measures cannot be implemented overnight after facing the crisis. Corporates have to anticipate such eventualities and prepare to gear up for such challenges. Resources have to be allocated accordingly and planning undertaken well in advance. Each corporate should have an innovative product cell

manned by creativity-oriented personnel who can give suggestions for modifications of the existing product or for creating new product. This process envisages tremendous efforts coupled with very high quality support from the Leader and his management team. Because sometimes, there is a possibility of failure at the initial stages. But it is the motivation from the management team which should act as a growth factor. Failures should not deter them from accepting challenges. The larger question in this context should be who finally benefits? Whether it is the individual company or the society at large. In Mahabharata, Draupadi refuses to pardon Duryodhana for his adharmic action of disrobing her. Lord Krishna advises her if she pardons Duryodhana that will be a greater punishment to him. Lord Krishna further reiterates that instead of nurturing vengeance against Duryodhana, Draupadi has to consider destruction of Adharma from the society at large and work towards that. Therefore, it is imperative that individual interests are sacrificed for the interest of the society at large. Only then corporates can coexist successfully.

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CONCLUSION

Adherence to Dharma and discharging one's Duty dispassionately are two valuable guiding principles enumerated in our epic Mahabharata. These principles are eternal and universal. They do not change with the times nor do they vary from country to country. It is the ultimate responsibility of the corporates to follow them diligently in their dealings if they have to create trust in the minds of the public. Ultimately, the value of a company is decided by the moral and ethical values it stands for. If these values are strong, the foundation of a company becomes unshakable even in times of crisis. Viewed in this context, the values and moral principles taught by our epics serve as pointers for corporates to bring about *Yogakshema* and achieve the ultimate goal of *Satyameva Jeyate*. Where there is truthfulness victory usually follows. Corporates who imbibe these principles in their mission statements will definitely go a long way in practising successful Corporate Governance. 

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Governance Lessons from Mahabharata to Corporates and Professionals

The ancient scriptures include *Vedas*, *Upanishads*, *puranas*, *epics* etc. and depending upon one's quest for knowledge, one may learn as much as they wish from these ancient scriptures. The corporates are made up of individuals. The invaluable lessons learnt by individual professionals from our ancient epics like Mahabharata have to be transmitted to the corporates, so that these lessons are translated into the way the corporates govern themselves. There are quite a few lessons from Mahabharata and it is worthwhile to recognize their relevance in corporate governance.



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The term "Governance" is used to connote the "systems or methods" to "govern" by an authority over its subjects and includes management of the same. The Indian scriptures are in existence from time immemorial. These scriptures include *Vedas*, *Upanishads*, *puranas*, *epics* etc. One may dive deep into these scriptures and pick up their pearls of wisdom, depending upon their experience, understanding skills and knowledge. In other words, depending upon one's quest for knowledge, one may learn as much as they wish from these ancient scriptures. When a story is narrated from an *Upanishad* or a *purana*, one may just listen to it as a story, enjoy the plot and the play of human emotions. Some may like the poetic flow and the immaculate usage of the grammatical rules. Yet, while reading the same story or text, a management student or a governance professional may draw parallel to the contemporary work-life complexity and find a solution, whereas a spiritual seeker knows that the scriptures are speaking to him about his very basic existence and addressing his needs in many way. Be that as it may, let us look at a few stories and the messages we get for ourselves as individuals and corporates. Let us not forget that the individuals make the corporates and the lessons learnt by us as individuals may be transmitted to the corporates we guide or govern! If individuals can learn and change, the course of not only the corporates, but the entire world can change. In this article, we shall see a few stories and the lessons, from the epic of Mahabharata.

1. CONTRIBUTION INSPITE OF INCONVENIENCE

Veda Vyasa took to the mission of giving to the world, one of the greatest works of all times viz. Mahabharata. He prayed to the elephant faced Lord Ganesha to write down

the *purana*, i.e. Vyasa would narrate the *shlokas* in a flow and Ganesha was to quickly write the same. Ganesha accepted the assignment subject to the condition that Vyasa should not pause in between while narrating the *shlokas*. Thus, both Veda Vyasa and Ganesha took their respective positions and started this epic work. Veda Vyasa was very adept over the narration and his command over the language was flawless. Ganesha kept pace with Veda Vyasa and mid-way, Ganesha's writing instrument broke into two pieces. Unmindful of that, Veda Vyasa continued his narration non-stop. Ganesha quickly broke one of his tusks and used it as a writing instrument and went on to complete writing the epic story narrated by Veda Vyasa. One may wonder about the message or underlying lesson in this act. What is the big deal in this act? The lesson is that Ganesha gave up his 'good looking part of the body' for a higher cause of humanity. As human beings we like to dress up well and show up better than what we look like. Sometimes some corporates resort to what is popularly called as 'window dressing' to paint a corporate picture better than what it is. Ganesha did not think for a moment that the symmetry of his face would be compromised, or the beauty would be lost when he broke the tusk on one side. This story encourages us to contribute resources for the common cause or the higher cause – even by putting ourselves to some inconvenience. It would not be out of place here to salute all the corporates, institutions and individuals who have come forward to contribute to the nation building exercise during these challenging times.

2. DO NOT LOSE YOUR HUMILITY, STAY GROUNDED

Indra was the King of all *devas*. Once, he attained *brahmahatti dosha*, left the position of Indra and went into hiding. The *devas* were looking for an able leader in place of Indra. There was a King by name Nahusha, born in the *Chandra vamsa*. He was said to have performed 100 *Ashwamedha yagnas*. He was brave, kind-hearted and virtuous. He led his life within the four corners of *dharma*. The *devas* approached Nahusha to be their King and occupy the position of Indra.

At first, Nahusha protested, "I am no match for Indra. You should wait for him to return."

The *devas* insisted that having performed 100 *Ashwamedha yagnas*, King Nahusha was indeed the best one to occupy the position of Indra. Finally Nahusha agreed and proceeded with them to *devaloka* (the realm of *devas*). He was given all the royal treatment befitting



the King of *devas*. It is said that power corrupts. Nahusha started disrespecting other *devas*. He expressed his desire to go around in a palanquin carried by the *saptarishis*. Seated in the palanquin haughtily, he carried a stick in hand, which symbolised his status and power. He saw from a distance Sachi, who was the consort of the hiding Indra. Nahusha's senses took over him and he directed the palanquin carriers (that is the *saptarishis*) to go faster. One of them, Sage Agastya was short in height. Nahusha thought that the palanquin was not going fast only due to Sage Agastya and whipped him with the stick that he was carrying and shouted, "*sarpa sarpa....*" meaning – "faster, faster". In the noun form, '*Sarpa*' also means serpent. Sage Agastya was a well accomplished *rishi* of highest order. Agastya cursed Nahusha, "may you be born as a *sarpa* (serpant)". Lo and behold! Nahusha instantly became a serpent and had a free fall to the earth. All the good work that Nahusha had done in his entire life did not protect him. The lesson for corporates and professionals is that when we grow, we should not lose our humility. The growth stops when the men at the helm lose humility.

3. BETTER UTILISATION OF TIME / STAY FOCUSED

In the game of dice between Pandavas and Kauravas, the former lost their kingdom and all the wealth that belonged to them. After being cheated and disgraced by their own cousins and other relatives, the Pandavas were exiled to live in forest for 12 years & one year incognito. This was subject to the condition that during the year of incognito, if the Kauravas identified any one of the Pandavas or Draupadi, they were required to resume another term of twelve years of exile to forest and top it up with a year of incognito.

The Pandavas moved from forest to forest and spent much of their time in brooding over the events of the past or they were worried over how to spend the 13th year in hiding. That apart, they were preoccupied with the routines of forest life over various insignificant tasks.

Then, they were timely advised by Veda Vyasa and Acharya Dhoumya to use their time productively. In one of the sessions with the rishis, the Pandavas were snubbed by the rishis. "All of you have made big promises to avenge the inappropriate treatment meted out to you. How well prepared are you for the war? Are you using your time now in the productive manner? Do you know that you are going to fight great *maharathis* like Bheeshma, Dronacharya, Kripacharya, Karna, Duryodhana, Ashwathama and many others? All these warriors and many more on their side can single-handedly fight and may prove heavy upon you. Hence, do not underestimate the strength of your enemy. Do not take their war skills lightly. If you do not practice and prepare for the warfare now, you will surely lose."

"So, what should we do now?", asked Yudhishtira, the eldest Pandava in the camp.

"Ask Arjuna to perform a penance to get *pashupata astras* – the divine weapons. Other brothers should also sharpen their warfare skills."

Arjuna went ahead in deep forest to do his penance (*tapasya*). Indra, the head of *devas* appeared and wanted to test Arjuna.

"Young man, why do you want the weapons? Ask for longevity of life, wealth and riches in life", said Indra.

Arjun would not get distracted. He wanted the divine weapons only. Indra had to give up and blessed Arjuna for his single pointed focus and asked him to seek for these weapons from Lord Shiva. Arjuna resumed his *tapasya* and after 5 years of rigorous penance, Lord Shiva appeared before Arjun and blessed him with the *paashupata astra*. These were unmatched weapons which helped the Pandavas win the Mahabharata battle at Kurukshetra (now in the state of Haryana).

The lesson for all corporates and professionals is very clear: In these days of continued lockdowns, whether complete or partial, when day to day life is crippled, we should examine how to utilise our time in the best possible ways and be prepared for the challenges of tomorrow. We may utilise this precious time to acquire new skills, which we were not able to acquire during the normal days. Perhaps, a thorough revision of our subject of Company Law or other books that we had committed to read ourselves, perhaps an impending R & D activity or whatever other activity that prepares us for the future.

Secondly, when we embark upon any goal, we are bound to have distractions. We should stay focused and work towards the attainment of the goal with a single point attention.

4. PERFORM YOUR DUTIES/ DO NOT BE JUDGEMENTAL

While the Pandavas were in exile, Sage Markandeya narrated this story to Yudhishtira. Once, a *Brahmachari* boy named *Kaushika*, much against the wishes of his elderly parents, left home and took up to spiritual practices and was studying *vedas*. Seated under the shade of a tree, he was studying, when a crane's droppings fell on him. He

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lifted his head and saw the bird with deep anger. He was a man of spiritual practices. His looks were so piercing that the bird dropped dead. After a while, he felt bad for the bird. Soon he gathered himself from the remorse and regret and went about his way seeking bhiksha from house to house. In one such house, the lady of house saw him, came up to him, asked him to wait and went about her daily chores of cleaning the house, cooking for the family etc. Her husband soon returned home. She served him water and offered him food. Once done with her husband, she came out with food for Kaushika, who was already fuming in anger, “You have disregarded a guest and were seen taking care of your husband.”

“I am sorry, I was serving my husband. Here you are. Please partake this food”, she said softly.

Kaushika was not done. “Don’t you know how to treat guests? You appear to be an obstinate lady...” He gave her an angry look.

“Do not shout at me and do not look at me like that. *I am no crane.*” She said.

When Kaushika heard this, he was shocked. He was wondering as to how she knew about the crane’s death.

She went on to say, “You do not yet know the nuances of *dharma*. You may go to Mithila Nagar and learn *dharma* from Dharmavyada.”

Kaushika made peace with the household lady and left for Mithila to search for Dharmavyada. He thought Dharmavyada would be a scholarly person living a pious life etc. Much to his chagrin, Kaushika was directed to a butcher’s shop, met Dharmavyada there, who was working through the day and was serving his customers.

“What dharma can a butcher teach me?”, Kaushika was deeply wondering. But, he kept waiting. At the end of the day, Dharmavyada took Kaushika to his home, offered him a seat, and went about serving his parents. Dharmavyada returned after some time and explained the nuances of performing one’s own dharma as superior to anything else. Kaushika learnt it all silently. Understood his mistake of ignoring his own parents for searching peace outside. He also understood that no work is to be disrespected or to be classified as good or bad. Also, that a true student does not judge his teacher by his looks or social status. That is the lesson for corporates and professionals from this story.

5. INCLUSIVENESS IN DECISION MAKING

Veda Vyasa reports that in all the tactical and strategic discussion that Pandavas had amongst themselves, Yudhishtira would first invite his youngest brother Sahadeva to give his opinion first. Do you know why? If the senior-most person gives his suggestion first, the junior ones may shy away and not speak against the senior’s view. Often, they just agree with the senior’s view – without giving much thought. Consequently, all alternates to a problem is not considered or evaluated in the discussion and flow of fresh ideas gets impeded. Similarly, in our present-day offices and meetings, when we encourage a junior officer to state their views, it is expected to be unbiased. He may speak without fear. His views may be innovative also. This is also a way of encouraging decision making, it promotes inclusiveness, helps in grooming leaders, and prepare them for tougher times.

6. DISCRETION IS BETTER PART OF VALOUR

It was the 13th day of warfare. Kauravas had already lost their first General – Bheeshma on the 10th day of the battle. On the 12th day, Arjuna’s son Abhimanyu was treacherously killed by six *maharathis* – much against the



agreed rules. Arjuna announced that he will avenge his son’s death by killing Jayadratha on the 13th day before sunset. And further, if he failed in doing so, he would end his own life. Jayadratha was instrumental in secluding Abhimanyu from rest of the supporting *maharathis*.

On the 13th day, Arjuna’s chariot was heading towards Sindhu king Jayadratha for a duel. Acharya Drona tried to stop Arjuna. The two had fierce exchange of arrows. Arjuna realised that he cannot waste his day with Acharya. Nor can he win over the Acharya. He conceded, “Acharya, I am not for a war with you. I cannot win you. Accept my



salutations and let me go.” Acharya lets Arjun go on his mission. The moral of the story is that one must be object oriented. The bigger battles may be kept for another day. One needs to be discreet. It is alright if we take some small failures for a larger cause. One need not display valour always. Discretion indeed is better part of valour!

7. GET TRAINED WELL

Continuing with the above story, Duryodhana, who was watching Acharya give way to Arjuna, went up to Acharya and accused the Acharya of being partial to Pandavas generally and to Arjuna specially. Acharya brushed off Duryodhana’s allegation and simply said that Arjuna was a better student any day. He always followed the teacher’s instructions.

“If you wish to stop Arjuna, you may try it out yourself. I shall give you the best piece of armour that can protect your life”, roared Acharya. Duryodhana happily agreed to this, dressed up in the new armour, invited Arjuna for a duel. Arjuna was a better archer. However, his arrows could not break Duryodhana’s armour. Arjuna understood. He said to his charioteer, “Krishna, I know why my arrows are not effective. Duryodhana has borrowed Acharya’s special armour. Though he has worn the armour, he is not trained to use it. Let me teach him a lesson now!” Having said these words, Arjuna selected special arrows, shot them at Duryodhana, hurting him at the unprotected parts of body. Duryodhana had to leave the battlefield in shame. From this, we learn that there are no short-cuts to victory. This lesson is true for corporates and professionals alike. Merely because our competitor is doing a certain thing, we cannot do the same thing. The competitor or a senior professional might have undergone rigorous training before embarking upon a certain action. Without such training, if we take up positions, it could be harmful to us and ultimately, we may have to cut a sorry figure.

8. DO NOT CELEBRATE VICTORY BEFORE IT IS DUE

On the 18th day of warfare, in a fearsome duel with mace, Bheema had gravely wounded Duryodhana and had in fact broken his thighs. Duryodhana was lying in a pool of blood. It was against rules to hit the opponent with a mace below opponent’s hip. At the end of that day, several of Kaurava’s Generals including all the 100 sons of Dhritarashtra were slain. The celebrations in the Pandavas’ camp had begun.

The Kauravas were left with only three *maharathis* namely – Kripacharya, Ashwathama and Kritavarma. They went up to Duryodhana, who was battling for life and moaning in pain. Looking at Duryodhana’s condition and considering that Bheema had broken the rules of warfare, Ashwathama vowed to revenge by killing all the Pandavas. It was night already and the Pandavas were relaxing in their camp. When the entire camp was fast asleep, the Kaurava *maharathis* Kripacharya, Ashwathama and Kritavarma entered the Pandava camp, set the camp on fire and killed all the children of Pandavas. It is then that the Pandavas realised that they had started the celebrations a bit too early. Paying an extremely high price, they learnt that “We cannot lose sight of our goal before it is fully accomplished”. Celebrations must wait till it is due that is as it is said in Cricket, wait till the last ball is bowled or the last wicket is taken or the last run is scored. Till then nothing is final.

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9. KRISHNA – A FRIEND AND A MENTOR

The Pandavas always looked up to Krishna as their friend and mentor. Krishna liked all the Pandavas and had a special place in his heart for Arjuna. Krishna even supported and got his sister Shubhadra married to Arjuna. Whenever the Pandavas were in any trouble, they sought Krishna’s guidance. Continuing the story in para 8 above, Ashwathama cursed Pandavas that their entire generation would be wiped off, Krishna protected the birth of Parikshit, the child of Abhimanyu and Uthara. At every stage, Krishna mentored and guided the Pandavas. There are several instances when he protected them from the enemy forces. He protected Draupadi’s honour when Duryodhana and his brothers attempted to disrobe her. He gave the Pandavas *Akshaya-patra* to ensure that they do not go hungry in the forest. He became their emissary to negotiate peace. He became Arjuna’s charioteer and a personal guide. He gave *Bhagavad Gita* to Arjun and to the entire world. He personally protected Arjuna on several occasions during the Mahabharata war. In short, he demonstrated the role of a mentor to submissive mentees. The lesson for the professionals is that they should have a mentor and be in professional submission to their mentor.

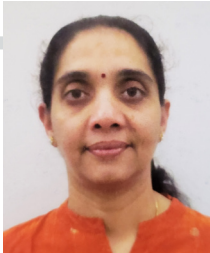
There could be more stories. There could be more lessons. These are just few of them, picked and shared with select readers that demonstrates that the lessons from Mahabharata are relevant even in these modern times.

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Green Governance - A Corporate Perspective

June 5th is the World Environment Day. The plunderings by man of Mother Nature have reached such intolerable proportions that the planet has started fighting back with all its might. With a microscopic virus wreaking havoc all over and toppling the world's balance, it is time and again proved that it is humanity that is dependent on nature and not vice versa. Human being is but a tiny speck before the vast and powerful Universe. We must respect the laws and harmony of nature and learn to co-exist. Eco-initiatives and sustainability efforts have become more critical than ever before. Green Corporate Governance assumes much significance in this context.



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Corporate Social Responsibility (CSR) is a much talked about concept. Corporates have long since understood that they cannot be stand-alone revenue-driven entities. With inter-dependencies increasing multifold, businesses had to turn their attention to the surroundings in which they operate as well. Sustainability, as one of the unavoidable business objectives, gained acceptance. To maintain operations in the long run, it became not only essential for companies to take care of its employees, customers and the stakeholders (who are directly connected with its operations), but also to keep a close watch on the implications of its actions on the society as well. To begin with, this meant exercising caution that none of its activities brought about any damage to the community in large. But, with formalisation of CSR through regulators' intervention, greater organisational participation and public awareness, corporates are being compelled to design their strategies and operations in such a manner that they create a positive impact on the society, at the same time, protecting the interests of the employees and stakeholders also. Thus, CSR encompassed the two Ps - People (the social aspect) and Profit (the economic aspect).

However, sooner, the businesses realised that there is a much bigger dependency for them -- the natural resources and the environment, without which they could never have existed at all. Ample supply of natural resources and a conducive natural environment are the bases of existence for business establishments as well, as are to any living being on this planet. All businesses depend on environmental resources in one way or the other. For example, most of the industrial processes require fresh water. As such, natural capital is as important or perhaps, more critical to an organisation than social and economic capital are. Despite its essentiality, unfortunately, this resource has been handled in a reckless manner till

recently. Human beings as well as business corporations are taking the availability of natural resources so much for granted, and plunder Mother Nature to such an extent that the environmental resources are depleting at a dangerously alarming rate. We are already buying pure water for a price and are facing the possibility of having to see pure air being traded as well! What a disgrace!

But, Nature has its own ways to confront the irresponsible behaviour meted out to it. It has started giving many an alarm and warning. The current times are witnessing more natural disasters, in the form of floods, cloud bursts, landslides, earthquakes, tsunamis, etc. than ever before. Climate change is being experienced throughout the world. Earth is becoming hotter and hotter. Winters are becoming colder, summers are becoming warmer, land is being taken over by sea. The environmental scientific researches prove beyond doubt that the unnatural changes being witnessed have been brought about singly through human actions. This simply means that corrective steps, if at all possible, have to be taken by the human race itself. We have to clean up the mess we have made; that too sooner than later. We are left with no choice than to act now, if we as a species have to continue to survive on this planet.

The corporates and business establishments (along with individuals and other societal, political and administrative systems) realise that to be able to sustain, deliberate attention should be given to the natural environment immediately. Therefore, the idea of corporate social responsibility assumed an exponential expansion, to embrace the third P - the Planet (the environmental aspect).

GREEN CORPORATE SOCIAL RESPONSIBILITY

The term 'Green Corporate Social Responsibility' refers to an organisation's duty to assess the environmental implications of its operations, with a view to minimize those practices that may adversely affect the availability and use of a country's natural resources. More than just a decorative 'nicer to have' philosophy included in the CSR document, to pass the judgement of the society, Green CSR should become a business culture reflecting a feeling for the planet and a genuine concern about how its operations are impacting the natural environment. Green CSR demands becoming green inside out.

DRIVERS

- **Dependence on Natural Capital:** As aforementioned, the main reason for corporations to consider going green should be their realisation that availability of natural

resources is limited and that the well-being of the natural environment is very critical to their smooth operations.

