

While it is time for a comprehensive review of whistleblower policies, India needs a centralized repository for lodging corporate whistle-blower complaints. Discuss.

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Whistleblowing is an act of disclosing information by an employee or stakeholder about an illegal or unethical practices, conduct within an organisation. It has been used as a gateway for exposing corrupt practices since the era of corporates. Spate of whistleblower complaints against India's top IT firms since 2018 has put to question the legal forces guarding insiders calling out corporate frauds.

WHISTLE BLOWERS POLICY AND REVIEW

- Law commissions 2001 recommendation gave PIDPIR Act under CVC.
- This was improved in 2011 with whistleblowers Act 2014.
- This law mandated SEBI and Companies Act 2013 to set internal mechanism for whistle blow protection.

Major loopholes have seen only miniscule complaints and resolution.

Need for Review

1) Demoralizes companies practices:-

Complaints against IT major Infosys saw its stocks plummeting on exposure of evidence based malpractices.

2) Affects ease of Doing Business:-

Unethical practices cause negative investor psyche. It paints a poor corporate governance practice.

3) Fear of exposure:-

Anonymous complaints are neglected under the Act. This has often lead to delayed ~~exp~~ exposure. Eg:- PMC bank problems, ICICI issue.

4) Ineffective complaints committee:-

Companies Act mandate Internal Committee which has not been set up in major firms. The law remains unclear when top management is charged in complaints, given the complaint committee acts under their purview.

Thus, the non-transparency in working of corporate governance necessitates need for a centralized reporting for investigating into complaints. (2)

Need for a Centralized reporting Complaints

- 1) Wipro and TCS majors have been listed as companies with highest whistleblower complaints in 2018.
- 2) Yet, the rate of resolution has remained quite under corporate sector.
- 3) Since, most of the allegations involve tweaking of audit reports for companies reputation, the complaints are resolved using hush payments.
- 4) At the most, resignation of CEO's have been followed, when insider trading activities have been reported.
Example: Resignation of Infosys CEO on alleged Insider trading deals for buying Israeli IT firm Paragon.
- 5) Predisposition of Complaint Committee has often ruined the whistleblowers from institutions.

Autonomous Complaint Committee for Corporates under SEBI within tenets of legislation is need of the hour. At a time of economic slowdown, demonetizing act affects investment. Thus, India needs to plug loopholes, strengthen whistleblower protection, to safeguard its status of "paragons of corporate governance".