- **Legal Conformity** : The corporations that do not realise the significance of taking care of the environment on their own are driven to green initiatives to conform to the laws of the land. All pollution control and environment protection laws are made for the purpose.
- **Consumer Demand** : There is a growing public awareness about the need to respect the natural environment, so that the planet remains inhabitable for future generations. The consumers are demanding that business institutions, which they see as major users of eco-resources and main culprits for environmental destruction, participate in the cause on a larger scale, and help in setting the matters right. Living upto the consumer expectations, even in responding to social causes, is imperative for business survival. Green initiatives are no exemption.
- **Brand building** : Going green means not only shifting to sustainable business practices, it also implies taking part in the greater endeavour of saving the planet and caring for the people and other beings living on it. A green organisation not only engages in eco-friendly activities, but it also helps create green awareness among others. Consumers experience profound sense of pride in supporting organisations that stand up for greater social causes. This helps a business enterprise to create strong brand loyalty and will give it a competitive edge over its counterparts.
- **Economic Reasons** : Green initiatives help in improving efficiency and reducing wastage, thereby cutting the cost of operations in the long run. There are also tax credits and incentives attached to many environmental friendly practices.
- **Boosting the Employee Morale** : Shifting to greener technology at workplaces creates a very healthy work environment and contributes to the overall well-being of the employees as well. The employees feel very happy and proud to represent an organisation that upholds greater values and culture, than merely doing good financially. Happy and committed employees are the greatest resource for any business establishment.

WAYS TO GO GREEN

Going green means different to different organisations. To some, it implies reducing the wastage of natural resources they use. To others, it may mean positively contributing to improving the environment. A few others will be more interested in adopting certain simple day-to-day green practices at their workplaces. Whatever be the scale or type of green intervention one might plan to do, the outcome should turn out to be environment friendly.

I. Green Workplaces

For a business enterprise, the easiest way to start treading on a green path is to implement eco initiatives in its workplaces.

1. **Reduce Energy Usage** : Simplest way to conserve energy is to replace older electrical equipments with

energy efficient ones, change the fluorescent lights to LEDs, enable power saver features on computers and other equipments, use smart power strips which will automatically turn off all peripherals once the main equipment is switched off, etc. There should be a system to measure the energy use so that it becomes easier to regulate the usage.

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2. **Reduce Water Usage** : Water is a critical natural resource. Pure water is becoming dangerously scarce. Water usage should be reduced to the minimum, and wastage of water be completely avoided. Using low flow faucet aerators and installing low flow toilets help in a typical office environment. Recycled water may be used in the washrooms and gardens. Also, rainwater harvesting to collect and store water which would otherwise flow away, is an excellent method to conserve the water resource.
3. **Reduce Plastic** : The harm which plastic pollution causes to nature is dangerously high. Encourage a plastic-free workplace. Keep a sustainable water dispenser instead of single-use plastic water bottles and provide refillable steel water bottles to employees. This practice can be adopted even during meetings and bigger conferences.
4. **Reduce Wastage** : Some of the ways in which wastage in workplaces can be minimized are reducing the paper wastage by eliminating the need for paper memos and notes, making edits on computers, printing or copying on both sides of paper etc., replacing disposable with reusable options like refilling ink cartridges, using refillable pens, pencils, and tape dispensers, using cloth towels in wash rooms, keeping reusable cutlery for dining etc.
5. **Repair & Reuse** : Wherever possible, reuse materials rather than buying new ones. When an equipment stops working, see whether it can be repaired instead of discarding it. Producing any article involves resources. We contribute to minimizing the usage of resources by reusing the existing things to the extent possible. Ensure that extended product warranties and service contracts are in place to help with this.
6. **Recycle** : Recycling unavoidable waste is the best way to help support the environment. By good recycling practices, an organisation not only ensures that the wastage does not pollute the environment, but also, it contributes to minimising the use of fresh natural resources to make new products. Inside the office, mark legibly the place where recyclable trash can go, arrange for its proper collection by recycling facilities, and most importantly, educate the staff as to what can be recycled and also why.



7. **Green the commute** : Organisations can offer sustainable commuting options to employees by setting up their offices in easily accessible locations (where people can walk or bike or take public transportation to reach), or arranging for mass transport of the employees. Corporates may also incentivise the use of green commute by providing interest free loans to purchase fuel efficient vehicles or travel allowance for using public transportation etc. Also, allowing work from home option at least a day in a week if not more, and reducing travel requirements for meetings by making use of tele-conferencing technology will help reduce the carbon print significantly.

II. Green Processes

Whatever be the nature of activity an organisation might be engaged in, there is a scope to make its operations environment-friendly. Here are a few ways to make the processes environment friendly.

1. Minimising the use of natural resources.
2. Switching to renewable sources of energy like solar energy.
3. Reducing the pollution levels caused.
4. Sourcing raw materials locally or from greener sources.
5. Recycling the manufacturing wastage efficiently so that it does not get dumped out in the environment.

A few examples of how companies try to green their processes are given below:

- The computer manufacturer, Hewlett Packard has cut back on its greenhouse gas emissions by reducing the use of toxic substances in manufacturing its products like ink cartridges etc. It also has a very efficient system to recycle its manufacturing waste rather than dumping it out.
- Ford Motor Company, belonging to the Automobile sector (heaviest polluters), is taking a number of commendable steps to reduce the environmental impact of automobile manufacturing processes. It recycles paint fumes as fuel in its factories, uses sustainable fabrics in its vehicles, and ensures fuel efficiency.

- The tech giant, Apple has its own wind and solar farms to power its offices, factories and retail stores.
- Maruti Suzuki, Dabur, Vedanta, the metal giant are a few companies that have lowered their raw water consumption by using recycled water instead.

The manner in which an establishment can plan to green its operations vary in size, scale and magnitude. Each should select the ones which are suitable to its size, can be adopted by it and can sustain in the long run.

III. Green Products

Respecting the environment also means bringing out greener products to the market. With growing public awareness about the need for more intensified and committed environmental initiatives, there is a strong consumer demand for environment friendly products. The present day consumer, given a choice, opts for eco-friendly products.

What is a green product? Green product can mean any product (ranging from an agricultural product to an automobile to a house) that has been made in most environment-friendly ways, using minimal natural resources for its production and has least impact on the environment while being used. The description itself gives clues as to how to reimagine and redesign the products in such a manner that they conform to the environment commitment policy of a company:

1. The materials used in the manufacture should be more of a natural kind or it must not contain anything that is harmful to the environment.
2. The process of production should be environment-friendly, using less natural resources, causing less pollution and resulting in less wastage.
3. The raw materials that goes into the production process has been sourced locally to lower the transportation emissions.
4. The product is of good quality and durable that consumers do not have to end up replacing the product more often (Each manufacturing process consumes much energy and resources).
5. It would be best if the final product is recyclable after use.

A few examples of companies coming out with green products are given below to help the reader grasp the idea easily:

- LG India is a pioneer for making energy-efficient electrical appliances.
- Organic India offers an array of ayurvedic and herbal health products that contain all organic ingredients.
- The Escape and Focus model cars of Ford Automobile Company are produced as more than 80% recyclable.

IV. Green Marketing

Green Marketing refers to all attempts made by an organisation to sell its products or services by highlighting their environmental benefits or eco-friendly nature. With

consumer behaviour shifting to being driven more by social and environmental causes, companies are forced to change their marketing strategies as well, so as to showcase their commitment to achieving greater societal and environmental goals. Consumers show loyalty towards those brands that they feel reflect their higher beliefs and value systems. Thus, a person who is environmentally conscious might prefer a product wrapped in a sustainable jute bag, than what comes packaged in a plastic box.

Below mentioned are a few ways in which Green marketing can be carried out:

1. Launch Go Green Campaign for the Company. Advertise the Company's green policy and its commitment to conserve the environment on all platforms. Let it appear on the Company's website and on all points of contact with the consumers.
2. Highlight the specific green practices followed by the Company in manufacturing a particular product in advertisements. Send out the message that by buying the product, the consumer would indirectly be participating in the green Company's green initiatives.
3. Illustrate how eco-friendly the products are and how their use could contribute to protecting the environment.
4. Team up with like-minded businesses for cross-promotion.
5. Launch a plan whereby a part of the sale proceeds goes to an environmental cause, thereby giving the users of the product an opportunity to participate in a cause that they believe in.
6. Educate the consumers on environment protection measures and the simple things they can do at their end to preserve nature.
7. Be genuine in the marketing campaign. Project only what the organisation is committed to. Ensure that the rest of the business policies and practices conform to its green philosophy.

Some interesting examples of green marketing undertaken by business establishments are mentioned below:

- Lacoste brought about a series of polos replacing its crocodile logo with the picture of endangered species on this planet, drawing the world's attention to the need for protecting the endangered species. The polos were a limited edition and the company stated on its website that the number of polos made of each species equalled the number remaining in the wild. What a powerful way to send out a message, while marketing one of its classic products!
- IKEA, the Swedish furniture manufacturer, has its own sustainability strategy - People and Planet Positive. The Company on its website itself has illustrated in detail how it helps build 'a sustainable everyday' for its consumers wherein it explains how each product

category contributes to sustainable living. It also educates the customers about the various eco-friendly practices.

V. Green Spaces

Companies can go green by creating actual green spaces around. Green spaces instantly increase oxygen supply, make the environment healthy, nurture positive feelings and relationships and increase employee productivity. Incorporating green spaces can be done in various ways:

1. Putting green plants indoors, along with other natural design elements like installing glass walls for letting in abundant sunlight, displaying woodworks, placing water fountains, having vertical gardens or living walls and the like. Make the office building green in all aspects.
2. Creating green zones outside the office building. There could be beautiful gardens in the office premises. Where the organisation has some more physical space, it can even think of creating woods, a small forest which would act as an oxygen hub for the area. The Japanese technique of Miyawaki afforestation helps convert barren urban concrete spaces to lush green sustaining community forests in a short span of time.
3. Joining hands with the local administration/government authorities in creating urban gardens or afforestation.
4. Encouraging employees to physically volunteer in afforestation activities in their own areas.



Examples

- An inspiring example would be the beautiful living column (a 20 by 18 foot column made of plants) set up in the Tesla factory, with the intention that the workers get to see some green.
- Another would be the Miyawaki forest developed by the Railways in KR Puram, Bangalore, in a small expanse of unused land it owns.

VII. Green Partnerships

Individual initiatives undertaken by organisations to incorporate green philosophy by rethinking and redesigning their business standards, policies, practices and operations, can bring about positive, but limited impact on the environment. More effective will be the outcome if all sections of the society join hands together in sustainability efforts. Green partnerships

Green Governance - A Corporate Perspective

among business enterprises, NGOs, the administration and the community can help in pooling and sharing of knowledge, values, ethics and resources and increase the dimensions and outcome of the eco-efforts.

In Pune, Cummins India in partnership with different NGOs, local administration, defence department and the local community set up several forests which act as oxygen hubs in an otherwise polluted city.

Partnerships may not only aim at directly engaging in environmental activities. It can also be for conducting orientation programmes for educating the public in taking part in the environmental initiatives. Environmental awareness programmes may be conducted in schools to orient the children at an early stage itself of the need to conserve nature.



VIII. Green Reporting

Organisations should not stop at taking environmentally sustainable measures, they must also formally measure the environmental impact of the operations and disclose it, through green reporting. Companies may prepare detailed reports about its environmentally sustainable goals and the actual efforts taken in this respect from production processes to packaging to distribution channels. Green Reports may also quantify the costs involved and the benefits derived from the green initiatives of the organisation. In addition to preparing the reports, the companies may get it verified by external auditors to increase the authenticity of the information contained therein, and publish it.

Environmental Reporting helps an organisation to be more organised and disciplined about its eco-sustainability efforts; at the same time, improving its public image and stakeholder relationships immensely.

REFLECTIONS

With more and more visible evidence of environmental concerns coming to light every day, there is an urgent need for the human race to do whatever it takes to conserve nature so that this planet remains livable for future generations. Governments all over the world are taking more and more interest and participation in the matter. In India, the Government has expanded the scope of CSR fund usage. Also, the decision to channelise the unused portion of the CSR fund of each corporation towards societal welfare schemes of the Government is very welcoming.

Being an integral part of the community, the businesses cannot shun themselves away from the responsibility of

taking part in this essential endeavour. Right now, many of the establishments are undertaking green initiatives just to conform to legal requirements. However, green initiatives with the only objective of conforming to legal requirements cannot sustain in the long run. Eco-capitalism deserves stronger will and efforts.

Going green should be the philosophy and culture of every business establishment, how big or small it might be. The green initiatives of bigger companies might be grabbing headlines. However, this should not deter a smaller company from taking what might come across as a tiny step; as even a small effort in the green direction goes a long way in saving the environment. Every organisation should make green goals part of its mission statement. Each of its objectives, policies, standards, practices and operations should reflect the green philosophy and should be in consistency with this. Environmental ethics should be the value and culture of the organisation.

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Every employee working in the organisation should be aware of and be trained in upholding this value in all that he undertakes, whether at the workplace or at a personal level. A green team may be set up within the organisation to clearly chart out the organisation's green plan, orient the employees and closely monitor the progress. It would be excellent to obtain green certification for the organisation. This external verification process will definitely improve a company's green initiatives. As already mentioned, every organisation should also attempt green reporting and get the reports audited externally. Green reporting will increase the credibility about an organisation's eco-sustainability efforts among its stakeholders as well as the society at large.

Undoubtedly, whatever an organisation does for the good of the planet will ultimately turn out to be good for its own sustainability. Therefore, Green CSR makes perfect business sense. That is why, corporate governance has started assuming deeper hues of green; and, it is good...good for the company, good for the community, and more importantly, good for the planet, and for each one of us living on it. ☺

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Boards' Dilemma: True & Fair View or Compliance with the Accounting Standards?

Under Section 134(5) of the Companies Act, 2013, in the directors' responsibility statement, the directors have to state in the preparation of the annual accounts, the applicable accounting standards had been followed along with the proper explanation relating to material departures and the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period. Under Section 143(2), the statutory auditor is also required to report to the members whether the financial statements give a true and fair view of the state of affairs as at the end of the period and of the profit or loss and cash flow for the year among other matters. The author explains that it is typically the Audit Committee and the CFO's job to explain to the Board as to how and why deviation from a particular provision of the accounting standard will distort the true & fair view. The Statutory Auditor's view and concurrence to such conclusion is crucial.



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"Forewarned is forearmed" is the cardinal principle underlying company law jurisprudence around the world and the foundation of all disclosure requirements.

Section 129 (1) of the Companies Act, 2013 (**"the Act"**) stipulates that financial statements must reflect a **'true and fair view'** of the state of affairs of a company, comply with the accounting standards notified under Section 133 of the Act, and also be in the applicable form as provided for different class or classes of companies in Schedule III to the Act.

It is interesting to note that the concept of 'true and fair' was inserted in place of 'true and correct' to do away with the erstwhile prevailing view that accounts should disclose only arithmetical accuracy. Adherence to the disclosure requirements as per Schedule III to the Act is subservient to the overriding requirement of true and fair disclosure as regards the state of affairs of a company. The directors' accountability towards true and fair presentation of accounts stems from two main angles:

(a) in their fiduciary capacity, as agents, they have an obligation to report; and

(b) full and frank disclosure of information is necessary to equip the stakeholders' decision making.

TRUE & FAIR VIEW

Unfortunately, the Act neither defines the expression 'true and fair view,' nor explains what is meant by it. All that could be inferred is that the annual financial statements should not only be presented correctly, but should also convey, without misleading, an overall fair view of the state of affairs of the company. The financial statements should disclose all relevant information for a candid display of financial position and the working results of that company. There should be neither an overstatement nor an understatement.

The Institute of Chartered Accountants of India, in one of its chapters on the 'Basic Concepts in Auditing' has dealt with the concept of 'true and fair' in detail and acknowledged that its fundamental nature is in auditing. The phrase 'true and fair' in the auditor's report signifies an auditor's obligation to express the state of affairs of the company under audit and the results ascertained by him in the course of his audit are truly and fairly represented in the accounts. This requires examination of the accounts to verify if all assets and liabilities, incomes and expenses are stated at the amounts in accordance with accounting principles and policies, and that no material item has been omitted.

Therefore, the auditor should ensure that the accounts are drawn up as per requirements of Schedule III to the Act, and whether they contain all matters required to be disclosed therein. Thus, what constitutes a true and fair view is a matter of the auditor's judgement in a particular circumstance of a case.

BOARDS' DILEMMA

In any company, the financial statements are prepared by a management team headed by its Chief Financial Officer (CFO), using the applicable accounting standards. The CFO & his team then get the accounts audited by the statutory auditors. Statutory auditor, under Section 143(2) of the Act, is required to report to the members of the company that to the best of

his knowledge and information, the financial statements of the company give a true & fair view of its state of affairs as at the end of the financial year. Normally, this stage is reached after extensive discussions between the auditor and the CFO. Then the finalised accounts are presented to the Audit Committee for its examination under Section 177(4) of the Act. The Audit Committee, in turn, is required to let the Board know of its examination of the financial statements and recommend it to approve them. Then the financial statements are presented to the Board for its approval.

“ Unfortunately, the Act neither defines the expression ‘true and fair view,’ nor explains what is meant by it. All that could be inferred is that the annual financial statements should not only be presented correctly, but should also convey, without misleading, an overall fair view of the state of affairs of the company. The financial statements should disclose all relevant information for a candid display of financial position and the working results of that company. There should be neither an overstatement nor an understatement.

The Board usually goes by the recommendations of the Audit Committee on whether the financial statements reflect the true & fair view. It is typically the Audit Committee and the CFO's job to explain to the Board as to how and why deviation from a particular provision of the accounting standard will distort the true & fair view. The Statutory Auditor's view and concurrence to such conclusion is crucial. The Chairman and Independent directors would normally agree on such a vital issue only if there is absolute unanimity.

The dilemma for the Board is that Section 129(1) also mandates it to comply with the applicable accounting standards prescribed by the Central Government under Section 133 of the Act in the preparation and presentation of the financial statements.

LEGAL POSITION UNDER THE ACT

As per Section 129(5) of the Act, if the financial statements of a company do not comply with the Accounting Standards, the company shall disclose in its financial statements the deviation from the accounting standards, the reasons for such deviation and the financial effects, if any, arising out of such deviation. Therefore, based on our reading of Section 129 of the Act, a company is required to ensure compliance with the accounting standards, and in terms of sub-section (5) of Section 129 of the Act, if the same are not complied with, disclosures are to be provided by the company in the financial statements regarding the deviations, the reasons for the same and the financial effects, if any, arising out of such deviations.

Section 129(6) provides that the Central Government may, on its own or on an application by a class or classes of companies, by notification, exempt any class or classes of companies from complying with any of the requirements of this section or the

rules made thereunder, if it is considered necessary to grant such exemption in the public interest. Any such exemption may be granted either unconditionally or subject to such conditions as may be specified in the notification.

Section 134(5) of the Act provides that in the preparation of the annual accounts, the directors' responsibility statement should inter alia state that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with the proper explanation relating to material departures (Section 134(5)(a)); and
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period (Section 134(5)(b)).



Furthermore, in addition to the Director's Responsibility Report, as per Section 143(2) of the Act, the auditor is required to make a report to the members of the company on the accounts examined by him and on every financial statement which is required by or under the Act to be laid before the company in general meeting. This report shall [state that] after taking into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report, and to the best of his information and knowledge and the said accounts, the financial statements should give a true and fair view of the state of the company's affairs as at the end of its financial year and profit or loss and cash flow for the year and such other matters as may be prescribed. Moreover, as per Section 143(3)(e) of the Act, the auditor's report shall also state whether, in the opinion of the auditor, the financial statements comply with the accounting standards.

LEGAL POSITION UNDER THE ACCOUNTING STANDARDS

It is interesting to note that the Accounting Standard Ind AS 1 dealing with the presentation of financial statements itself contemplates a situation where managements may have to

deviate from the Accounting Standards to present a true & fair view of the financial statements. The relevant paras 19 to 23 of Ind AS 1 are reproduced below which explain the exceptional circumstances under which such deviation may be permitted. The relevant provisions of the standard reproduced below are self-explanatory:

“19. In the extremely rare circumstances in which management concludes that compliance with a requirement in an Ind AS would be so misleading that it would conflict with the objective of financial statements set out in the Framework, the entity shall depart from that requirement in the manner set out in paragraph 20 if the relevant regulatory framework requires, or otherwise does not prohibit, such a departure.

20. When an entity departs from a requirement of an Ind AS in accordance with paragraph 19, it shall disclose:

- (a) that management has concluded that the financial statements present a true and fair view of the entity's financial position, financial performance and cash flows;*
- (b) that it has complied with applicable Ind ASs, except that it has departed from a particular requirement to present a true and fair view;*
- (c) the title of the Ind AS from which the entity has departed, the nature of the departure, including the treatment that the Ind AS would require, the reason why that treatment would be so misleading in the circumstances that it would conflict with the objective of financial statements set out in the Framework, and the treatment adopted; and*
- (d) for each period presented, the financial effect of the departure on each item in the financial statements that would have been reported in complying with the requirement.*

21. When an entity has departed from a requirement of an Ind AS in a prior period, and that departure affects the amounts recognised in the financial statements for the current period, it shall make the disclosures set out in paragraph 20(c) and (d).

22 Paragraph 21 applies, for example, when an entity departed in a prior period from a requirement in an Ind AS for the measurement of assets or liabilities and that departure affects the measurement of changes in assets and liabilities recognised in the current period's financial statements.

23 In the extremely rare circumstances in which management concludes that compliance with a requirement in an Ind AS would be so misleading that it would conflict with the objective of financial statements set out in the Framework, but the relevant regulatory framework prohibits departure from the requirement, the entity shall, to the maximum extent possible, reduce the perceived misleading aspects of compliance by disclosing:

- (a) the title of the Ind AS in question, the nature of the requirement, and the reason why management has concluded that complying with that requirement is so misleading in the circumstances that it conflicts with the*

objective of financial statements set out in the Framework; and (b) for each period presented, the adjustments to each item in the financial statements that management has concluded would be necessary to present a true and fair view”.

POSITION FOR LISTED COMPANIES

For listed companies, Regulation 48 of the SEBI LODR provides that the listed entity shall comply with all the applicable and notified Accounting Standards from time to time. There is no provision for any deviation from the Accounting Standards as stipulated in Section 129(5) of the Act. However, listed companies can approach SEBI under Regulation 102 of the LODR to seek relaxation from the strict enforcement of Regulation 48 on the ground that a rigid adherence to the accounting standard provision may distort true & fair view of the state of affairs of the company as reflected in its financial statements, which will not be in the best interest of the investors of the company.

POSITION UNDER ENGLISH COMPANY LAW

Our Act traces its origin to the English company law. In a series of judicial pronouncements including the landmark *Needle Industries case*¹, the Indian courts have extensively relied on English law to interpret and opine on Indian company law.

It is necessary to look at the relevant provisions of the English Companies Act, 2006 (“English Companies Act”) and how the courts in England have applied and interpreted them. To quote from the celebrated book Gower and Davies on the principles of Modern Companies Law – *“The traditional British approach to the accounts has long focused around the general principle that the accounts must ‘give a true and fair view of the assets, liabilities, financial position, and profit or loss’ of the individual company or the companies included in the consolidation, in the case of group accounts. For many years this was virtually all the companies’ legislation said about the content of the accounts. It remains an overriding principle, no matter which accounting framework is used for the presentation of the accounts. The director must not approve accounts unless they provide a true and fair view...² Further, if compliance with the statutory provisions would put the accounts in breach of the ‘true and fair’ requirement, the directors must depart from the statute or subordinate legislation to the extent necessary to give a true and fair view...³ Departure from IFRS in order to achieve fair presentation is recognised as permissible but only ‘in extremely rare circumstances’.⁴” (emphasis supplied)*

Under Section 393 (1) of the English Companies Act, the directors of a company are not permitted to approve the accounts of the company until they are convinced that the accounts present a true and fair view of inter-alia the financial position of the company. For ease of reference, Section 393 reads as follows:

“(1) The directors of a company must not approve accounts for the purposes of this Chapter unless they are satisfied that they give a true and fair view of the assets, liabilities, financial position and profit or loss—

¹ AIR 1981 SC 1298

² Gower and Davies, Principles of Modern Company Law, p. 764

³ *Ibid*, p. 765

⁴ *Ibid*

“ For listed companies, Regulation 48 of the SEBI LODR provides that the listed entity shall comply with all the applicable and notified Accounting Standards from time to time. There is no provision for any deviation from the Accounting Standards as stipulated in Section 129(5) of the Act. However, listed companies can approach SEBI under Regulation 102 of the LODR to seek relaxation from the strict enforcement of Regulation 48 on the ground that a rigid adherence to the accounting standard provision may distort true & fair view of the state of affairs of the company as reflected in its financial statements, which will not be in the best interest of the investors of the company.

- (a) *in the case of the company's individual accounts, of the company;*
 - (b) *in the case of the company's group accounts, of the undertakings included in the consolidation as a whole, so far as concerns members of the company.*
- (2) *The auditor of a company in carrying out his functions under this Act in relation to the company's annual accounts must have regard to the directors' duty under subsection (1)."*

Further, Section 396(4) of the English Companies Act provides for a situation where complying with the accounting standards may not result in a true and fair view. In such a case, Section 396(5) of the English Companies Act permits the directors to depart from the accounting standards to the extent required to give a true and fair view of the accounts and in the event of such a departure, the reason for the same must be given in the accounts or stated in a note. For ease of reference, Section 396(5) reads as follows:

"If in special circumstances compliance with any of those provisions is inconsistent with the requirement to give a true and fair view, the directors must depart from that provision to the extent necessary to give a true and fair view. Particulars of any such departure, the reasons for it and its effect must be given in a note to the accounts."

Thus, if it can be established that complying with the accounting standards will result in a view that is not true and fair, the ability to override the accounting standards is explicitly and emphatically granted to the directors of the company under the English Companies Act.

Further, as per the famous English author, Francis Beaufort Palmer, "if the compliance with the provisions of the Act or regulations is inconsistent with the requirement to ensure the financial statements give a 'true and fair view,' the directors must depart from them. However, they must indicate in a note, the particulars of such a departure, as well as the reasons for it and the effect on the accounts."⁵

⁵ *Palmer's Company Law, Volume II, p. 9053*



CONCLUDING THOUGHTS

The powers conferred on the Board to override the application of the accounting standards is explicitly granted under the English Companies Act, 2006. In the Indian context, Section 129(5) of our Act read with paras 19 to 23 of the Ind AS-1 empowers the board of directors to deviate from accounting standards in certain exceptional circumstance and make suitable disclosures, in the event the Company fails to comply with the accounting standards. However, there is no obligation cast on the board of directors under our Act to deviate from the accounting standards as done under the English Companies Act.

It is left to the judgement of the Audit Committee and the Board to use this power of true & fair override very selectively when they believe that the financial statements drawn up in accordance with the accounting standards would not present a true and fair view of the state of affairs of the company. Recently, introduction of Ind AS 115 dealing in revenue from customer contracts did pause such dilemma to many Boards of real estate and time-share holiday home companies due to a fundamental change in the method for revenue recognition from customer contracts.

The Board would normally insist on an external legal advice on what are the legal consequences for the Audit Committee and the Board if they permit such deviation from the accounting standard. It is not an easy decision for any Board, given the legal consequences, if it is later proved that their view was erroneous. In practice, very few Indian listed companies have departed from the accounting standard on this ground and that too under exceptional circumstances.

2

LEGAL WORLD



- ORIENTAL METAL PRESSING WORKS (P) LTD & ORS v. BHASKAR KASHINATH THAKOOR & ANR [SC]
- HARRISH KHURANA [LIQUIDATOR] v. ENGINEERS INDIA LTD. & ANR [NCLAT]
- UNION OF INDIA v. ORIENTAL BANK OF COMMERCE [NCLAT]
- INDIA POWER CORPORATION LTD v. DYNAMIC CABLES LTD. & ANR [NCLAT]
- AVR ENTERPRISES v. UNION OF INDIA [DEL]
- AJANTA PHARMA LTD v. ZUVENTUS HEALTHCARE LTD [DEL]
- MAGIC EYE DEVELOPERS PVT. LTD v. GREEN EDGE INFRA PVT. LTD. & ORS [DEL]
- TRIPTA KAUSHIK v. SUB REGISTRAR VI-A, DELHI & ANR [DEL]
- ACCESSORIES WORLD CAR AUDIO PVT LTD v. SONY INDIA PVT LTD & ANR [CCI]
- TRAVEL AGENTS ASSOCIATION OF INDIA v. DEPARTMENT OF EXPENDITURE, MOF & ORS [CCI]



Corporate Laws

Landmark Judgement

LMJ 06:06:2020

ORIENTAL METAL PRESSING WORKS (P) LTD & ORS v. BHASKAR KASHINATH THAKOOR & ANR [SC]

Civil Appeal No. 10 of 1960

A.K.Sarkar, Syed Jaffer Imam & Raghubar Dayal, JJ. [Decided on 16/12/1960]

Equivalent citations: 1961 AIR 573; 1961 SCR (3) 329; (1961) 31 Comp Cas 143 (SC)

Companies Act,1956- sections 255 & 312- appointment of director otherwise than by general meeting and assignment of office of director- appellant by will appointed a director in his place after his death-whether 312 overrides section 255-Held,No.; whether the appointment by will is valid-Held,Yes.

Brief facts:

In the present case Dadoba had power under the articles to appoint a person to be the managing director in succession to him, and in exercise of that power he had appointed the appellant Govind as the managing director to hold the office after his death. Such an appointment is permitted under section 255. However, the respondents contended that such an appointment is against the provisions of section 312 of the Act, which prohibits assignment of office by a director.

The interesting issue involved in this case is whether provisions of a section contained in an Act could be interpreted to defeat the provisions of another section contained in the same Act.

Decision: Appeal allowed.

Reason:

We have given the views of the High Court a most respectful and anxious consideration but we do not find ourselves able to agree with them. We will presently state our reasons for this conclusion, but now we wish to point out that in the view that we have taken of the matter it will not be necessary for us to deal with the argument advanced in the High Court that the section only forbade a director from appointing his successor, assuming assignment included appointment, but it did not prevent a managing director from assigning his office, or appointing his successor which was what Dadoba had done. If the section did not prevent a director from appointing his successor, which we do not think it did, then, clearly, there is nothing in it which can justify the view that a managing director cannot appoint his successor.

It would be an unusual statute which by the use of a single word intended to prohibit at the same time, two wholly different acts. We do not think that a construction leading to such a result is permissible. Secondly, s. 255 of the Act permits one-third of the total number of directors of a public company and all the directors of a private company to be appointed otherwise than by the company at a general meeting, if the articles make provision in this regard. The Act therefore expressly permits directors to be appointed otherwise than by the company. It follows that within the limit as to the number prescribed by the section, a power of appointment of directors can be legitimately conferred by the articles on any person including one who holds the office of a director. The Act expressly permits such power being conferred. In order, however, that a director may exercise this power of appointment, there must be a vacant office of a director. He may himself bring about that vacancy by resignation of his office. The vacancy would again be caused by his death or by the expiry of the term of his office. It would follow that the Act contemplates an appointment by a director of another person as director to take his office, when made vacant by his resignation or death or the expiry of the term of his office. There will be nothing illegal, if the power is exercised in the case of the death of the director, by an appointment made by his will.

It will not be right so to interpret s. 312, when its language does not compel it, as to bring in conflict with the provisions of s. 255. This would happen, if the word "assignment" in s. 312 was interpreted as including "appointment" and thereby making it prevent a director from appointing his successor when s. 255 permits him to do that. Therefore again we think that in s. 312 the word "assignment" does not mean "appointment". The High Court was of the view that unless "assignment" included "appointment", the object of the Act would be defeated. It was said that the intention and the object of the section was to restrain and prevent a director from putting some one in his place and stead by any act on his part. The High Court felt that it would be defeating that aim by reading s. 312 as if the words "assignment of his office" only meant a "transfer of office" and did not include the appointment of his successor by a director. Apparently the High Court thought that by making it possible for a director to choose his successor, the management of the company would be permitted to remain all along in one hand and this the Act wanted to prevent.

It does not seem to us that the Act wanted to prevent this. The act by enacting s. 255 shows that it does not disapprove of a person having power to appoint a succession of directors and in the case of a private company, a succession even of all the directors. Such a person would have what has been described as "perpetual management". It would follow that the Act did not consider this as an evil which required prevention. If perpetual management by an outsider is not an evil, nor would such management by one who is a director of the company be so. This aspect is very clearly illustrated by the case in hand. Dadoba had this "perpetual management". But the whole of the Company's undertaking was really a largess from him. In fact he held nearly 43% of the shares of the Company. It is inconceivable that perpetual management by him would have worked to the detriment of the Company. We are therefore unable to agree that it was the object of the Act or of s. 312 to prevent a director from appointing his successor.

In the present case Dadoba had power under the articles to appoint a person to be the managing director in succession

to him, and in exercise of that power he had appointed the appellant Govind as the managing director to hold the office after his death. Such power was clearly recognised by, and legal under, s. 255 of the new Act. For the reasons earlier stated, the exercise of such power does not offend s. 312. It follows that the appellant Govind had been lawfully and validly appointed the managing director of the Company. We, therefore, declare that the appellant Govind had been validly appointed the managing director of the Company, and set aside the decisions of the Courts below that he had not been so appointed. We have not been asked to interfere with the rest of the judgment under appeal and we do not do so. We also make no order for costs as no costs have been asked.

LW 39:06:2020

HARRISH KHURANA [LIQUIDATOR] v. ENGINEERS INDIA LTD. & ANR [NCLAT]

Company Appeal (AT) (Insolvency) No. 58 of 2020

B.L.Bhat, V. P. Singh & Shreesha Merla &. [Decided on 22/05/2020]

Insolvency and Bankruptcy Code, 2016- sections 42 & 59- voluntary liquidation proceedings- belated claim rejected without reason- NCLT directed the liquidator to consider the claim- whether tenable-Held, Yes.

Brief facts:

M/s. TEIL Projects Limited is undergoing Voluntary Liquidation Process. The Liquidator [“Appellant herein”] rejected claim of the Respondent No.1 on the ground that the same was not part of the declaration of solvency. On appeal, the Adjudicating Authority directed the Liquidator to admit the claim of the Respondent No.1. Against the above order of the NCLT, the appellant Liquidator is in appeal before the NCLAT.

The question for consideration in this appeal, is whether the provisions of Section 59 of the Insolvency and Bankruptcy Code, 2016 (“I&B Code” for short) can be made applicable under Voluntary Liquidation initiated pursuant to the Companies Act, 1956 and the procedure to be followed and in such case, whether the appeal under Section 42 of the ‘I&B Code’ is maintainable before the Adjudicating Authority (National Company Law Tribunal).

Decision: Appeal dismissed.

Reason:

The controversy involved at the bottom of this appeal is very narrow and does not call for a very elaborate exercise as regards consideration of the issue raised in this appeal.

The initiation of process of voluntary liquidation of ‘M/s. TEIL Projects Limited’ has not been called, in question, in this appeal. The letter of rejection referred to hereinabove dated 14th May, 2019 has admittedly been passed after notifying of Section 59 of the ‘I&B Code’. It is nobody’s case that the winding up proceedings were pending before the Hon’ble High Court. Therefore, it would be absurd to hold that the Voluntary Liquidation Process initiated by ‘M/s. TEIL Projects Limited’ is not governed by Section 59 (Chapter V of Part II of the ‘I&B Code’). It is significant to note that Section 2 of the ‘I&B Code’ clearly provides that the ‘I&B Code’ shall apply to any company

incorporated under the Companies Act, 2013 or any previous company law, special Act, LLP Act No. 58 of 2020 and other specified corporate bodies as also individuals other than personal guarantors, in relation to their insolvency, liquidation, voluntary liquidation or bankruptcy, as the case may be.

It goes without saying that under Section 238 of the ‘I&B Code’, the provisions of the ‘I&B Code’ override other laws. Thus, there being specific provision in the ‘I&B Code’ dealing with admission or rejection of claim by the Liquidator with mechanism provided for questioning the same in appeal before the Adjudicating Authority and such provision being made applicable to voluntary liquidation proceedings explicitly in terms of the provisions embodied in Section 59(6) of the ‘I&B Code’, issue raised with regard to maintainability of the appeal and jurisdiction of the Adjudicating Authority are without substance and arguments raised on this score are repelled.

On careful consideration of the issue raised in this appeal, we are of the considered opinion that the jurisdiction exercised by the Adjudicating Authority is vested in it and cannot be termed improper. Despite being of the view that the claim initially left out by the Respondent No.1 was payable, the Liquidator proceeded to reject the same without any justifiable reason which cannot be supported.

In so far as objection raised with regard to maintainability of this appeal is concerned, be it noticed that Section 61 providing for remedy of appeal specifically speaks of appeal by any person aggrieved by the order of the Adjudicating Authority under Part II being maintainable before this Appellate Tribunal. It goes without saying that Section 40 governing admission or rejection of claims by the Liquidator as also Section 42 governing appeal against the decision of Liquidator accepting or rejecting the claims as also voluntary liquidation of corporate persons governed by Section 59 of the ‘I&B Code’ are incorporated in Part II of the ‘I&B Code’. Thus viewed, the appeal under Section 42 before the Liquidator as also the instant appeal before this Appellate Tribunal are maintainable. In view of the foregoing conclusion, we find no merit in this appeal. The appeal being devoid of merit is dismissed. No costs.

LW 40:06:2020

UNION OF INDIA v. ORIENTAL BANK OF COMMERCE [NCLAT]

Company Appeal (AT) (Insolvency) No. 1417 of 2019

M. Venugopal, V. P. Singh & Alok Srivastava [Decided on 22/05/2020]

Insolvency and Bankruptcy Code, 2016- powers of NCLT- direction given to implead MCA in all petitions- whether such direction is within the jurisdictional power of NCLT- Held, No.

Brief facts:

NCLT, Principal bench, New Delhi in IB-939(PB)/2018 has passed an order dated 22/11/2019, *inter-alia*, the following direction:

“4. We further direct that in all cases of Insolvency & Bankruptcy Code and Company Petition, the Union of India, Ministry of Corporate Affairs through the Secretary be impleaded as a party respondent so that authentic record is made available

by the officers of the Ministry of Corporate Affairs for proper appreciation of the matters. This shall be applicable throughout the country to all the benches of National Company Law Tribunal. The Registrar shall send a copy of this order to all NCLT benches so that respective Deputy Registrar may ensure that proper parties are impleaded.”

The MCA is before the Appellate Tribunal challenging the above direction.

Decision: Appeal allowed.

Reason:

As a matter of fact, there is no necessity to array the Appellant/ Union of India, Ministry of Corporate Affairs, New Delhi as a party in respect of the applications filed under Section 7, 9 or 10 of IBC for the purpose of reliable record or for appreciation of the matter. Even for the purported violation under Section 68 to 77 of IBC and for taking action as per Section 236(2) of the Code whether to implead the Central Government as a proforma Respondent it is for the individual applicant to take a call because he is the ‘dominus litus’ although, when no relief is claimed against the Union of India, it need not even be a proforma party in an application filed under IBC, since it is an Otiose one. In public interest/ criminal offences being taken up before the special Court under Section 435 of the Companies Act, 2013 in a Company Petition/ Appeal before the Tribunal, the Union of India through any authorized officer/ person can be added as a party and in other cases it is for the Applicant/ Appellant or for the Tribunal to take an ultimate decision for showing a person as a necessary or proper party. In case of misjoinder of a party, the Applicant/ Appellant/ the Tribunal has always the option to strike out/ remove the name of Union of India from the array of parties, in the proceedings pending before it.

In the present case, the ‘Ministry of Corporate Affairs’ was neither arrayed as a party nor impleaded in the subject matter before the Adjudicating Authority. Also, that the ‘Registrar of Companies’ had not filed any response/ reply/ counter (in respect of the clarification sought for) prior to the passing of the impugned order. An Adjudicating Authority (National Company Law Tribunal) has a quasi-judicial one is to abide by the principles of ‘Natural Justice’. After providing a reasonable opportunity of being heard to the other side, the Tribunal can pass appropriate orders. If an order is passed by the Tribunal, without affording an opportunity of hearing to the parties, the same is unsustainable in Law as per decision *Sree Metaliks Ltd. v. Union of India* (2017) 203 Com Cases 442 : (2017) 140 CLA 30 (Cal).

Be that as it may, after going through the impugned order, this Tribunal comes to an inevitable and irresistible conclusion that the directions issued in respect of Application No.2024/ 19 filed by the Resolution Professional to implead the ‘Secretary of Ministry of Corporate Affairs’ as party Respondent in all cases of I&B Code is nothing but beyond the power of the Tribunal and it tantamount to imposition of a new rule in a compelling fashion. In short, the impugned order making it applicable throughout the country to all the Benches of the National Company Law Tribunal is untenable one and the said order suffers from material irregularity and patent illegality in the eye of Law. As a logical corollary, this Tribunal, this Tribunal set aside the impugned order. Consequently, the present Appeal succeeds.

LW 41:06:2020

INDIA POWER CORPORATION LTD v. DYNAMIC CABLES LTD. & ANR [NCLAT]

Company Appeal (AT) (Insolvency) No. 1221 of 2019

B.L.Bhat, V. P. Singh & Shreesha Merla. [Decided on 22/05/2020]

Insolvency and Bankruptcy Code, 2016- section 9- corporate debtor admitted the claim disclosed in demand notice- disputed the claim when the petition was filed as pre-existing dispute- NCLT admitted the petition- whether correct- Held, Yes.

Brief facts:

The Operational Creditor [Respondent 1 herein] filed application under Section 9 of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as “I&B Code”) before the NCLT- Kolkata Bench, seeking initiation of ‘Corporate Insolvency Resolution Process’ against the Corporate Debtor (Appellant herein) alleging default of operational debt. The application came to be admitted in terms of the impugned order with consequential orders of slapping Moratorium on the ‘Corporate Debtor’ and appointment of Interim Resolution Professional. Aggrieved thereof the Appellant has filed the instant appeal assailing the impugned order of admission primarily on the ground of pre-existence of dispute, stated to have been erroneously dismissed by the Adjudicating Authority as an afterthought and a spurious defence.

Decision: Appeal dismissed.

Reason:

The narrow issue for consideration is whether there was a pre-existing dispute, as raised by the ‘Corporate Debtor’, that would warrant passing of the impugned order of admission of application under Section 9.

Having heard learned counsel for the parties and fathomed through the record, we find that supply of materials by ‘Operational Creditor’ to the ‘Corporate Debtor’ under the purchase order and LoA is not in controversy. It is also not in controversy that some of the goods lying unutilised in Gaya DF Area, exposed to vagaries of Nature or pilferage, were lifted back by the ‘Operational Creditor’ at the specific request of the ‘Corporate Debtor’. The conclusion drawn by the Adjudicating Authority on the basis of material brought on record by the parties that dispute in regard to quality of goods not matching the specification of franchiser was for the first time raised by the ‘Corporate Debtor’ in its reply to the demand notice, justifies the conclusion that the defence raised was an afterthought and spurious.

On its own showing the ‘Corporate Debtor’ claims to be in default though the quantum was stated to be approximately around ₹ 58,000/- only, therefore, not justifying initiation of ‘Corporate Insolvency Resolution Process’ as it fell short of the prescribed value of ₹1,00,000/-, which warrants triggering of ‘Corporate Insolvency Resolution Process’. This plea no more holds good as the subsequent development during pendency of the ‘Corporate Insolvency Resolution Process’ unfolds. This is manifested in the form of a letter dated 31st December, 2019 wherein the Corporate Debtor, while disputing the claim of Operational Creditor in regard to amount of ₹2,32,46,235/-

as claimed in Form-5, acknowledged liability in respect of an amount of ₹1,74,007,75/- being due and payable to the Operational Creditor. Factum and validity of this letter goes unassailed and uncontroverted on the part of Corporate Debtor as also the Appellant. The amount acknowledged to be in default far exceeds the prescribed limit of ₹1 lakh warranting triggering of Corporate Insolvency Resolution Process. In this view of the matter, the issue raised in this appeal no more survives for consideration as the operational debt being due and payable stands admitted and acknowledged. We find no merit in this appeal. The same is accordingly dismissed. No costs.



General Laws

LW 42:06:2020

AVR ENTERPRISES v. UNION OF INDIA [Del]

Civil Miscellaneous (Main) No.769/2018
Sanjeev Sachdeva, J. [Decided on 08/05/2020]

Section 34 of the Arbitration and Conciliation Act, 1996 ('the Act') read with section 19 of the Micro, Small and Medium Enterprises Development Act, 2006 ['MSME Act]- arbitration under the Act- appeal against award- whether pre-deposit of decretal amount as provided under MSME Act to be complied with- Held, No.

Brief facts:

Petitioner impugns the Trial court's order whereby by the Trial Court has rejected the preliminary objection raised by the Petitioner that the petition filed by the Respondent under section 34 of the Arbitration and Conciliation Act, 1996 (hereinafter called the Arbitration Act) impugning award dated 14.07.2016 was liable to be dismissed because Respondent had not deposited 75% of the awarded amount as stipulated in Section 19 of the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter referred to as the MSMED Act). By the Impugned Judgment, the Trial Court has held that the provisions of MSMED Act are not applicable and has thus rejected the preliminary objection raised by the Petitioner. Hence the petition.

Decision: Petition dismissed.

Reason:

Petitioner, in the present case, had invoked arbitration under the Arbitration Act and requested respondent to appoint an arbitrator. Respondent appointed an arbitrator. Admittedly there was no reference made to the Micro and Small Enterprises Facilitation Council for any amount due to the Petitioner under Section 17 of the MSMED Act.

Since there was no reference made to Micro and small Enterprises Facilitation Council by the petitioner, no proceedings were conducted by the Council under Section 18 of the MSMED act. There was also no reference made by the

Council to any Institution or Centre for conducting conciliation. There was no conciliation either by the Council or by any Institution or Centre providing alternate dispute resolution services. The Council also did not take up any dispute for arbitration nor did it referring any dispute to any Institution or Centre providing alternate dispute resolution services for such arbitration.

Arbitration in the present case was not an Institutional Arbitration as contemplated under section 18 of the MSMED Act but was conducted under the Arbitration Act by an Arbitrator privately appointed by the Respondent. Reading of Section 19 of the MSMED Act shows that same is applicable to a decree, award or other order made either by the Council or by any Institution or Centre providing alternate dispute resolution services to which a reference is made by the Council.

Since there was no arbitration conducted under the MSMED Act so there is no question of any decree, award or other order being made either by the Council or by any Institution or Centre providing alternate dispute resolution services to which a reference is made by the Council thus Section 19 of the MSMED Act is not applicable to the present case.

Even though the petitioner may be covered under the MSMED Act, as Petitioner did not invoke its claim under section 18 of the MSMED Act or seek reference thereunder, there is no question of section 19 of the MSMED Act being applicable to the present case. I am in complete agreement with the view expressed by the coordinate bench in W.P. (C) 10886/2016 titled Bharat Heavy Electrical Limited v. The Micro and Small Enterprises Facilitation Centre & Anr (decided on 18/09/2017).

In view of the above, I find no infirmity in the view taken by the Trial Court, in the impugned order, that the provisions of the MSMED Act for deposit of 75% of the awarded amount are not applicable. I find no merit in the Petition. The Petition is accordingly dismissed.

LW 43:06:2020

AJANTA PHARMA LTD v. ZUVENTUS HEALTHCARE LTD [Del]

I.A. 8731/2019 in Civil Suit (COMM) No. 336/2019

Mukta Gupta, J. [06/05/2020]

Plaintiff's drug AMADAY used for treating high blood pressure & heart disease- Defendants drug ANADAY used for treating breast cancer- Infringement suit- whether interim injunction to be granted- Held, No.

Brief facts:

Plaintiff has filed the present suit *inter-alia* seeking a decree of permanent injunction against the defendants, its directors, assignees, distributors, dealers, etc., restraining them from manufacturing selling, offering for sale, advertising, directly or indirectly dealing in medicinal preparation under the impugned mark ANADAY or any other similar trademark which is deceptively similar to the plaintiff's trademark AMADAY amounting to infringement of its registered trademark, delivery of the infringing goods including impugned packaging, dyes, etc., and cost.

Case of the plaintiff in the suit is that the plaintiff is dealing in the medicinal and pharmaceutical product under the mark

AMADAY which is used for treatment of high blood pressure, heart disease and the defendant is selling its drug under the name ANADAY which is deceptively similar to the plaintiff's well-known registered trademark and amounts to infringement of the plaintiff's rights in its trademark; even though the drug produced and sold by the defendant under the trademark ANADAY is used for treatment of breast cancer.

Decision: Interim injunction refused.

Reason:

It is therefore required to be seen that even if there is delay in bringing the action by the plaintiff, whether the adoption of the mark of the defendant is dishonest in which case the plaintiff would be entitled to grant of injunction. Defendant has given its explanation as to why it coined the word ANADAY taking the first three letters of the molecule ANASTROZOLE and since once a day tablet is required to be administered, thereby coining the word ANADAY. Though ANADAY and AMADAY are deceptively similar, however, there is no material on record to show that the defendant dishonestly adopted the mark ANADAY to ride on the reputation and/or goodwill of the plaintiff's mark AMADAY for the reason, the plaintiff has no sales in India and thus, no corresponding goodwill in India. Moreover, the plaintiff's drug is sold for a different ailment i.e. for treating high blood pressure, heart disease etc. whereas, the defendant's drug is used for treatment of breast cancer. Thus the goodwill if any earned by the plaintiff's product cannot be utilized by the defendant.

No doubt, there is merit in the contention of the learned counsel for the plaintiff that there can be confusion to the Chemist as well and in case ANADAY is given instead of AMADAY, the consequence would be disastrous, however, admittedly, the plaintiff is only exporting its drug AMADAY and not selling the same in India and the said drug being not available in India on the counter, there is no likelihood of any confusion caused to the Chemist due to a bad handwriting on the prescription slip. Learned counsel for the plaintiff in this regard has relied upon the decision of the Supreme Court in *Cadila Health Care Ltd v. Cadila Pharmaceuticals Ltd (2001) 5 SCC 73*, however, in *Cadila Health Care (supra)*, the medicines of both plaintiff and defendant therein were being sold by the chemists in India.

In view of the discussion aforesaid, this Court finds no ground to grant the relief of interim injunction in favour of the plaintiff pending disposal of the suit. Application is consequently dismissed.

LW 44:06:2020

MAGIC EYE DEVELOPERS PVT.LTD v. GREEN EDGE INFRA PVT.LTD. & ORS [Del]

IA No. 1645/2019 in Civil Suit (COMM) No.1290/2018

Mukta Gupta, J. [Decided on 21/05/ 2020]

Arbitration and Conciliation Act,1996- section 8-connected agreements SHA,SPA and MOU provided for arbitration- plaintiff filed the suit claiming recovery and damages - defendant sought reference to arbitration-whether reference to arbitration permissible-Held, Yes.

Brief facts:

Plaintiff and Defendant 1 had entered into Shareholders Agreement ("SHA"), Share Purchase Agreement ("SPA") and Memorandum of Understanding ("MOU"), which are to be read together in order to ascertain the aforesaid outstanding

consideration. A conjoint reading of the said documents clarify the rights and obligations which were to be incurred by both the parties.

Disputes arose between the parties and Plaintiff filed the present suit seeking recovery of a total sum of ₹10.2 crore. In the suit, plaintiff has impleaded defendants No.2 and 3 also, which are group companies of defendant No.1 Company. Defendant No.1 filed the present application under Section 8 of the Arbitration & Conciliation Act, 1996 besides the written statement, praying to refer the suit for arbitration.

Decision: Arbitration application allowed

Reason:

The two main grounds on which plaintiff contests the present application seeking reference of disputes to arbitration is firstly that in the suit besides the recovery of the acknowledged unsecured liability the plaintiff has also sought a decree of damages, which is not an arbitrable dispute and the suit would be thus maintainable as held by the Supreme Court in the decision *Sukanya Holdings Pvt. Ltd. v. Jayesh H. Pandya reported as 2003 (5) SCC 531*. Secondly, it is urged that the defendant Nos.2 and 3 not being party to the SHA, SPA and the MOU and thus not party to the clauses agreeing to refer the dispute to the arbitration, the application filed by the defendant No.1 is liable to be dismissed.

The first plea of learned counsel for the plaintiff that since the plaintiff has sought the relief of damages for which there is no arbitration agreement and the reliefs in the present suit cannot be bifurcated, hence the dispute cannot be referred to arbitration deserves to be rejected.

A perusal of the claim for damages from the plaintiff is evidently based on the failure of defendant No.1 to perform its contractual obligations as entered into vide the SHA, SPA and MOU is an arbitrable dispute duly governed by the arbitration clauses in the SHA, SPA and MOU. The two reliefs sought in the plaintiff are not required to be bifurcated as held in *Sukanya Holding (Supra)* and can be very well decided by arbitration.

Plea of the plaintiff that defendant Nos.2 and 3 are not parties to the SHA, SPA and MOU and thus being third parties to the arbitration agreement, the disputes cannot be referred to arbitration is also liable to be rejected. In the plaintiff case of the plaintiff itself is that defendant Nos.1, 2 and 3 companies are the companies of HOODA family and defendant No.1 company with an authorized share capital of ₹ 1, 00,000/- has no work and has been incorporated to perpetrate financial jugglery of funds with defendant Nos. 2 and 3 companies with a motive to defraud innocent third parties. The plaintiff itself claims that the corporate veil of the three companies deserves to be pierced in view of the manner of transfer of funds and siphoning thereof. Thus, according to the plaintiff itself defendant Nos. 1, 2 and 3 are group companies of a single family.

Thus Supreme Court in *Cheran Properties Limited vs Kasturi & Sons Limited 2018 (16) SCC 413*, came to the conclusion that even if the third party was not impleaded as a party to the arbitral proceedings, the said party would be bound by the award and the award can be enforced against it, once the tests embodied under Section 35 of the Arbitration and Conciliation Act are fulfilled.

Though defendant Nos.2 and 3 have filed separate written statements claiming mis-joinder of parties and causes of action in the suit by the plaintiff and that the suit was liable to be dismissed against the plaintiff and in favour of defendant Nos.2 and 3 for the reason there was no privity of contract between the plaintiff and defendant Nos.2 and 3 since the SHA, SPA and MOU were executed between the plaintiff and defendant No.1, however, in response to the cause of action paragraph-29 of the plaint wherein it is stated that the subject matter of the suit cannot be referred to arbitration as there is no provision under the Arbitration and Conciliation Act, 1996 for splitting the cause or the parties and referring the subject matter of the suit to the arbitrator, defendant Nos. 2 and 3 in their written statements have simply rebutted the said paragraph as denied for want of knowledge and that it did not pertain to defendant Nos.2 and 3. It may be also noted that during the course of arguments the defendant Nos.2 and 3 never opposed the plea of defendant No.1 that the disputes are liable to be referred to arbitration.

Considering the fact that there are valid agreements between the plaintiff and defendant No.1 containing clauses for reference of disputes to arbitration and defendant Nos.2 and 3 being group companies of defendant No.1, from the intent of the parties as noticed from the agreements as also the averments in the plaint it is evident that not only would defendant No.1 but also the defendant Nos. 2 and 3 companies be amenable to the jurisdiction of the arbitrator as per the arbitration clauses is the SHA, SPA and MOU. Consequently, the present application is disposed of holding that the present suit is not maintainable and the disputes between the parties are required to be referred to the arbitration.

LW 45:06:2020

TRIPTA KAUSHIK v. SUB REGISTRAR VI-A, DELHI & ANR [Del]

Writ Petition (Civil) No. 9193 of 2019

Navin Chawla, J. [Decided on 20/05/2020]

Indian Stamp Act, 1899 (as applicable to NCT of Delhi)-article 33 & 55 - relinquishment deed & gift deed- petitioner executed a relinquishment deed- respondent considered it to be a deed of gift- instrument impounded- whether correct-Held, No.

Brief facts:

One Mr. Kapil Kaushik, son of the petitioner, has executed a Relinquishment Deed dated 01.03.2019, in favour of the petitioner, with respect to the property bearing No. B-123, Ashok Vihar, Phase-I, Delhi. By the Impugned Order dated 05.03.2019, the respondent no. 1, however, impounded the said document treating the same to be as a Gift under Article 33 of Schedule IA of the Indian Stamp Act, 1899 as applicable to the Union Territory of Delhi (hereinafter referred to as "Act") and thereafter held the Release Deed to be deficiently stamped and impounded the same. Aggrieved of the said order the present petition has been filed.

Decision: Petition allowed

Reason:

Whether the instrument amounts to a release document or not is not a pure question of law. From a reading of the above judgments [catena of judgements discussed], the test

to determine whether an instrument can be considered as a Release/Relinquishment Deed can be summarized as under:-

- In determining whether the document is a release or Gift/Conveyance, the nomenclature used to describe the document or the language which the party may choose to employ in framing the document, is not a decisive factor. What is decisive is the actual character of the transaction intended by the executants;
- Determination of the nature of the document is not a pure question of law;
- Where a co-owner renounced his right in a property in favour of the other co-owner, mere use of word like „consideration“ and „transfer“ would not affect the true character of the transaction;
- What is intended by a Release Deed is the relinquishment of the right of the co-owner;
- Co-ownership need not be only through inheritance, but can also be through purchase;
- Where the relinquishment of the right by the co-owner is only in favour of one of the co-owner and not against all, the document would be one of Gift/Conveyance and not of "release".

Applying the above test to the facts of the present petition, the Relinquishment Deed dated 01.03.2019 has been executed by a co-owner in favour of the only other co-owner. This would truly be a Release Deed and falls within the ambit of Article 55 of the Act. The Impugned Order, therefore, cannot be sustained and is accordingly set aside. The petition succeeds.



LW 46:06:2020

ACCESSORIES WORLD CAR AUDIO PVT LTD v. SONY INDIA PVT LTD & ANR [CCI]

Case No. 03 of 2020

A.K.Gupta, Sangeeta Verma & B.S.Bishnoi. [Decided on 11/05/ 2020]

Competition Act, 2002- sections 3 & 4- vertical restraints and abuse of dominance- many competitors in the market- restraints pose no appreciable adverse effect-case closed.

Brief facts:

The Informant was offered dealership in 2005 and was appointed as distributor by OPs in August 2006. The distributor agreement was stated to be cancelled/ terminated on 23.06.2015.the informant alleged various kinds of anti-competitive restrictive policies adopted and abuse of dominance by the OPs.

Decision: Dismissed.

Reason:

The Commission has considered the Information and the material available on record and observes that the Informant is primarily aggrieved of the fact that OPs imposed alleged unfair terms and conditions in the distributorship agreement and arbitrarily terminated the agreement.

So far as the allegations pertaining to abuse of dominance are concerned, the Commission notes that the Informant has defined the relevant market by confining the same to 'distribution and sale of car audio products in the aftermarket'. However, the Commission is of the opinion that the market cannot be confined to this level. It is axiomatic that buyers of car can install such accessories even after purchase of car from the open market and as such the market has to be considered as car audio products as a whole. In this market, the Commission notes that though the Informant has not provided any data about the market share of the players or the market structure to support its contention that OPs possess market power in the market. Be that as it may, based on the information available in the public domain, the Commission notes that the market for car audio products is fragmented with the presence of number of players/ competitors. As per the information available in the public domain, there are number of other competing players. Hence, it does not appear that OPs enjoy a position of strength, which enable them to operate independently of competitive forces prevailing in the distribution and sale of car audio products in India or to affect their competitors or consumers or the market in their favour. Since, OPs do not enjoy dominant position in this market, question of abuse of dominant position within the meaning of the provisions of Section 4 of the Act does not arise.

As regards the vertical restraints alleged under Section 3(4) of the Act is concerned, the Commission observes that the market for car audio products is fragmented with presence of large number of players without any entity enjoying a significant market power. The presence of such players exerts competitive constraints on OPs. Therefore, the purported vertical restraints imposed by OPs are not likely to have any appreciable adverse effect on competition in India.

Resultantly, the Commission is of the view that no case is made out against OPs for contravention of the provisions of Sections 3 and 4 of the Act.

LW 47:06:2020

TRAVEL AGENTS ASSOCIATION OF INDIA v. DEPARTMENT OF EXPENDITURE, MOF & ORS [CCI]

Case No. 04 of 2020

A.K.Gupta, Sangeeta Verma & B.S.Bishnoi. [Decided on 08/05/ 2020]

Competition Act, 2002- section 3 – appointment of exclusive travel agents- whether places restraints on other travel agents- Held, No.

Brief facts:

OP 1 had appointed OP 2 & 3 as its exclusive travel agents. Informant is aggrieved by this arrangement and filed the present complaint alleging that DOE [OP1] has imposed an anti-competitive restraint on the private sector travel agents by

restricting the choice of the government employees to services offered by Balmer Lawrie [OP2] and Ashok Travels [OP3]. By not allowing them to deal with private travel agents, DOE has indulged in refusal to deal under Section 3(4) and/or Section 3(1) of the Act.

Decision: Dismissed.

Reason:

The Commission notes that analysis of allegations of TAAI require determination of the issues, namely, a) Whether DOE is an 'enterprise', within the meaning of Section 2(h) of the Act?; b) whether the agreement executed between DOE, Balmer Lawrie and Ashok Travels is in contravention of provisions of Section 3(4) of the Act read with Section 3(1) of the Act?; and c) whether the agreement executed between DOE, Balmer Lawrie and Ashok Travels is covered under Section 3(1) of the Act?.

Upon perusal of the activities performed by DOE, it appears that DOE oversees the public financial management system in the Central Government and matters connected with state finances and is responsible for the implementation of the recommendations of the Finance Commission and Central Pay Commission. The Commission observes that DOE's principal activities appear to be in realm of policy making and interface with various ministries and not commercial in nature. Accordingly, DOE cannot be regarded as an 'enterprise' in terms of Section 2(h) of the Act especially in relation to circulars which are impugned, which is nothing but manifestation of a government policy in relation to its availing of particular services as a consumer.

The second issue is whether the purported agreement executed between DOE, Balmer Lawrie and Ashok Travels is in contravention of provisions of Section 3(4) of the Act read with Section 3(1) of the Act. The Commission notes that TAAI has alleged that by choosing not to deal with the private players, DOE has indulged in refusal to deal under Section 3(4) read with Section 3(1) of the Act. In this regard, the Commission notes that there does not seem to be any vertical relationship between DOE and Balmer Lawrie and Ashok Travels as DOE does not fall at any level of production chain in a market. In view of above, the Commission is of the view that as there is no vertical agreement between DOE, Balmer Lawrie and Ashok Travels under Section 3(4) of the Act and no case of contravention of provisions of the Act is made out under Section 3(4) of the Act.

The last issue is whether the purported agreement executed between DOE, Balmer Lawrie and Ashok Travels is covered under Section 3(1) of the Act. In this regard, the Commission observes that Office Memorandums and subsequent circulars are not in the nature of agreement pertaining to an economic activity as discussed above but are internal administrative decision of the Government to deal with a particular agency in the matter of securing air tickets. Such policy decisions of the Government emanating through circulars cannot be termed as an agreement under Section 2(b) of the Act and consequently not the kind of agreement envisaged under Section 3(1) of the Act. Accordingly, the Commission is of the view that no case of contravention of provisions of Section 3(1) of the Act is made out against the DOE, Balmer Lawrie and Ashok Travels. In view of the foregoing, the Commission is of the opinion that there exists no prima facie case, and the information filed is closed forthwith.

3

FROM THE GOVERNMENT



- CLARIFICATION ON DISPATCH OF NOTICE UNDER SECTION 62(2) OF COMPANIES ACT, 2013 BY LISTED COMPANIES FOR RIGHTS ISSUE OPENING UPTO 31ST JULY, 2020
- CLARIFICATION ON HOLDING OF ANNUAL GENERAL MEETING (AGM) THROUGH VIDEO CONFERENCING (VC) OR OTHER AUDIO VISUAL MEANS (OAVM)
- IMPLEMENTATION OF PROVISION REGARDING POWER OF ATTORNEY IN CIRCULAR DATED FEBRUARY 25, 2020
- GUIDELINES FOR IDENTIFICATION AND SELECTION OF LOCATION AS A DELIVERY CENTRE(S) FOR COMMODITY DERIVATIVES CONTRACT
- IMPLEMENTATION OF CIRCULAR ON 'MARGIN OBLIGATIONS TO BE GIVEN BY WAY OF PLEDGE / RE-PLEDGE IN THE DEPOSITORY SYSTEM'
- REVIEW OF POST-DEFAULT CURING PERIOD FOR CRAS
- LISTING OF MUTUAL FUND SCHEMES THAT ARE IN THE PROCESS OF WINDING UP

-
- ADVISORY ON DISCLOSURE OF MATERIAL IMPACT OF COVID-19 PANDEMIC ON LISTED ENTITIES UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 ('LODR REGULATIONS'/'LODR')

 - RELAXATION IN TIMELINES FOR COMPLIANCE WITH REGULATORY REQUIREMENTS

 - RELAXATIONS RELATING TO PROCEDURAL MATTERS – TAKEOVERS AND BUY-BACK.

 - RELAXATION FROM THE APPLICABILITY OF SEBI CIRCULAR DATED OCTOBER 10, 2017 ON NON-COMPLIANCE WITH THE MINIMUM PUBLIC SHAREHOLDING (MPS) REQUIREMENTS

 - ENTITIES PERMITTED TO UNDERTAKE E-KYC AADHAAR AUTHENTICATION SERVICE OF UIDAI IN SECURITIES MARKET

 - ADDITIONAL RELAXATION IN RELATION TO COMPLIANCE WITH CERTAIN PROVISIONS OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS 2015 – COVID-19 PANDEMIC

 - SECURITIES AND EXCHANGE BOARD OF INDIA (PAYMENT OF FEES) (AMENDMENT) REGULATIONS, 2020

 - RELAXATIONS RELATING TO PROCEDURAL MATTERS – ISSUES AND LISTING



Corporate Laws

01 Clarification on dispatch of notice under section 62(2) of Companies Act, 2013 by listed companies for rights issue opening upto 31st July, 2020

[Issued by the Ministry of Corporate Affairs Vide F. No. 2/4/2020-CL-V dated 11.05.2020. To be published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-Section (ii)]

Several representations have been received in the Ministry for providing clarification on the mode of issue of notice referred to in section 62(1)(a)(i) of Companies Act (the 'Act') read with section 62(2) of the Act for rights issue by listed companies, in view of the difficulties faced by companies in sending notices through postal or courier services on account of the threat posed by COVID-19. The issues raised in the said representations have been examined. The Circular (Number SEBI/HO/CFD/DIL2/CIR/P/2020/78) issued by SEBI on 6th May, 2020 has also been considered.

2. In view of above and on account of the overall situation, it is hereby clarified that for rights issues opening upto 31st July, 2020, in case of listed companies, which comply with the aforementioned SEBI Circular dated 6th May, 2020, inability to dispatch the notice referred in para 1 of this Circular to their shareholders through registered post or speed post or courier would not be viewed as violation of section 62(2) of the Act.
3. This issues with the approval of the competent authority.

ATMA SAH
Deputy Director

02 Clarification on holding of Annual General Meeting (AGM) through Video Conferencing (VC) or Other Audio Visual Means (OAVM)

[Issued by the Ministry of Corporate Affairs Vide F. No. 2/4/2020-CL-V dated 05.05.2020. To be published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-Section (ii)]

Several representations have been received in the Ministry for providing relaxations in the provisions of Companies Act, 2013 (the Act) or rules made thereunder to allow companies to hold annual general meeting (AGM) in a manner similar to the one provided in General Circular No. 14/2020, dated 08.04.2020 (EGM Circular - I) and General Circular No. 17/2020 dated 13.04.2020 (EGM Circular - II), which deal with conduct of extraordinary general meeting (EGM).

2. In the meanwhile, by virtue of the General Circular No. 18/2020, dated 21.04.2020, the companies whose

financial year ended on 31st December, 2019, have been allowed to hold their AGM by 30th September, 2020.

3. The matter has been further examined and it is stated that in view of the continuing restrictions on the movement of persons at several places in the country, it has been decided that the companies be allowed to conduct their AGM through video conferencing (VC) or other audio visual means (OAVM), during the calendar year 2020, subject to the fulfillment of the following requirements:

A. For companies which are required to provide the facility of e-voting under the Act, or any other company which has opted for such facility-

- I. The framework provided in para 3-A of EGM Circular-I and the manner and mode of issuing notices provided in sub-para (i)-A of EGM Circular-II shall be applicable *mutatis mutandis* for conducting the AGM.
- II. In such meetings, other than ordinary business, only those items of special business, which are considered to be unavoidable by the Board, may be transacted.
- III. In view of the prevailing situation, owing to the difficulties involved in dispatching of physical copies of the financial statements (including Board's report, Auditor's report or other documents required to be attached therewith), such statements shall be sent only by email to the members, trustees for the debenture-holder of any debentures issued by the company, and to all other persons so entitled.
- IV. Before sending the notices and copies of the financial statements, etc., a public notice by way of advertisement be published at least once in a vernacular newspaper in the principal vernacular language of the district in which the registered office of the company is situated and having a wide circulation in that district, and at least once in English language in an English newspaper having a wide circulation in that district, preferably both newspapers having electronic editions, and specifying in the advertisement the following information:-
 - a. statement that the AGM will be convened through VC or OAVM in compliance with applicable provisions of the Act read with this Circular;
 - b. the date and time of the AGM through VC or OAVM;
 - c. availability of notice of the meeting on the website of the company and the stock exchange, in case of a listed company;
 - d. the manner in which the members who are holding shares in physical form or who have not registered their email addresses with the company can cast their vote through remote e-voting or through the e-voting system during the meeting;
 - e. the manner in which the persons who have not registered their email addresses with the

- company can get the same registered with the company;
- f. the manner in which the members can give their mandate for receiving dividends directly in their bank accounts through the Electronic Clearing Service (ECS) or any other means;
 - g. any other detail considered necessary by the company
- V. In case, the company is unable to pay the dividend to any shareholder by the electronic mode, due to non-availability of the details of the bank account, the company shall upon normalization of the postal services, dispatch the dividend warrant/cheque to such shareholder by post.
 - VI. In case, the company has received the permission from the relevant authorities to conduct its AGM at its registered office, or at any other place as provided under section 96 of the Act, after following any advisories issued from such authorities, the company may in addition to holding such meeting with physical presence of some members, also provide the facility of VC or OAVM, so as to allow other members of the company to participate in such meeting. All members who are physically present in the meeting as well as the members who attend the meeting through the facility of VC or OAVM shall be reckoned for the purpose of quorum under section 103 of the Act. All resolutions shall continue to be passed through the facility of e voting system.
- B. For companies which are not required to provide the facility of e-voting under the Act-**
- I. AGM may be conducted through the facility of VC or OAVM only by a company which has in its records, the email addresses of at least half of its total number of members, who -
 - a. in case of a *Nidhi*, hold shares of more than one thousand rupees in face value or more than one per cent. of the total paid-up share capital, whichever is less;
 - b. in case of other companies having share capital, who represent not less than seventy-five per cent. of such part of the paid-up share capital of the company as gives a right to vote at the meeting;
 - c. in case of companies not having share capital, who have the right to exercise not less than seventy-five per cent. of the total voting power exercisable at the meeting.
 - II. The company shall take all necessary steps to register the email addresses of all persons who have not registered their email addresses with the company.
 - III. The framework provided in para 3-B of EGM Circular-I and the manner and mode of issuing notices provided in sub-para (i)-B of EGM Circular - II shall be applicable *mutatis mutandis* for conducting the AGM.
 - IV. In such meetings, other than ordinary business, only those items of special business, which are considered to be unavoidable by the Board, may be transacted.
 - V. Owing to the difficulties involved in dispatching of physical copies of the financial statements (including Board's report, Auditor's report or other documents required to be attached therewith), such statements shall be sent only by email to the members, trustees for the debenture-holder of any debentures issued by the company, and to all other persons so entitled.
 - VI. The companies shall make adequate provisions for allowing the members to give their mandate for receiving dividends directly in their bank accounts through the Electronic Clearing Service (ECS) or any other means. For shareholders, whose bank accounts are not available, company shall upon normalization of the postal services, dispatch the dividend warrant/cheque to such shareholder by post.
4. The companies referred to in paragraphs 3 (A) and (B) above, shall ensure that all other compliances associated with the provisions relating to general meetings viz making of disclosures, inspection of related documents/registers by members, or authorizations for voting by bodies corporate, etc as provided in the Act and the articles of association of the company are made through electronic mode.
 5. The companies which are not covered by the General Circular No. 18/2020, dated 21.04.2020 and are unable to conduct their AGM in accordance with the framework provided in this Circular are advised to prefer applications for extension of AGM at a suitable point of time before the concerned Registrar of Companies under section 96 of the Act.
 6. This issues with the approval of the competent authority.

SRIDHAR PAMARTHI
Joint Director

03 Implementation of provision regarding Power of Attorney in circular dated February 25, 2020

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/MIRSD/DOP/CIR/P/2020/90 dated 29.05.2020]

1. SEBI, vide circular no. SEBI/HO/MIRSD/DOP/CIR/P/2020/28 dated February 25, 2020, specified guidelines with regard to Margin obligations to be given by way of Pledge/ Re-pledge in the Depository System. The provisions of this circular were to come into effect from June 01, 2020.
2. Vide SEBI circular no. SEBI/HO/MIRSD/DOP/CIR/P/2020/88 dated May 25, 2020, it was reiterated that the provision as specified in paragraph 4 of the

SEBI circular dated February 25, 2020 regarding holding of Power of Attorney by TM / CM not to be considered as equivalent to the collection of margin by TM / CM in respect of securities held in the demat account of the client, shall be applicable from June 01, 2020.

3. However, in view of the situation arising due to COVID-19 pandemic, lockdown imposed by the Government, representations received from stock brokers and stock broker associations regarding difficulty in implementing this provision in lockdown situation due to work in progress by Market Infrastructure Institutions, it has been decided to extend the implementation date of the aforesaid provision to August 01, 2020 and align it with the implementation of mechanism of pledge re-pledge through the Depository system.
4. Stock Exchanges, Clearing Corporations and Depositories are directed to bring the provisions of this circular to the notice of their members / participants and also disseminate the same on their websites.
5. 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.

D RAJESH KUMAR
General Manager

04 Guidelines for identification and selection of location as a delivery centre(s) for commodity derivatives contract

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/CDMRD/DNPMP/CIR/P/2020/89 dated 26.05.2020]

1. The delivery centre(s), whether basis or additional, plays an important role in the pricing and settlement of the physically delivered commodity derivatives contract. The choice of delivery centre(s) is of vital importance to help the buyers/sellers in taking informed decisions about taking or giving deliveries. In the absence of a well-defined laid down criteria for identification and selection of a location as a delivery centre, it is observed that each stock exchange has adopted different criteria for different commodities as per their internal policy decision.
2. Based on the market feedback and in the interest of the stakeholders there is a need to bring in uniformity in the guidelines to be followed by the stock exchanges for identification and selection of a location as a delivery centre. Based on the recommendations of Commodity Derivatives Advisory Committee (CDAC) and in consultation with the stock exchanges, it has been decided to lay down guidelines that are to be followed by the stock exchanges while identifying and selecting a location as a delivery centre.
3. Considering the inter-play of various factors, a particular location can be identified and selected as a delivery centre by a stock exchange based on all or combination of the following guidelines.

3.1. Demand/supply dynamics:

- 3.1.1. There should be adequate consumption demand throughout the year and/or adequate supply at least during the expiry month(s) in and around the location;
- 3.1.2. The location should have a sizeable production catchment area and arrivals;
- 3.1.3. The location should be an active consumption centre/trading centre attracting adequate supplies from other production centres to fulfil demand for processing, consumption, trade, etc.

3.2. Liquidity of the contract: The location should have high potential to attract trading and delivery participation in the derivatives contract.

3.3. Value chain participants: There should be adequate participation or representation from different segments of the commodity value chain of the commodity viz., farmers/producers, traders, millers, processors, exporters, users, etc. who are interested in trading / delivering the commodity at such location proposed to be designated as a delivery centre.

3.4. Infrastructure Support:

- 3.4.1. There should be presence of sufficient and sizeable number of warehouses in and around the location capable of handling the deliveries on expiry of the contract and capable of getting registration with Warehousing Development and Regulatory Authority (WDRA) wherever applicable, before the launch of the contracts.
- 3.4.2. There should be adequate transport links (road or rail connectivity), presence of assaying and testing facilities, processing plants, etc., for effecting smooth deliveries.

3.5. Trade Feedback: Feedback from all the stake holders including Farmers/ Farmer Producers Organization (FPOs)/ Traders/ Value Chain Participants (VCPs)/ Corporates/ Micro, Small & Medium Enterprises (MSMEs), Processors, Exporters etc., should be obtained and duly considered before selecting a location for designating as delivery centre(s) of a particular commodity.

4. Review of delivery centre:

- 4.1. The stock exchanges shall carry out a review of the delivery centre(s) already designated and notified for the existing commodity derivatives contracts, based on the aforesaid guidelines.
- 4.2. The review shall also include those locations which though satisfy the above mentioned guidelines but have not been selected as the delivery centre(s) by the stock exchanges and examine reasons for not selecting these locations as delivery centre.

- 4.3. The stock exchanges shall submit their assessment in the form of a comprehensive review report to their Product Advisory Committee (PAC) constituted for respective commodity for consideration and advice.
5. The stock exchanges shall undertake and complete the aforesaid Review stated at Para 4 above for Financial Year 2019-20 within 3 months from the date of this Circular. Comments/ observations/ suggestions from PAC leading to change/replacement in any of the existing delivery centre(s) may be shared with SEBI for information purpose, within 1 month of completion of the said Review.
 6. SEBI vide Circular no. SEBI/HO/CDMRD/DNPMP/CIR/P/2019/89 dated August 07, 2019 has issued guidelines about the PAC in which the terms of reference, *inter-alia*, includes choice of basis and additional delivery centre, review of the delivery centres etc. Henceforth, the requisite information highlighted at Para 3 and 4 above shall form part of the information to be submitted to PAC for their consideration in terms of the reference provided in the aforesaid Circular. All the above stated information shall also be submitted by the stock exchanges to SEBI while submitting application for contract approval or renewal.
 7. The provisions of this Circular shall be effective from August 01, 2020.
 8. This Circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
 9. The Stock Exchanges and Clearing Corporations are advised to:
 - 9.1. to make necessary amendments to the relevant by-laws, rules and regulations, if required.
 - 9.2. bring the provisions of this Circular to the notice of the stock brokers of the Exchange and also to disseminate the same on their website.
 - 9.3. communicate to SEBI, the status of the implementation of the provisions of this Circular.
 10. This Circular is available on SEBI website www.sebi.gov.in under the category “Circulars” and “Info for Commodity Derivatives”.

VIKAS SUKHWAL
General Manager

05 Implementation of Circular on 'Margin obligations to be given by way of Pledge / Re-pledge in the Depository System'

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/MIRSD/DOP/CIR/P/2020/88 dated 25.05.2020]

1. SEBI, vide circular no. SEBI/HO/MIRSD/DOP/CIR/P/2020/28 dated February 25, 2020, specified guidelines with regard to Margin obligations to be given by way of Pledge/ Re-pledge in the Depository System. The

provisions of this circular were to come into effect from June 01, 2020.

2. In view of the situation arising due to COVID-19 pandemic, lockdown imposed by the Government, representations received from the Depositories and the Clearing Corporations and that the changes to the systems and software development still under progress, it has been decided to extend the implementation date of the aforesaid circular to August 01, 2020. Accordingly, in terms of paragraph 12 of the circular, the trading member (TM) / clearing member (CM) shall be required to close all existing demat accounts tagged as 'Client Margin / Collateral' by August 31, 2020.
3. However, the provision as specified in paragraph 4 of the aforesaid circular regarding holding of Power of Attorney by TM / CM not to be considered as equivalent to the collection of margin by TM / CM in respect of securities held in the demat account of the client, shall be applicable from June 01, 2020.
4. Further, with regard to paragraph 4 of annexure A regarding confirmation from the client / pledgor through OTP on mobile number / registered e-mail id or other verifiable mechanism, it is clarified that such confirmation shall be required only once from the client / pledgor at the time of initial creation of pledge in favour of TM / CM and subsequent repledging by TM / CM shall not require any further confirmation from the client / pledgor. Paragraph 4 of Annexure A of the aforesaid SEBI circular stands modified accordingly.
5. Stock Exchanges, Clearing Corporations and Depositories are directed to bring the provisions of this circular to the notice of their members / participants and also disseminate the same on their websites.
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.

D RAJESH KUMAR
General Manager

06 Review of Post-Default Curing Period for CRAs

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/MIRSD/CRADT/CIR/P/2020/87 dated 21.05.2020]

1. It has been noted in a few recent cases of defaults that even though the rated entity was able to correct the default within a relatively shorter span of time, the rating could not be upgraded and continued to be under sub-investment grade due to the extant provisions on post-default curing period of 90 days for the rating to move from default to speculative grade and generally 365 days for default to investment grade. There is a possibility that such cases may increase in the wake of COVID-19 pandemic. A need has been felt to review the existing policy on post-default

curing period with a view to providing some flexibility to CRAs in taking appropriate view in such cases.

- II. Taking into consideration the representation received from various stakeholders and analysis of the same, the provision on post-default curing period is being hereby revised. Accordingly, in partial modification to Annexure-A1 of SEBI circular no. SEBI/HO/MIRSD/MIRSD4/CIR/P/2016/119 dated November 1, 2016, the revised policy in this regard is as under:
 - A. After a default is cured and the payments regularized, a CRA shall generally upgrade the rating from default to non-investment grade after a period of 90 days based on the satisfactory performance by the company during this period. CRAs may deviate from the said period of 90 days on a case to case basis, subject to the CRAs framing a detailed policy in this regard. The said policy shall also be placed on CRA's website. Cases of deviations from stipulated 90 days, if any, shall be placed before the Ratings Sub-Committee of the board of the CRA, on a half yearly basis, along with the rationale for such deviation.
 - B. The CRA shall frame a policy in respect of upgrade of default rating to investment grade rating and place it on its website.
 - C. The policies framed as above may include scenarios like technical defaults, change in management, acquisition by another firm, sizeable inflow of long-term funds or benefits arising out of a regulatory action, etc. which fundamentally alter the credit risk profile of the defaulting firm.
- III. This circular is issued in exercise of the powers conferred by Section 11 (1) of Securities and Exchange Board of India Act, 1992 read with the provisions of Regulation 20 of SEBI (Credit Rating Agencies) Regulations, 1999, to protect the interest of investors in securities and to promote the development of, and to regulate, the securities market.

SURABHI GUPTA
General Manager

07 Listing of Mutual Fund schemes that are in the process of winding up

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/086 dated 20.05.2020]

1. Presently, in terms Regulation 32 of SEBI (Mutual Funds) Regulations, 1996 ("MF Regulations") and SEBI Circular no. SEBI/HO/IMD/DF2/CIR/P/2018/160 dated December 28, 2018, every close-ended scheme and units of segregated portfolio shall be listed on recognized stock exchanges.
2. As per MF Regulations, there are several steps envisaged with respect to winding up of Mutual Fund schemes before the scheme ceases to exist. During this process, such units can be listed and traded on a recognized stock exchange, which may provide an exit to investors.
 3. Initially, trading in units of such a listed scheme that is under the process of winding up, shall be in dematerialised form.
 4. AMCs shall enable transfer of such units which are held in form of Statement of Account (SoA) / unit certificates.
 5. Detailed operational modalities for trading and settlement of units of MF schemes that are under the process of winding up, shall be finalized by the stock exchanges where units of such schemes are being listed, in consultation with SEBI. The operational modalities shall include the following:
 - a. Mechanism for order placement, execution, payment and settlement;
 - b. Enabling bulk orders to be placed for trading in units;
 - c. Issue related to suspension of trading, declaration of date for determining the eligibility of unitholders etc. in respect of payments to be made by the AMC as part of the winding up process;
 - d. Disclosures to be made by AMCs including disclosure of NAV on daily basis and scheme portfolio periodically etc.
 6. The stock exchange shall develop a mechanism along with RTA for trading and settlement of such units held in the form of SoA/ Unit Certificate
 7. The AMC, its sponsor, employees of AMC and Trustee shall not be permitted to transact (buy or sell) in the units of such schemes that are under the process of being wound up. The compliance of the same shall be monitored both by the Board of AMC and Trustee.
 8. This Circular shall come into force with immediate effect. Stock exchanges desirous of offering this facility, shall submit the detailed operational modalities to SEBI, within 7 days from date of issuance of this Circular.
 9. This Circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, read with the provisions of Regulation 77 of SEBI (Mutual Funds) Regulations, 1996, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

PRASENJIT DEY
Deputy General Manager

08

Advisory on disclosure of material impact of COVID-19 pandemic on listed entities under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR Regulations'/'LODR')

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20.05.2020]

1. The COVID-19 pandemic and the consequent lockdown restrictions imposed by national governments has impacted businesses not only in India but all over the world. In view of the same, SEBI has granted several relaxations to the listed entities in terms of timelines for filing of various reports/disclosures under LODR Regulations.
2. While such a lockdown and disruption is unforeseen and beyond the control of the entities, such events can lead to distortions in the market due to the gaps in information available about the operations of a listed entity. Hence, it is important for a listed entity to ensure that all available information about the impact of these events on the company and its operations is communicated in a timely and cogent manner to its investors and stakeholders.
3. Various provisions under the LODR Regulations already require listed entities to disclose material events which have a bearing on its performance / operations. These provisions are reiterated below:
 - a. Regulation 30(3) of the LODR specifies that a listed entity shall make disclosures of events specified in Para B of Part A of Schedule III of LODR, based on application of the guidelines for materiality. Clause 6 of Para B of Part A of Schedule III of LODR specifies events such as *"Disruption of operations of any one or more units or division of the listed entity due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc."* that shall be disclosed upon application of the guidelines for materiality referred in Regulation 30(4).
 - b. SEBI vide Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015, has provided further guidance to the listed entities on such disclosures. Annexure I to the circular, specifically, provides the details to be disclosed in cases of disruptions of operations due to natural calamity, force majeure and other events.
 - c. Similarly, for non-convertibles, Regulation 51(1) of the LODR requires prompt dissemination to the stock exchange(s) of all information having bearing on the performance/operation of the listed entity, price sensitive information or any action that shall affect payment of interest or dividend. As per Clause 16 of Part B of Schedule III read with Regulation 51(2) of the LODR, a listed entity shall promptly inform to the stock exchange(s) of any other information having bearing on the operation/performance of the listed entity.
4. It is observed that many listed entities have made disclosures under LODR Regulations, primarily intimating shutdown of operations owing to the pandemic and resultant lockdowns. Some listed entities have provided information relating to actions taken towards sanitation, safety etc.; the number of entities that have disclosed the financial impact, however, is small.
5. Listed entities around the world have been making disclosures regarding the impact of the pandemic, including that on financial condition and results of operations, future operations, capital and financial resources, liquidity, assets, internal financial control over financial reporting and disclosure controls and procedures, demand for products/services etc. Regulators have encouraged timely reporting as well as complete and accurate disclosure of the impact, as far as possible.
6. Listed entities should endeavour to ensure that all investors have access to timely, adequate and updated information. Towards this end, entities are encouraged to evaluate the impact of the COVID-19 pandemic on their business, performance and financials, both qualitatively and quantitatively, to the extent possible and disseminate the same. An illustrative list of information that listed entities may consider disclosing, subject to the application of materiality, is given below:
 - Impact of the COVID-19 pandemic on the business;
 - Ability to maintain operations including the factories/units/office spaces functioning and closed down;
 - Schedule, if any, for restarting the operations;
 - Steps taken to ensure smooth functioning of operations;
 - Estimation of the future impact of COVID-19 on its operations;
 - Details of impact of COVID-19 on listed entity's -
 - capital and financial resources;
 - profitability;
 - liquidity position;
 - ability to service debt and other financing arrangements;
 - assets;
 - internal financial reporting and control;
 - supply chain;
 - demand for its products/services;
 - Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the listed entity's business;
 - Other relevant material updates about the listed entity's business.

The above list is only illustrative and not exhaustive. Further, to have continuous information about the impact of COVID-19 on operations, listed entities may provide regular updates, as and when there are material developments.

7. Additionally, while submitting financial statements under Regulation 33 of the LODR, listed entities may specify/include the impact of the COVID-19 pandemic on their financial statements, to the extent possible.
8. When listed entities disclose material information related to the impact of COVID-19, they should not resort to selective disclosures, keeping in mind the principles governing disclosures and obligations of a listed entity as prescribed in LODR Regulations, more specifically, having regard to the requirements of Regulation 4(2)(e) of the LODR on disclosure and transparency. Depending on circumstances peculiar to a listed entity and on account of passage of time, the listed entity shall revisit, refresh, or update its previous disclosures.
9. This Circular shall come into force with immediate effect. The Stock Exchanges are advised to bring the provisions of this circular to the notice of all listed entities and also disseminate the same on their websites.
10. The Circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulation 101 of the LODR Regulations.
11. This Circular is available at www.sebi.gov.in under the link "Legal→Circulars".

PRADEEP RAMAKRISHNAN
General Manager

09 Relaxation in timelines for compliance with regulatory requirements

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/MIRSD/DOP/CIR/P/2020/82 dated 15.05.2020]

1. In view of the situation arising due to COVID-19 pandemic, lockdown imposed by the Government and representations received from Stock Exchanges, SEBI had earlier provided relaxations in timelines for compliance with various regulatory requirements by the trading members / clearing members, vide circular nos. SEBI/HO/MIRSD/DOP/CIR/P/2020/61 dated April 16, 2020, SEBI/HO/MIRSD/DOP/CIR/P/2020/62 dated April 16, 2020, and SEBI/HO/MIRSD/DOP/CIR/P/2020/68 dated April 21, 2020.
2. In view of the prevailing situation and representations received from the Stock Exchanges, it has been decided to further extend the timelines for compliance with the regulatory requirements, by the trading members / clearing members / depository participants, mentioned in the aforesaid SEBI circulars, as under:

SEBI Circular	S. Nos. for which timeline is extended	Extended timeline / Period of exclusion
SEBI/HO/MIRSD/DOP/CIR/P/2020/61 dated April 16, 2020.	I	Till June 30, 2020 for the month of April 2020.
	II	Till June 30, 2020 for the quarter ended on March 31, 2020.
	X and XI	Till June 30, 2020.
SEBI/HO/MIRSD/DOP/CIR/P/2020/62 dated April 16, 2020.	III	Period of exclusion shall be from March 23, 2020 till June 30, 2020.
SEBI/HO/MIRSD/DOP/CIR/P/2020/68 dated April 21, 2020.	I, II and III	Till June 30, 2020.
	IV and V	Two months from the due date.

3. All other conditions specified in the aforementioned circulars shall continue to remain applicable.
4. Stock Exchanges, Clearing Corporations and Depositories are directed to bring the provisions of this circular to the notice of their members / participants and also disseminate the same on their websites.
5. 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.

D RAJESH KUMAR
General Manager

10 Relaxations relating to procedural matters – Takeovers and Buy-back.

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/CIR/CFD/DCR1/CIR/P/2020/83 dated 14.05.2020]

1. In view of the impact of the COVID-19 pandemic and the lockdown measures undertaken by Central and State Governments, based on representations, the following one time relaxations are granted from strict enforcement of certain regulations of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereafter "Takeover Regulations) and SEBI (Buy-back of securities) Regulations, 2018 (hereafter "Buy-back Regulations) pertaining to open offers and buy-back tender offers opening upto July 31, 2020.
 - 1.1. Service of the letter of offer and/or tender form and other offer related material to shareholders may be undertaken by electronic transmission as already provided under Regulation 18(2) of the Takeover Regulation and Regulation 9(ii) of Buyback Regulations subject to the following:-
 - 1.1.1. The acquirer / company shall publish the letter of offer and tender form on the websites of the company, registrar, stock exchanges and the manager(s) to offer.

- 1.1.2. The acquirer / company along with lead manager(s) shall undertake all adequate steps to reach out to the/its shareholders through other means such as ordinary post or SMS or audio-visual advertisement on television or digital advertisement, etc.
 - 1.1.3. Further, the Acquirer/ Company shall make an advertisement containing details regarding the dispatch of the letter of offer electronically and availability of such letter of offer along with the tender form on the website of the company, registrar and manager to the offer in the same newspapers in which (i) detailed public statement was published as per regulation 14(3) of Takeover Regulation or (ii) public announcements was published as per regulation 7(i) of Buy-back regulation.
 - 1.1.4. Further, the acquirer/ company may have the flexibility to publish the dispatch advertisement in additional newspapers, over and above those required under the respective regulations.
 - 1.1.5. The acquirer/ company shall make use of advertisements in television channels, radio, internet etc. to disseminate information relating to the tendering process. Such advertisements can be in the form of crawlers/ tickers as well.
 - 1.1.6. All the advertisement issued should also be made available on the website of the company, Registrar, Managers to the offer, and Stock Exchanges.
2. The acquirer/ company and the manager to offer shall provide procedure for inspection of material documents electronically.
 3. As far as possible, attempts will be made to adhere to the existing prescribed framework.
 4. This circular shall come into force with immediate effect.
 5. This circular is issued in exercise of powers conferred by Section 11(1) of the Securities and Exchange Board of India Act, 1992.
 6. A copy of this circular is available on SEBI website at www.sebi.gov.in under the categories "Legal Framework/ Circulars".

RAJESH GUJJAR
General Manager

11 Relaxation from the applicability of SEBI Circular dated October 10, 2017 on non-compliance with the Minimum Public Shareholding (MPS) requirements

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/81 dated 14.05.2020]

1. SEBI circular No. CFD/CMD/CIR/P/2017/115 dated October 10, 2017 lays down the procedure to be followed by the recognized stock exchanges / depositories with respect to MPS non-compliant listed entities, their

promoters and directors, including levy of fines, freeze of promoter holding etc.

2. After taking into consideration requests received from listed entities and industry bodies as well as considering the prevailing business and market conditions, it has been decided to grant relaxation from the applicability of the October 10, 2017 circular. Accordingly, the stipulations of the aforesaid October 10, 2017 SEBI circular are relaxed for listed entities for whom the deadline to comply with MPS requirements falls between the period from March 1, 2020 to August 31, 2020. Recognized Stock Exchanges are advised not to take any penal action as envisaged in the October 10, 2017 circular against such entities in case of non-compliance during the said period. Penal actions, if any, initiated by Stock Exchanges from March 1, 2020 till date for non-compliance of MPS requirements by such listed entities may be withdrawn.
3. This Circular shall come into force with immediate effect. The Stock Exchanges are advised to bring the provisions of this circular to the notice of all listed entities that have issued specified securities and also disseminate on their websites.
4. 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 regulations 97, 98, 101 and 102 of the LODR.
5. This Circular is available at www.sebi.gov.in under the link "Legal→Circulars".

PRADEEP RAMAKRISHNAN
General Manager

12 Entities permitted to undertake e-KYC Aadhaar Authentication service of UIDAI in Securities Market

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/MIRSD/DOP/CIR/P/2020/80 dated 12.05.2020]

1. SEBI vide circular No. CIR/MIRSD/29/2016 dated January 22, 2016, had clarified that the usage of Aadhaar as issued by the UIDAI is optional and on a voluntary basis.
2. The Department of Revenue (DoR), Ministry of Finance issued a circular dated May 09, 2019 on procedure for processing of applications under section 11A of the Prevention of Money Laundering Act, 2002 ("PMLA"), for use of Aadhaar authentication services by entities other than the Banking companies. In terms of the said circular, if the Central Government is satisfied with the recommendations of the Regulator and Unique Identification Authority of India ("UIDAI") and reporting entity complies with such standards of privacy and security under the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 ("Aadhaar Act"), and it is necessary and expedient to do so, it may by notification, permit such entity to carry out authentication of the Aadhaar number of clients using e-KYC authentication facility. Subsequent to the DoR notification, entities as may be recommended by

UIDAI and as permitted by SEBI, may perform Aadhaar Authentication in the Securities Market.

3. Based on the requirements prescribed by UIDAI, SEBI issued circular No. SEBI/HO/MIRSD/DOP/CIR/P/2019/123 dated November 05, 2019 detailing the e-KYC Authentication facility under section 11A of the Prevention of Money Laundering Act, 2002, by entities in the securities market for Resident Investors. The said circular also mentions that at any point, after issue of such notification, based on a report of the appropriate Regulator or UIDAI or otherwise, if it is found that the reporting entity no longer fulfils the requirements for performing authentication under clause (a) of sub-section (1) of section 11A, the Central Government may withdraw the notification after giving an opportunity to the reporting entity.
4. Government of India, DoR, vide Gazette Notification No. G.S.R. 261(E) dated April 22, 2020 has notified nine reporting entities as per the recommendation by UIDAI and SEBI to undertake Aadhaar authentication service of the UIDAI under section 11A of the Prevention of Money-laundering Act, 2002. In view of the same, the following entities shall undertake Aadhaar Authentication service of UIDAI subject to compliance of the conditions as laid down in this regard:
 - I. Bombay Stock Exchange Limited
 - II. National Securities Depository Limited
 - III. Central Depository Services (India) Limited
 - IV. CDSL Ventures Limited
 - V. NSDL Database Management Limited
 - VI. NSE Data and Analytics Limited
 - VII. CAMS Investor Services Private Limited
 - VIII. Computer Age Management Services Private Limited
5. The above listed entities shall get registered with UIDAI as KYC user agency ("KUA") and shall allow SEBI registered intermediaries / mutual fund distributors to undertake Aadhaar Authentication in respect of their clients for the purpose of KYC. The SEBI registered intermediaries / mutual fund distributors, who want to undertake Aadhaar authentication services through KUAs, shall enter into an agreement with KUA and get themselves registered with UIDAI as sub-KUAs. The agreement in this regard shall be as prescribed by UIDAI. Further, the KUAs and their Sub-KuAs shall follow the process as detailed in SEBI circular dated Nov 05, 2019 and as may be prescribed by UIDAI from time to time.
6. The Stock Exchanges and Depositories are directed to:
 - a. bring the provisions of this circular to the notice of the Stock Brokers, Depository Participants and also disseminate the same on their websites.
 - b. make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision in co-ordination with one another to achieve uniformity in approach.

- c. communicate to SEBI, the status of the implementation of the provisions of this circular Monthly Development Report of the following month; and d. monitor the compliance of this circular.
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 markets.
8. This circular is available on SEBI website at www.sebi.gov.in.

D. RAJESH KUMAR
General Manager

13 Additional relaxation in relation to compliance with certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 – COVID-19 pandemic

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12.05.2020]

1. In view of the COVID-19 pandemic, SEBI had provided relaxations to listed entities, from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ('SEBI LODR' / 'LODR') and circulars issued thereunder vide the following circulars:
 - No. SEBI/HO/CFD/CMD1/CIR/P/2020/38 dated March 19, 2020,
 - No. SEBI/HO/CFD/CMD1/CIR/P/2020/48 dated March 26, 2020,
 - No. SEBI/HO/CFD/CMD1/CIR/P/2020/63 dated April 17, 2020 and
 - No. SEBI/HO/CFD/CMD1/CIR/P/2020/71 dated April 23, 2020.

It has been decided to grant the following further relaxations / issue clarifications regarding provisions of the LODR in the face of challenges faced by listed entities due to the COVID-19 pandemic.

A. Relaxations necessitating out of MCA circulars:

2. The Ministry of Corporate Affairs (MCA), vide circulars dated April 8, 2020 and April 13, 2020 provided certain relaxations for companies, including conducting Extraordinary General Meeting (EGM) through Video Conferencing (VC) or through other audio-visual means (OAVM) (hereinafter referred to in this circular as '*electronic mode*'). Further, vide circular dated May 5, 2020, MCA also extended these relaxations to AGMs of companies conducted during the calendar year 2020; the circular has also dispensed with the printing and despatch of annual reports to shareholders. Accordingly, the following related provisions of the LODR are relaxed:

i. Requirement of sending physical copies of annual report to shareholders

3. Regulation 36 (1)(b) and (c) of the LODR prescribes that a listed entity shall send a hard copy of the statement containing salient features of all the documents, as prescribed in Section 136 of the Companies Act, 2013 to the shareholders who have not registered their email addresses and hard copies of full annual reports to those shareholders, who request for the same, respectively. Regulation 58 (1)(b) &(c) of the LODR extend similar requirements to entities which have listed their NCDs and NCRPS'.
4. The requirements of Regulations 36 (1)(b) and (c) and Regulation 58 (1)(b) &(c) of the LODR are dispensed with for listed entities who conduct their AGMs during the calendar year 2020 (i.e. till December 31, 2020).

ii. Requirement of proxy for general meetings

5. Regulation 44 (4) of the LODR specifies that the listed entity shall send proxy forms to holders of securities in all cases mentioning that a holder may vote either for or against a resolution.
6. The requirement under regulation 44 (4) of the LODR is dispensed with temporarily, in case of meetings held through electronic mode only. This relaxation is available for listed entities who conduct their AGMs through electronic mode during the calendar year 2020 (i.e. till December 31, 2020).

iii. Requirement of dividend warrants/cheques

7. Regulation 12 of the LODR prescribes issuance of 'payable at par' warrants or cheques in case it is not possible to use electronic modes of payment. Further, in case the amount payable as dividend exceeds Rs.1500/-, the 'payable-at-par' warrants or cheques shall be sent by speed post. The requirements of this regulation will apply upon normalization of postal services. However, in cases where email addresses of shareholders are available, listed entities shall endeavour to obtain their bank account details and use the electronic modes of payment specified in Schedule I of the LODR.

B. Relaxation from publication of advertisements in the newspapers:

8. SEBI, vide circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/48 dated March 26, 2020 had exempted publication of advertisements in newspapers, as required under regulation 47, for all events scheduled till May 15, 2020, since some newspapers had stopped their print versions due to COVID-19 pandemic. Similarly, vide circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/63 dated April 17, 2020, a similar requirement that exists in regulation 52(8) of the LODR Regulations and applies to entities which have listed their NCDs and NCRPS' was also exempted till May 15, 2020.

9. In view of the continuing lockdown and the resultant bottlenecks relating to print versions of newspapers, the aforesaid exemptions from publication of advertisements in newspapers are extended for all events scheduled till June 30, 2020.

C. Relaxation from publishing quarterly consolidated financial results under regulation 33(3)(b) of the LODR for certain categories of listed entities:

10. As per regulation 33(3)(b) of the LODR, in case a listed entity has subsidiaries, the listed entity shall submit quarterly/year-to-date consolidated financial results.
11. The Companies (Indian Accounting Standards (Ind-AS)) Rules, 2015 stipulate the adoption and applicability of Ind-AS in a phased manner beginning from the financial year 2016-17. Currently, Ind-AS is applicable to all listed entities with the exception of those in the banking and insurance sectors. RBI and IRDA have not yet notified the date of implementation of Ind-AS for banks and insurance companies, respectively.
12. SEBI has received representations from listed entities that are banks or insurance companies as well as those that have banks and / or insurance companies as subsidiaries, highlighting the challenges in preparing consolidated financial results under regulation 33(3)(b) in view of different accounting standards being followed by companies belonging to same group and the difficulties in restating those financials as per IND-AS due to the prevailing circumstances in view of COVID-19 pandemic.
13. After considering the representations, the following have been decided:
 - a) Listed entities which are banking and / or insurance companies or having subsidiaries which are banking and / or insurance companies may submit consolidated financial results under regulation 33(3)(b) for the quarter ending June 30, 2020 on a voluntary basis. However, they shall continue to submit the standalone financial results as required under regulation 33(3)(a) of the LODR.
 - b) If such listed entities choose to publish only standalone financial results and not consolidated financial results, they shall give reasons for the same.
14. This Circular shall come into force with immediate effect. The Stock Exchanges are advised to bring the provisions of this circular to the notice of all listed entities and also disseminate on their websites.
15. The Circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulation 101 of the LODR.
16. This Circular is available at www.sebi.gov.in under the link "Legal→Circulars".

PRADEEP RAMAKRISHNAN
General Manager

14 Securities and Exchange Board of India (Payment of fees) (Amendment) Regulations, 2020

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/LAD-NRO/GN/2020/011 dated 08.05.2020]

In exercise of the powers conferred under Section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Board hereby makes the following regulations to further amend the Securities and Exchange Board of India (Stock Brokers) Regulations, 1992, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018, namely: –

1. These regulations may be called the Securities and Exchange Board of India (Payment of Fees) (Amendment) Regulations, 2020.

2. They shall come into force on June 01, 2020.

Amendments to Securities and Exchange Board of India (Stock Brokers) Regulations, 1992.

3. In the Securities and Exchange Board of India (Stock Brokers) Regulations, 1992 –

- I. In Schedule V, in Part B, in clause 3, after sub-clause (1), the following shall be inserted, namely –

“(1A) Every stock broker in cash segment, equity derivatives segment, currency derivatives segment, interest rate derivatives segment and commodity derivatives segment (other than agri commodity derivative) liable to pay fees as a percentage of their turnover as specified at sub-clause 1 shall, for the period June 01, 2020 to March 31, 2021, pay only 50% (fifty percent) of fees as calculated therein, including for off-market transactions undertaken by them.”

Amendments to Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

4. In the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 –

- I. In schedule III, after the existing table in clause 2(a), the following table shall be inserted for the period from June 01, 2020 to December 31, 2020, namely,-

Size of the issue, including intended retention of oversubscription	Amount / Rate of fees	Amount / Rate of fees for filing within one year after expiry of SEBI Observation letter
Less than or equal to ten crore rupees.	A flat charge of fifty thousand rupees (50,000/-).	A flat charge of twenty five thousand rupees (25,000/-).

More than ten crore rupees, but less than or equal to five thousand crore rupees.	0.05 per cent. of the issue size.	0.025 per cent of the issue size.
More than five thousand crore rupees.	Two crore fifty lakh rupees (2,50,00,000/-) plus 0.0125 per cent. of the portion of the issue size in excess of five thousand crore rupees (5000,00,00,000/-).	One crore twenty five lakh rupees (1,25,00,000/-) plus 0.00625 per cent. of the portion of the issue size in excess of five thousand crore rupees (5000,00,00,000/-).

- II. In schedule III, after the existing table in clause 2(b), the following table shall be inserted for the period from June 01, 2020 to December 31, 2020, namely,-

Size of the issue, including intended retention of oversubscription	Amount / Rate of fees	Amount / Rate of fees for filing within one year after expiry of SEBI Observation letter
Less than or equal to ten crore rupees#	A flat charge of twenty five thousand rupees (25,000/-).	A flat charge of twelve thousand five hundred rupees (12,500/-).
More than ten crore rupees#	0.025 per cent. of the issue size.	0.0125 per cent of the issue size.
# to be read as twenty-five crores with effect from April 21, 2020		

Amendments to Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018

5. In the Securities And Exchange Board Of India (Buy-Back Of Securities) Regulations, 2018 –

- I. In schedule V, after the existing table, the following table shall be inserted for the period from June 01, 2020 to December 31, 2020, namely –

Offer Size	Fee (Rupees)
Less than or equal to rupees ten crore	2,50,000/-
More than rupees ten crore but less than or equal to rupees one thousand crore	0.25 per cent of the offer size
More than rupees one thousand crore	2,50,00,000/- plus 0.0625 per cent of the portion of offer size in excess of rupees one thousand crore

AJAY TYAGI
Chairman

15 Relaxations relating to procedural matters – Issues and Listing

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated 06.05.2020]

1. In view of the impact of the COVID-19 pandemic and the lockdown measures undertaken by Central and State Governments, based on representations, SEBI has decided to grant the following one time relaxations from strict enforcement of certain regulations of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (hereafter "ICDR Regulations"), pertaining to Rights Issue opening upto July 31, 2020:

- (i) Service of the abridged letter of offer, application form and other issue material to shareholders may be undertaken by electronic transmission as already provided under Regulation 77(2) of the ICDR Regulation. Failure to adhere to modes of dispatch through registered post or speed post or courier services due to prevailing COVID-19 related conditions will not be treated as non-compliance during the said period.

However, the issuers shall publish the letter of offer, abridged letter of offer and application forms on the websites of the company, registrar, stock exchanges and the lead manager(s) to the rights issue. Further, the issuer company along with lead manager(s) shall undertake all adequate steps to reach out its shareholders through other means such as ordinary post or SMS or audio-visual advertisement on television or digital advertisement, etc.

- (ii) The issue related advertisement as mandated by Regulation 84(1), shall contain additional details as regards the manner in which the shareholders who have not been served notice electronically may apply. The issuer may have the flexibility to publish the dispatch advertisement in additional newspapers, over and above those required in Regulation 84. The advertisement should also be made available on the website of the Issuer, Registrar, Lead Managers, and Stock Exchanges. The Issuer shall make use of advertisements in television channels, radio, internet etc. to disseminate information relating to the application process. Such advertisements can be in the form of crawlers/ tickers as well.
- (iii) In terms of SEBI circular dated January 22, 2020, SEBI introduced dematerialized rights entitlements (REs). Further, physical shareholders are required to provide their demat account details to Issuer/Registrar to the Issue for credit of REs. In view of COVID-19 pandemic and the lockdown measures undertaken by Central and State Governments, in case the physical shareholders who have not been able to open a demat account or are unable to communicate their demat details, in terms of clause

1.3.4 of SEBI circular dated January 22, 2020, to the issuer/ registrar for credit of REs within specified time, such physical shareholders may be allowed to submit their application subject to following conditions:

- (a) Issuer along with lead manager(s) and other recognized intermediary shall institute a mechanism to allow physical shareholders to apply in the rights issue. Issuer along with lead manager(s) shall ensure to take adequate steps to communicate such a mechanism to physical shareholders before the opening of the issue.
- (b) Such shareholder shall not be eligible to renounce their rights entitlements.
- (c) Such physical shareholders shall receive shares, in respect of their application, only in demat mode. The lead managers may also be guided by Para 10 of the Form A Schedule V of the ICDR Regulations.
- (iv) In terms of Regulation 76 of the ICDR Regulations, an application for a rights issue shall be made only through ASBA facility. In view of the difficulties faced due to COVID-19 pandemic and the lockdown measures, and in order to ensure that all eligible shareholders are able to apply to rights issue during such times, the issuer shall along with lead manager(s) to the issue, the registrar, and other recognized intermediaries [as deemed fit by issuer and lead manager(s)] institute an optional mechanism (non-cash mode only) to accept the applications of the shareholders subject to ensuring that no third party payments shall be allowed in respect of any application.

A copy of this circular is available on SEBI website at www.sebi.gov.in under the categories "Legal Framework/Circulars".

JEEVAN SONPAROTE
Chief General Manager

CONGRATULATIONS

SHRI ANAND KUMAR JAISWAL,
FCS, on being awarded Doctor of
Philosophy (Ph.D.) in Commerce,
Faculty of Commerce by JAIN University,
Bangalore with effect from 21.04.2020.



**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)

CSBF

**COMPANY SECRETARIES
BENEVOLENT FUND**



What exactly is CSBF?

The Company Secretaries Benevolent Fund (CSBF) is a Society registered under the Societies Registration Act, 1860 and is recognized under Section 12A of the Income Tax Act, 1961.

The CSBF was established in the year 1976 by the ICSI, for creating a security umbrella for the Company Secretaries and/or their dependent family members in distress.

The amount of ₹ 7,50,000 (in the case of death of a member under the age of 60 years) has been increased to ₹ 10,00,000

Is it the right time to enrol in CSBF?

CSBF is the protection you and your family need to survive the many ups and downs in life, be it a serious illness or a road accident which derails your plans for the future.

Is it a requirement?

Yes, as your dependents need the protection. Your dependents be it your parents, your spouse, or your children will have to bear the brunt of paying off your home/education personal loans and even for managing day-to-day expenses without your contribution.

If you do not want to leave behind such a situation in your absence, enrol in CSBF today.

Advantages of enrolling into CSBF

1

To ensure that your immediate family has some financial support in the event of your unfortunate demise

2

To finance your children's education and other needs

3

To ensure that you have extra resource during serious illness or accident

4

Subscription/Contribution to CSBF qualifies for deduction under Section 80G of the Income Tax Act, 1961

Become a proud Member of CSBF by making a one-time online subscription of ₹ 10,000/- through Institute's web portal (www.icsi.edu) along with Form 'A' available at link <https://www.icsi.edu/csbf/home> duly filled and signed.

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NEWS FROM THE INSTITUTE



- MEMBERS RESTORED DURING THE MONTH OF APRIL 2020
- CERTIFICATE OF PRACTICE SURRENDERED DURING THE MONTH OF APRIL 2020
- DIGITAL I-CARD FOR MEMBERS
- PAYMENT OF ANNUAL LICENTIATE SUBSCRIPTION FOR THE YEAR 2020-2021
- PAYMENT OF ANNUAL MEMBERSHIP AND CERTIFICATE OF PRACTICE FEE FOR FY 2020-2021
- OBITUARIES
- LIST OF PEER REVIEWED UNITS DURING APRIL-MAY, 2020



Institute News

MEMBERS RESTORED DURING THE MONTH OF APRIL 2020

SL. NO.	A/F	MEM. NO.	NAME	REGION
1	F	5566	CS EKTA JOSHI	NIRC
2	A	20620	CS ASHISH PASRICHA	NIRC
3	A	48290	CS SHANTANU KUMAR	NIRC
4	A	40911	CS DIGVIJOY PRATAP SINGH	SIRC
5	A	35631	CS PALAK RAWAT	NIRC
6	A	4835	CS MEENAL BHUSHAN DANI	WIRC
7	F	6520	CS MANISHA NARANG	NIRC
8	A	38442	CS VANITA PANDE	WIRC
9	F	5721	CS MANISH JAIN	EIRC
10	A	33305	CS VIJAYARAGHAVAN S	SIRC
11	F	4669	CS SHARAT CHANDRA ROONGTA	WIRC

CERTIFICATE OF PRACTICE SURRENDERED DURING THE MONTH OF APRIL 2020

SL. NO	NAME	MEMBNO	COP NO	REGION
1	CS NEHA BATRA	A - 59264	22290	NIRC
2	CS TRISHNA CHOUDHARY	A - 46441	20696	NIRC
3	CS HARESH SUNDERDAS KHLNANI	F - 5806	21551	WIRC
4	CS POONAM CHAWLA	F - 9787	12063	NIRC
5	CS ANKIT GUPTA	A - 57716	22140	EIRC
6	CS PRITI CHHABRA	A - 46415	20721	SIRC
7	CS PRIYA GUPTA	A - 53595	20188	NIRC
8	CS PRAKRITI THAKUR	A - 36416	19998	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>



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:

On successful validation of credential go to "Pull Documents" in the Issued document section, select the partner name "The Institute of Company Secretaries of India" & document type "Identity Card" and enter the document details asked for to fetch the same.

We believe that this initiative shall go a long way in providing ease of access of all documents of our members and rendering them just a click away.

PAYMENT OF ANNUAL LICENTIATE SUBSCRIPTION FOR THE YEAR 2020-2021

The annual Licentiate subscription for the year 2020-2021 has become payable w.e.f. 1st April, 2020. The last date for the payment of same is 30th June, 2020. The Licentiate subscription payable is Rs.1180/- inclusive of applicable GST@18%.

You are requested to remit the subscription amount at the Institute's Headquarters or Regional/ Chapter offices by way of Demand Draft payable at New Delhi in favour of "The Institute of Company Secretaries of India" indicating your name and Licentiate number on the reverse of the Demand Draft. The details of remittance may please be intimated at email id licentiate@icsi.edu

PAYMENT OF ANNUAL MEMBERSHIP AND CERTIFICATE OF PRACTICE FEE FOR FY 2020-2021

The annual membership fee and certificate of practice fee for FY 2020-21 has become payable w.e.f. 1st April, 2020. The last date for payment of annual membership fee and certificate of practice fee will be 30th June, 2020.

The membership and certificate of practice fee payable is as follows:

Particulars	Associate (admitted till 31.03.2019)	Associate (admitted on or after 01.04.2019)	Fellow
Annual Membership fee*	Rs. 2950	Rs. 1770	Rs. 3540
Certificate of Practice fee*	Rs. 2360	Rs. 1770	Rs. 2360

* Fee inclusive of applicable GST@18%.

A member who is of the age of seventy years or above can claim 75% concession in the payment of Associate/Fellow Annual Membership fee. A member who is physically challenged can claim 50% concession in the payment of Associate/Fellow Membership fee. As per The Company Secretaries (Amendment) Regulations, 2020 effective from 3rd February, 2020, there is no concession for members of the age sixty years or above and below seventy years in payment of annual membership fee..

MODE OF REMITTANCE OF FEE

The fee can be remitted through **ONLINE** mode only using the Institute's website www.icsi.edu through members login portal <https://www.icsi.in/student/Login.aspx> by entering your Username and Password. (Only through member login under **Manage Account** □ **Annual Membership Fee**). Payment made through any other mode is not acceptable.

Members who do not have PASSWORD (User Name is your ACS / FCS number for eg. A12345 / F12345) can retrieve their password (if their email id & mobile number is registered with the Institute). The members who do not have registered email id & mobile number may make the request on <http://support.icsi.edu> by attaching scanned copy of Photo ID proof.

The following may please be noted/ensured before making online payment of annual membership and CoP renewal fee:

1. Non-CoP holders are required to register for eCSIN if applicable and if not registered yet.
2. CoP holders are required to register for UDIN if not registered yet.
3. Declaration of PAN & Aadhaar is required.
4. 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.
5. Declaration of GSTIN number (optional) is required in order to claim GST Input Tax Credit. If GSTIN No. is not given it will not be reflected in the fee receipt.
6. The applicable fee is calculated by the system inclusive of GST@18%.
7. CoP holders can pay the CoP renewal fee along with the annual membership fee first or separately after having paid the annual membership fee.
8. Submission of online Form-D is a pre-condition for CoP holders.

For more details, kindly refer to FAQs (Link is available on home page of www.icsi.edu at top right corner) Point 6-16 (about membership fee), 20-26 (about CoP fee) and 88-92 (about PCH) at the link: https://www.icsi.edu/media/webmodules/FAQ_Pertains_Membership.pdf

ATTENTION!

For members login portal <https://www.icsi.in/student/Login.aspx>



For any further assistance, we are available to help you at <http://support.icsi.edu>



If you are looking for job please register at ICSI Placement Portal <https://placement.icsi.edu> to apply for Jobs.



Team ICSI

OBITUARIES

Chartered Secretary deeply regrets to record the sad demise of the following Members:

CS Milind Sudhir Ashar (20.11.1981 – 12.12.2019), an Associate Member of the Institute from Mumbai.

CS Gopalakrishniah Nagaraju (08.06.1947 – 24.03.2020), a Fellow Member of the Institute from Bangalore.

CS R D Thakore (01.06.1952 – 30.04.2020), a Fellow Member of the Institute from Ahmedabad.

May the Almighty give sufficient fortitude to the bereaved family members to withstand the irreparable loss.

May the departed soul rest in peace.

LIST OF PEER REVIEWED UNITS DURING APRIL-MAY, 2020

Sl. No.	Firm Name	Office at	Year of Review	Cer. No.
1	Mr. N. Ramaswamy	Hyderabad	2018-19	721/2020
2	Mr. Abhilash Nediylal Abraham	Kochi	2018-19	728/2020
3	M/s. Jog Limaye & Associates	Pune	2019-20	738/2020
4	M/s. S Krishnamurthy & Co.	Chennai	2018-19	739/2020
5	M/s. Suresh Gupta & Associates	Delhi	2018-19	740/2020
6	M/s. Adesh Tandon & Associates	Kanpur	2018-19	741/2020
7	M/s. B. Chitra & Co.	Chennai	2018-19	742/2020
8	M/s. D. K. Jain & Co.	Indore	2018-19	743/2020
9	M/s. LB & Co.	Chennai	2018-19	744/2020
10	Mr. Nilesh Shah	Mumbai	2018-19	745/2020
11	Mr. Nitesh Parasmal Shah	Ahmedabad	2019-20	746/2020
12	M/s. Neelam Gupta & Associates	New Delhi	2018-19	747/2020
13	M/s. NPV & Co.	New Delhi	2018-19	748/2020
14	M/s. R. Mahalingam & Associates	Coimbatore	2018-19	749/2020
15	M/s. Ritesh Gupta and Company	Indore	2018-19	750/2020
16	M/s. VCSR & Associates	Hyderabad	2018-19	751/2020
17	Mr. G V Srinivasamurthy	Bengaluru	2018-19	752/2020
18	M/s. JMC & Associates	New Delhi	2019-20	753/2020
19	M/s. Chandrasekaran Associates	New Delhi	2019-20	754/2020
20	Mr. Pratik M. Shah	Mumbai	2018-19	755/2020
21	M/s. Ravi Kapoor & Associates	Ahmedabad	2018-19	756/2020
22	M/s. MZ & Associates	New Delhi	2018-19	757/2020
23	M/s. DM & Associates Company Secretaries LLP	Mumbai	2018-19	758/2020
24	M/s. Jayant Gupta & Associates	Ghaziabad	2018-19	759/2020

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MISCELLANEOUS CORNER



- GST CORNER
- ETHICS IN PROFESSION
- START UP INDIA
- CORPORATE GOVERNANCE CORNER

NOTIFICATION NO. 38/2020- CENTRAL TAX DATED 5TH MAY, 2020

In exercise of the powers conferred by section 164 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, on the recommendations of the Council, hereby makes the following rules further to amend the Central Goods and Services Tax Rules, 2017, namely: -

1. (1) These rules may be called the Central Goods and Services Tax (Fifth Amendment) Rules, 2020.
- (2) Save as otherwise provided, they shall come into force on the date of their publication in the Official Gazette.
2. In the Central Goods and Services Tax Rules, 2017 (hereinafter referred to as the said rules), with effect from the 21st April, 2020, in rule 26 in sub-rule (1), after the proviso, following proviso shall be inserted, namely:

“Provided further that a registered person registered under the provisions of the Companies Act, 2013 (18 of 2013) shall, during the period from the 21st day of April, 2020 to the 30th day of June, 2020, also be allowed to furnish the return under section 39 in **FORM GSTR-3B** verified through electronic verification code (EVC).”.

3. In the said rules, after rule 67, with effect from a date to be notified later, the following rule shall be inserted, namely: -

“67A. Manner of furnishing of return by short messaging service facility.- Notwithstanding anything contained in this Chapter, for a registered person who is required to furnish a Nil return under section 39 in **FORM GSTR-3B** for a tax period, any reference to electronic furnishing shall include furnishing of the said return through a short messaging service using the registered mobile number and the said return shall be verified by a registered mobile number based One Time Password facility.

Explanation. - For the purpose of this rule, a Nil return shall mean a return under section 39 for a tax period that has nil or no entry in all the Tables in **FORM GSTR-3B**.”.

NOTIFICATION NO. 39/2020 – CENTRAL TAX DATED 5TH MAY, 2020

In exercise of the powers conferred by section 148 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Government, on the recommendations of the Council, hereby makes the following amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 11/2020- Central Tax, dated the 21st March, 2020, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 194(E), dated the 21st March, 2020, namely:-

In the said notification

- (i) in the first paragraph, the following proviso shall be inserted, namely: -

“Provided that the said class of persons shall not include those corporate debtors who have furnished the statements under section 37 and the returns under section 39 of the said Act for all the tax periods prior to the appointment of IRP/RP.”;

- (ii) for the paragraph 2, with effect from the 21st March, 2020, the following paragraph shall be substituted, namely: -

“2. Registration.- The said class of persons shall, with effect from the date of appointment of IRP / RP, be treated as a distinct person of the corporate debtor, and shall be liable to take a new registration (hereinafter referred to as the new registration) in each of the States or Union territories where the corporate debtor was registered earlier, within thirty days of the appointment of the IRP/RP or by 30th June, 2020, whichever is later.”.

NOTIFICATION NO. 40/2020 – CENTRAL TAX DATED 5TH MAY, 2020

In exercise of the powers conferred by section 168A of the Central Goods and Services Tax Act, 2017 (12 of 2017) (hereafter in this notification referred to as the said Act), read with section 20 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017), and section 21 of Union Territory Goods and Services Tax Act, 2017 (14 of 2017), the Central Government, on the recommendations of the Council, hereby makes the following amendment in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 35/2020- Central Tax, dated the 3rd April, 2020, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 235(E), dated the 3rd April, 2020, namely:-

In the said notification, in the first paragraph, in clause (ii), the following proviso shall be inserted, namely: -

“Provided that where an e-way bill has been generated under rule 138 of the Central Goods and Services Tax Rules, 2017 on or before the 24th day of March, 2020 and its period of validity expires during the period 20th day of March, 2020 to the 15th day of April, 2020, the validity period of such e-way bill shall be deemed to have been extended till the 31st day of May, 2020.”.

NOTIFICATION NO. 41/2020 – CENTRAL TAX DATED 5TH MAY, 2020

In exercise of the powers conferred by sub-section (1) of section 44 of the Central Goods and Services Tax Act, 2017 (12 of 2017) (hereafter in this notification referred to as the said Act), read with rule 80 of the Central Goods and Services Tax Rules, 2017 (hereafter in this notification referred to as the said rules), and in supersession of notification No. 15/2020-Central Tax, dated the 23rd March, 2020, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 198(E), dated the 23rd March, 2020, except as respects things done or omitted to be done before such supersession, the Commissioner, on the recommendations of the Council, hereby extends the time limit for furnishing of the annual return specified under section 44 of the said Act read with rule 80 of the said rules, electronically through the common portal, for the financial year 2018-2019 till the 30th September, 2020.

NOTIFICATION NO. 42/2020 – CENTRAL TAX DATED 5TH MAY, 2020

In exercise of the powers conferred by section 168 of the Central Goods and Services Tax Act, 2017 (12 of 2017) read with sub-rule (5) of rule 61 of the Central Goods and Services Tax Rules, 2017, the Commissioner, on the recommendations of the Council, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 44/2019 – Central Tax, dated the 9th October, 2019, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R.767(E), dated the 9th October, 2019, namely:–

In the said notification, in the first paragraph, for the sixth proviso, the following provisos shall be substituted, namely: –

“Provided also that the return in **FORM GSTR-3B** of the said rules for the months of November, 2019 to February, 2020 for registered persons whose principal place of business is in the Union territory of Jammu and Kashmir, shall be furnished electronically through the common portal, on or before the 24th March, 2020:

Provided also that the return in **FORM GSTR-3B** of the said rules for the months of November, 2019 to December, 2019 for registered persons whose principal place of business is in the Union territory of Ladakh, shall be furnished electronically through the common portal, on or before the 24th March, 2020:

Provided also that the return in **FORM GSTR-3B** of the said rules for the months of January, 2020 to March, 2020 for registered persons whose principal place of business is in the Union territory of Ladakh, shall be furnished electronically through the common portal, on or before the 20th May, 2020.”.

2. This notification shall be deemed to come into force with effect from the 24th Day of March, 2020

NOTIFICATION NO. 43/2020 – CENTRAL TAX DATED 16TH MAY, 2020

In exercise of the powers conferred by sub-section (2) of section 1 of the Finance Act, 2020 (12 of 2020) (hereafter in this notification referred to as the said Act), the Central Government hereby appoints the 18th day of May, 2020, as the date on which the provisions of section 128 of the said Act, shall come into force.

CIRCULARS

CIRCULAR NO. 138/08/2020 – GST DATED 6TH MAY, 2020

Clarification in respect of certain challenges faced by the registered persons in implementation of provisions of GST Laws-reg.

Circular No.136/06/2020-GST, dated 03.04.2020 and Circular No.137/07/2020-GST, dated 13.04.2020 had been issued to clarify doubts regarding relief measures taken by the Government for facilitating taxpayers in meeting the compliance requirements under various provisions of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as the

“CGST Act”) on account of the measures taken to prevent the spread of Novel Corona Virus (COVID-19). Post issuance of the said clarifications, certain challenges being faced by taxpayers in adhering to the compliance requirements under various other provisions of the CGST Act were brought to the notice of the Board, and need to be clarified.

2. The issues raised have been examined and in order to ensure uniformity in the implementation of the provisions of the law across the field formations, the Board, in exercise of its powers conferred under section 168(1) of the CGST Act hereby clarifies as under:

S.No.	Issue	Clarification
Issues related to Insolvency and Bankruptcy Code, 2016		
1	Notification No. 11/2020 – Central Tax dated 21.03.2020, issued under section 148 of the CGST Act provided that an IRP / CIRP is required to take a separate registration within 30 days of the issuance of the notification. It has been represented that the IRP/RP are facing difficulty in obtaining registrations during the period of the lockdown and have requested to increase the time for obtaining registration from the present 30 days limit.	Vide notification No. 39/2020- Central Tax, dated 05.05.2020, the time limit required for obtaining registration by the IRP/RP in terms of special procedure prescribed vide notification No. 11/2020 – Central Tax dated 21.03.2020 has been extended. Accordingly, IRP/RP shall now be required to obtain registration within thirty days of the appointment of the IRP/ RP or by 30th June, 2020, whichever is later.
2	The notification No. 11/2020– Central Tax dated 21.03.2020 specifies that the IRP/ RP, in respect of a corporate debtor, has to take a new registration with effect from the date of appointment. Clarification has been sought whether IRP would	i. The notification No. 11/2020– Central Tax dated 21.03.2020 was issued to devise a special procedure to overcome the requirement of sequential filing of FORM GSTR-3B under GST and to align it with the provisions of the IBC Act, 2016. The said notification has been amended vide notification No. 39/2020 - Central Tax, dated 05.05.2020 so as to specifically provide that corporate debtors who have not

	<p>be required to take a fresh registration even when they are complying with all the provisions of the GST Law under the registration of Corporate Debtor (earlier GSTIN) i.e. all the GSTR-3Bs have been filed by the Corporate debtor / IRP prior to the period of appointment of IRPs and they have not been defaulted in return filing.</p>	<p>defaulted in furnishing the return under GST would not be required to obtain a separate registration with effect from the date of appointment of IRP/RP.</p> <p>ii. Accordingly, it is clarified that IRP/RP would <u>not be required to take a fresh registration</u> in those cases where statements in FORM GSTR-1 under section 37 and returns in FORM GSTR-3B under section 39 of the CGST Act, for all the tax periods prior to the appointment of IRP/RP, have been furnished under the registration of Corporate Debtor (earlier GSTIN).</p>
3	<p>Another doubt has been raised that the present notification has used the terms IRP and RP interchangeably, and in cases where an appointed IRP is not ratified and a separate RP is appointed, whether the same new GSTIN shall be transferred from the IRP to RP, or both will need to take fresh registration.</p>	<p>i. In cases where the RP is not the same as IRP, or in cases where a different IRP/RP is appointed midway during the insolvency process, the change in the GST system may be carried out by <u>an amendment in the registration form</u>. Changing the authorized signatory is a non-core amendment and does not require approval of tax officer. However, if the previous authorized signatory does not share the credentials with his successor, then the newly appointed person can get his details added through the Jurisdictional authority as Primary authorized signatory.</p> <p>ii. The new registration by IRP/RP shall be required only once, and in case of any change in IRP/RP after initial appointment under IBC, it would be deemed to be change of authorized signatory and it would not be considered as a distinct person on every such change after initial appointment. Accordingly, it is clarified that such a change would need only change of authorized signatory which can be done by the authorized signatory of the Company who can add IRP /RP as new authorized signatory or failing that it can be added by the concerned jurisdictional officer on request by IRP/RP.</p>

Other COVID-19 related representations

4	<p>As per notification no. 40/2017- Central Tax (Rate) dated 23.10.2017, a registered supplier is allowed to supply the goods to a registered recipient (merchant exporter) at 0.1% provided, inter-alia, that the merchant exporter exports the goods within a period of ninety days from the date of issue of a tax invoice by the registered supplier. Request has been made to clarify the provision vis-à-vis the exemption provided vide notification no. 35/2020-Central Tax dated 03.04.2020.</p>	<p>i. Vide notification No. 35/2020-Central Tax dated 03.04.2020, time limit for compliance of any action by any person which falls during the period from 20.03.2020 to 29.06.2020 has been extended up to 30.06.2020, where completion or compliance of such action has not been made within such time.</p> <p>ii. Notification no. 40/2017-Central Tax (Rate) dated 23.10.2017 was issued under powers conferred by section 11 of the CGST Act, 2017. The exemption provided in notification No. 35/2020-Central Tax dated 03.04.2020 is applicable for section 11 as well.</p> <p>iii. Accordingly, it is clarified that the said requirement of exporting the goods by the merchant exporter within 90 days from the date of issue of tax invoice by the registered supplier gets extended to 30th June, 2020, provided the completion of such 90 days period falls within 20.03.2020 to 29.06.2020.</p>
5	<p>Sub-rule (3) of that rule 45 of CGST Rules requires furnishing of FORM GST ITC-04 in respect of goods dispatched to a job worker or received from a job worker during a quarter on or before the 25th day of the month succeeding that quarter. Accordingly, the due date of filing of FORM GST ITC-04 for the quarter ending March, 2020 falls on 25.04.2020. Clarification has been sought as to whether the extension of time limit as provided in terms of notification No. 35/2020-Central Tax dated 03.04.2020 also covers furnishing of FORM GST ITC-04 for quarter ending March, 2020.</p>	<p>Time limit for compliance of any action by any person which falls during the period from 20.03.2020 to 29.06.2020 has been extended up to 30.06.2020 where completion or compliance of such action has not been made within such time. Accordingly, it is clarified that the due date of furnishing of FORM GST ITC-04 for the quarter ending March, 2020 stands extended up to 30.06.2020.</p>

PROFESSIONAL AND OTHER MISCONDUCT IN RELATION TO PART II AND PART III OF SECOND SCHEDULE TO THE COMPANY SECRETARIES ACT, 1980, APPLICABLE TO ALL MEMBERS GENERALLY WHETHER IN PRACTICE OR NOT



“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 subsection (1) of section 21 to inquire into the conduct of any member of the Institute under any other circumstances.

First and Second Schedule

First and Second Schedule to the Act contains professional and other misconduct in relation to Company Secretaries. First Schedule is divided into four parts and Second Schedule is divided into three parts.

Part II of Second Schedule contains 4 items on Professional Misconduct in relation to members of the Institute generally and Part III of the Second Schedule contains provision of Other Misconduct in relation to members of the Institute generally, which are reproduced herein below and explained in brief: -

➤ Part II of the Second Schedule to the Act in relation to members of the Institute generally-

A member of the Institute whether in practice or not, shall be deemed to be guilty of professional misconduct, if he —

- (1) **contravenes any of the provisions of this Act or the regulations made there under or any guidelines issued by the Council;**

A member of the Institute, whether he is in practice or not, is expected to abide by all the provisions of the Company Secretaries Act, 1980; the Company Secretaries Regulations, 1982 and Guidelines issued by the Council

Chapter V of the Company Secretaries Act, 1980 deals with the provisions of Misconduct. The procedures to deal with the Misconduct cases are specified under the Company Secretaries (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.

Professional and Other Misconduct

The expression “professional and other misconduct” is defined under Section 22 of the Company Secretaries Act, 1980 (‘the Act’).

Pursuant to Section 22 of the Act, the expression

from time to time. In case he breaches any of them, he shall be deemed to be guilty of professional misconduct under this item (1) of Part II of the Second Schedule.

It is necessary for all the members to go through the provisions of the Company Secretaries Act, 1980 and the Regulations made there under and make themselves fully acquainted with the guidelines issued by the Council from time to time and to follow them in true letter and spirit.

- (2) **being an employee of any company, firm or person, discloses confidential information acquired in the course of his employment, except as and when required by any law for the time being in force or except as permitted by the employer;”**

A member of the Institute who is in employment with any company, firm or person, is required to maintain the relationship of trust and confidence with his employer.

Such a member is required to keep secret all the confidential information, which he has acquired in the course of his employment and not to disclose the same to others, under any circumstances, directly or indirectly. If any such member of the Institute, whether in practice or not, discloses such information, he shall be guilty of professional misconduct.

Such confidential information may be a technical secret, important policy decision, business strategy, discussions, documents and data or any other matter having bearing on the interest of the employer and if disclosed, it might be harmful or may have potential to cause harm to the employer. Thus the confidential information, should be dealt with utmost care and should not be shared or passed on to undesirable persons / outsiders under any circumstances, directly or indirectly.

- (3) **includes in any information, statement, return or form to be submitted to the Institute, Council or any of its Committees, Director (Discipline), Board of Discipline, Disciplinary Committee, Quality Review Board or the Appellate Authority any particulars knowing them to be false;**

A member of the Institute whether in practice or not, has to furnish correct particulars in any information, statement, return or form, which he submits to the Institute, Council or any of its Committees, Director (Discipline), Disciplinary Committee, Board of Discipline, Quality Review Board or the Appellate Authority.

In case a member of the Institute, whether in practice or not, submitted any information, statement, return or form to the Institute, Council or any of its Committees, Director (Discipline), Disciplinary Committee, Board of Discipline, Quality Review Board or the Appellate Authority, includes therein any particulars knowing them to be false, the Member shall be deemed to be

guilty of professional misconduct under item (3) of the Part II of the Second Schedule to the Act.

The purpose of this item is to ensure that a member submits accurate particulars as are required to be furnished by him to the Council or any of its Committees.

Where for instance, while submitting the application for the issue /restoration of certificate of practice under Regulation 10(1) of the Regulations, a member does not disclose that he is engaged in any business / occupation other than the profession of company secretaries when in fact the Member was so engaged, this clause would be attracted.

- (4) **defalcates or embezzles moneys received in his professional capacity.**

This item covers defalcation or embezzlement of moneys received by a member of the Institute in his professional capacity, whether in practice or not. Misappropriation of funds received in his professional capacity by a member of the Institute, would amount to misconduct under this clause.

If a member of the Institute, whether in practice or not, defalcates or embezzles moneys received by him in his professional capacity, he shall be deemed to be guilty of professional misconduct under item (4) of the Part II of the Second Schedule to the Act.

- **Part III of the Second Schedule to the Act in relation to Other misconduct of members of the Institute in general**

A member of the Institute, whether in practice or not, shall be deemed to be guilty of other misconduct, if he is held guilty by any civil or criminal court for an offence which is punishable with imprisonment for a term exceeding six months.

In case a member of the Institute, whether in practice or not, is held guilty by any civil or criminal court for an offence which is punishable with imprisonment for a term exceeding six months, he shall be deemed to be guilty of other misconduct.

CASE STUDY- 1

- The Institute has received an Information that the Respondent Mr. F has violated Regulation 3 of the Company Secretaries Regulations, 1982 as he has not informed about the change of his professional address to the Institute just to continue the position of Management Committee member of a Chapter and office bearer position therein illegally. Further, Mr. F has also circumvented Regulation 3 of the Company Secretaries Regulations, 1982 as he has changed his professional address on the website of Institute as his residential address, to be Member of Chapter whereas in fact he is working and attending office in another city and the registered office of the Company is in some other city.

- The Disciplinary Committee held Mr. F guilty of professional misconduct under item (1) and Item (3) of Part II of Second Schedule to the Company Secretaries Act, 1980, as Mr. F has contravened the provisions of the Regulation 3 of the Company Secretaries Regulation, 1982 by not communicating change of his professional address to the Institute within one month of such change and has also submitted his wrong address to the Institute.
- The Disciplinary Committee after giving an opportunity of being heard to Mr. F passed an Order of “REPRIMAND” against him and also advised Mr. F to be more meticulous in future to prevent reoccurrence of such mistake.

CASE STUDY- 2


- Information was received against the Respondent Ms. B. The Informant alleged that Ms. B was appointed as a Manager in M/s XYZ Ltd. in 2015. She holds Certificate of Practice while employed with an entity, and also joined “M/s PQR LLP” as Designated Partner since, 2016.
- The Disciplinary Committee in totality of the facts and circumstances of the case and plea of Ms. B of being guilty, held Ms. B guilty of professional misconduct under Item (1) of Part II of the Second Schedule to the Act as Ms. B holds Certificate of Practice as well as joined “M/s PQR LLP” as a Designated Partner, while in employment with the Company. Ms. B has thus violated Regulation 168 of the Company Secretaries Regulations, 1982 and Resolution dated 12th May, 1991 passed by the Council of the ICSI prohibiting its members holding the Certificate of Practice to accept employment, as she holds Certificate of Practice along with her employment. The Disciplinary Committee after

giving an opportunity of being heard to Ms. B passed an Order of “REPRIMAND” against Ms. B.

CASE STUDY- 3

- A Complaint was received against the Respondent Mr. Q inter-alia alleging that Mr. Q was wrongfully holding Certificate of Practice of the ICSI while simultaneously being enrolled as Advocate on the Rolls of Bar Council of a State in violation of Regulation 168 of the Company Secretaries Regulations, 1982 and Mr. Q has furnished false declaration to the Institute in Form D for obtaining the Certificate of Practice (COP) of the Institute by suppressing the material fact of his having been enrolled as an Advocate on the Rolls of any Bar Council, and wrongfully obtaining COP on the basis of false declaration.
- The Disciplinary Committee in totality of the facts and circumstances of the case and the arguments adduced before it by both the parties, held that Mr. Q is guilty of professional misconduct under Item (1) and Item (3) of Part-II of the Second Schedule to the Company Secretaries Act, 1980 for making false declaration in his application in Form ‘D’ for obtaining the Certificate of Practice (COP) of the Institute and violation of the Regulation 168 of the Company Secretaries Regulations, 1982. The Disciplinary Committee after giving an opportunity of being heard to Mr. Q passed an Order of “REPRIMAND” against the Respondent.

CASE STUDY- 4

- A Complaint was received against the Respondent Mr. X alleging the Respondent guilty of professional misconduct under Item (8) of Part I of the First Schedule of the Company Secretaries Act, 1980, as he had accepted a position as a Company Secretary in practice without first communicating to the person holding the position of Company Secretary in practice.
- The Complainant in support of allegation produced a letter received by him under RTI Act from the Postal Department inter-alia stating that the intimation sent by Mr. X to Mr. Y had not been dispatched.
- The Disciplinary Committee having regard to all the facts and circumstances of the case, held the Respondent guilty of professional misconduct under Item (8) of Part I of the First Schedule to the Company Secretaries Act, 1980 as he has accepted a position as a Company Secretary in practice previously held by the complainant without first communicating with him and Mr. X is also “Guilty” of professional misconduct under Item (3) of Part II of the Second Schedule of the Company Secretaries Act, 1980 for submitting the forged and fabricated postal receipt as proof of dispatch. The Disciplinary Committee after giving an opportunity of being heard to Mr. X passed an Order of “REPRIMAND and FINE of ₹ 25,000 (Rupees Twenty Five Thousand only)” against Mr. X. 



Decoding the INR 20 lakh crores economic package for MSMEs and Startups



On May 12, 2020, Prime Minister announced a major economic stimulus package for the Indian economy, struggling with the impact of the COVID-19 pandemic and a clarion call was given for Atmanirbhar Bharat. The package of INR 20 lakh crore (\$ 265 Bn), taken together with earlier announcements by the Government of India (GoI/ Government) during COVID crisis and decisions taken by RBI, was announced which is equivalent to almost 10% of India's GDP. This mega economic booster package is the second largest in Asia after Japan. The package announced focuses on land, labour, liquidity and laws. It will cater to various sections including cottage industry, MSMEs, labourers, middle class, industries, among others. The measures of the economic package were announced in 5 (five) tranches from May 13, 2020 to May 17, 2020. Key takeaways from the Finance Minister's announcements for Micro, Small and Medium Enterprises (MSMEs) and Startups in various sectors are:

I. MSMEs and/or Startups

- **Emergency Working Capital Facility for Businesses:** Additional working capital finance of 20% of the outstanding credit as on 29 February 2020, in the form of a Term Loan at a concessional rate of interest will be provided to units with up to INR 25 crore outstanding and turnover of up to INR 100 crore whose accounts are standard.
- **Subordinate Debt for Stressed MSMEs:** Government has made a provision for INR 20,000 crore subordinate debt for 2,00,00 (two lakh) MSMEs which are NPA or are stressed by way of Credit Guarantee Trust for Micro and Small enterprises.
- **Equity infusion through MSME Fund of Funds:** Government will set up a Fund of Funds with a corpus of INR 10,000 crore that will provide equity funding support for MSMEs.

- **New definition of MSME:** The definition of MSMEs will be revised upwards based on their investment limits and introduction of turnover criteria. The distinction between manufacturing and service sector will also be eliminated.
- **e-market linkage** for MSMEs will be promoted to act as a replacement for trade fairs and exhibitions.
- **Rapid clearance of dues of MSMEs by Government and Central Public Sector Undertakings** in the next 45 days.
- **Global tendering disallowed for government procurement up to INR 200 crore.** General Financial Rules (GFR) of the Government has been amended on May 15, 2020 to disallow global tender enquiries in procurement of Goods and Services of value of less than INR 200 crores¹
- **2% Interest Subvention for 12 months for Shishu MUDRA loanees:** Government will provide interest subvention of 2% for prompt payees for a period of 12 months to MUDRA Shishu loanees, who have loans below INR 50,000.
- **Scheme for formalisation of Micro Food Processing Enterprises (FME):** Cabinet has given its approval to a new Centrally Sponsored Scheme for FME for the unorganized sector on all India basis with an outlay of INR 10,000 crore.²
- **Further enhancement of Ease of Doing Business through Insolvency and Bankruptcy Code (IBC) related measures:** Minimum threshold to initiate insolvency proceedings has been raised to Rs. 1 crore (from Rs. 1 lakh, which largely insulates MSMEs).

¹ <https://doe.gov.in/sites/default/files/Amendment%20in%20General%20Financial%20Rules%202017%20-%20Global%20Tender%20Enquiry.pdf>

² <https://pib.gov.in/PressReleasePage.aspx?PRID=1625320>

Special insolvency resolution framework for MSMEs under Section 240A of the IBC will be notified soon.. Suspension of fresh initiation of insolvency proceedings up to one year, depending upon the pandemic situation. Empowering Central Government to exclude COVID 19 related debt from the definition of “default” under the Code for the purpose of triggering insolvency proceedings.

- Lower penalties for all defaults for Small Companies, One-person Companies, Producer Companies & Start Ups.

II. Employee Provident Funds (EPFs):

- **EPF contribution from government extended for 3 months:** This support will be extended by another 3 (three) months to salary months of June, July and August 2020.
- **EPF contribution reduced for business and workers for 3 months:** Statutory PF contribution of both employer and employee reduced to 10% each from existing 12% each for all establishments covered by EPFO for next 3 months.³

III. Tax reforms:

- **Reduction in Rates of Tax Deduction at Source (TDS) and Tax Collected at Source (TCS):** The TDS rates

for all non-salaried payment to residents, and TCS rate has been reduced by 25% of the specified rates for the remaining period of FY 20-21.⁴

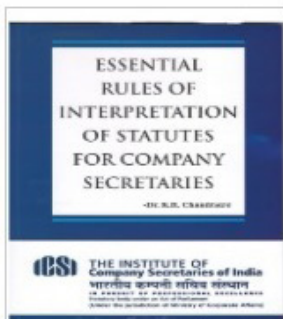
- **All pending refunds to charitable trusts and non-corporate businesses** and professions including proprietorship, partnership, LLP and cooperatives will be issued immediately: Central Board of Direct Taxes (CBDT) has issued tax refunds worth Rs. 26,242 crore to 16,84,298 assesseees since 1st April, 2020 to 21st May, 2020.⁵
- **The due date of all income tax return for FY 2019-2020 extended** from 31st July, 2020 and 31st October, 2020.
- **Date of assessments getting barred as on 30th September 2020 extended** to 31 December, 2020 and those getting barred on 31st March 2021 will be extended to 30th September, 2021.
- The period of ‘Vivad se Vishwas’ scheme for making payment without additional amounts will be extended to 31st December, 2020.

³ https://www.epfindia.gov.in/site_docs/PDFs/Circulars/Y20202021/FAQ_Reduced_rate_of_contribution_20052020.pdf

⁴ <https://www.incometaxindia.gov.in/Lists/Press%20Releases/Attachments/834/Press-Release-Reduction-in-TDS-TCS-Rates-dated-14-05-2020.pdf>

⁵ https://www.incometaxindia.gov.in/Lists/Press%20Releases/Attachments/835/PressRelease_Refunds_amounting_26242cr_issued_22_5_20.pdf

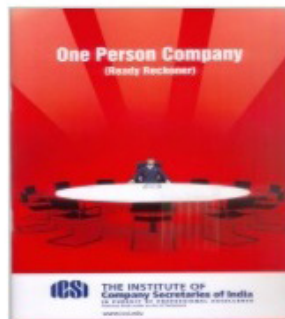
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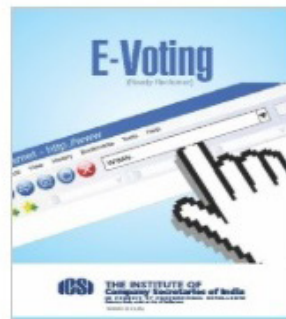
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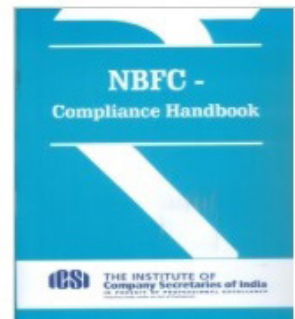
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Guidance for companies on Corporate Governance and Reporting issued by Financial Reporting Council (FRC) (COVID 19 RESPONSE)

Financial Reporting Council (FRC) UK has taken issued a number of guidance for companies, auditors, investors etc. The guidance for companies on Corporate Governance and Reporting (Including Interim Reports) highlights the new working practices if the usual forms of management and control are disrupted. It addresses the difficulties companies currently face in making forward-looking judgements in their financial statements: for example, in strategic reports and viability statements, with a focus on appropriate disclosure of material uncertainties and going concern issues.

Key messages to boards on corporate governance are to:

- develop and implement mitigating actions and processes to ensure that you continue to operate an effective control environment, addressing key reporting and other controls on which you have placed reliance historically but which may not prove effective in the current circumstances;
- consider how you will secure reliable and relevant information, on a continuing basis, in order to manage the future operations, including the flow of financial information from significant subsidiary, joint venture and associate entities; and
- pay attention to capital maintenance, ensuring that sufficient reserves are available when the dividend is paid, not just proposed; and sufficient resources remain to continue to meet the company's needs.

The guidance covers:

- The need for narrative reporting to provide forward-looking information that is specific to the entity and which provides insights into the board's assessment of business viability and the methods and assumptions underlying that assessment;
- Going concern and any associated material uncertainties, the basis of any significant judgements and the matters to consider when confirming the preparation of the financial statements on a going concern basis;
- The increased importance of providing information on significant judgements applied in the preparation of the financial statements, sources of estimation uncertainty and other assumptions made; and
- Judgement required in determining the appropriate reporting response to events after the reporting date and the extent to which qualitative or quantitative disclosures may be appropriate.

The guidance covers advisory on matters including the following:

- The usual flows of management information through a group or company or from associates and joint ventures may have been disrupted. Boards must consider how they

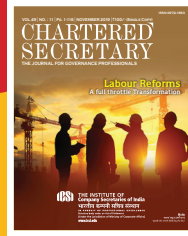
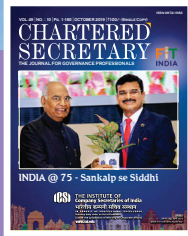


can maintain and/or complement this missing information as they plan their route through the current emergency towards reactivation of their full business activities. This flow of information will also be important for preparing the published financial statements.

- Relocation of staff and the inaccessibility of some business locations may lead to risk management processes and internal controls becoming unworkable or otherwise relaxed. Such changes may be unavoidable or considered necessary in the short-term to maintain some level of operations. Boards should monitor such changes carefully, introducing alternative mitigating controls where necessary and practicable to support the operation of an effective control environment.
- Investors have highlighted that their key information needs relate to the liquidity, viability and solvency of companies. Boards cannot predict the extent and duration of the COVID-19 pandemic nor its consequences for the global economy. It is however reasonable for investors to expect companies to be able to articulate their expectations of the possible impacts on their specific business in different scenarios.
- Boards are required to have a “reasonable expectation” of the company's viability over the period of assessment – during the current emergency and unprecedented pace of change, any reasonable level of expectation would naturally carry a much lower level of confidence; Being clear on the company's specific circumstances and the degree of uncertainty about the future is important information; and When presenting a company's viability statement, its board should draw attention to any qualifications or assumptions as necessary.
- When identifying events or scenarios(material uncertainties) , boards may take account of realistically possible mitigating responses open to them. Events could lead to corporate failure because of the scale of their adverse impact on the company and its ability to avoid liquidation or because of their timing.The full text of guidance is available at [https://www.frc.org.uk/about-the-frc/covid-19/company-guidance-updated-20may-2020-\(covid-19\)](https://www.frc.org.uk/about-the-frc/covid-19/company-guidance-updated-20may-2020-(covid-19))

CHARTERED SECRETARY

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- ♦ The Institute reserves the right not to accept order for any particular advertisement.
- ♦ The Journal is published in the 1st week of every month and the advertisement material should be sent in the form of typed manuscript or art pull or open file CD before 20th of any month for inclusion in the next month's issue.

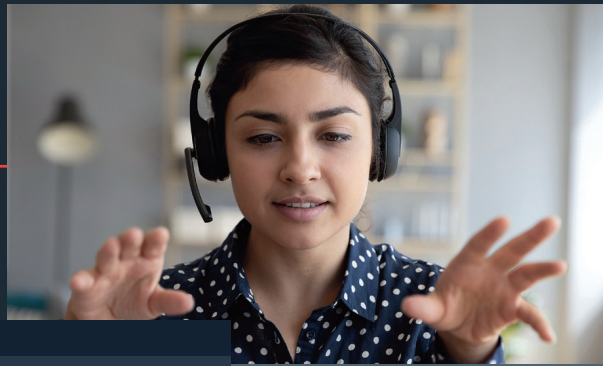
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