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WHISTLEBLOWER PROTECTION IN INDIAN CORPORATES: LEGAL GAPS AND THE WAY FORWARD

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ABSTRACT

Whistleblowers play a critical role in maintaining upright standards, exposing corporate wrongdoing. Their disclosures often prevent large-scale financial fraud, protect public interest, and enhance investor trust. In India, despite legal provisions such as the Whistle Blowers Protection Act, 2014, Section 177 of the Companies Act, 2013, and SEBI's LODR Regulations, whistleblower protection remains fragmented and inconsistently implemented notably in the private sector. The study evaluates the effectiveness of India's current whistleblower protection mechanisms through legal analysis and data insights. Survey data reveals that while 72% of Indian corporate employees are aware of internal whistleblower policies, only 39% trust these mechanisms enough to report serious misconduct. Furthermore, 67% of professionals cite concern over retribution as the principal reason for not disclosing unethical practices, and 31% personally know individuals who have suffered adverse consequences for whistleblowing. The effectiveness of regulatory action is also limited. In 2021–22, SEBI received 282 whistleblower complaints, but outcomes and enforcement remain inconsistent. Notably, only 18% of whistleblowers surveyed believed that their disclosure led to any concrete remedial action. High-profile cases including Satyam Computers, PNB, Infosys further highlight how internal reporting is often disregarded or suppressed, allowing fraud to escalate unchecked. Through the analysis of legal gaps, case studies, and global comparisons, this research underscores the urgent need for a comprehensive and enforceable whistleblower protection framework in India. It advocates for mandatory anonymous reporting mechanisms, independent oversight, penalties for retaliation, and a cultural shift within corporates toward transparency and ethics. Protecting whistleblowers is not just a legal necessity it is vital to building trust, safeguarding governance, and upholding corporate integrity in a rapidly growing economy.¹

¹ OECD, Whistleblower Protection: Encouraging Reporting (2016).
EY Global Integrity Report 2022 (India chapter: 72% aware, 39% trust policies). Transparency International, Corruption Perceptions Index 2023.

INTRODUCTION

When exposing a crime is treated as committing a crime, you are ruled by criminals.”

- Edward Snowden

In modern corporate world, where power, profit, and prestige often overshadow principles, speaking the truth is an act of defiance and sometimes, of survival. Whistleblowers are individuals who choose integrity over silence. They expose internal wrongdoings, fraud, corruption, unethical behaviour, or regulatory violations, often at great personal and professional cost. In doing so, they act not only in the interest of justice but also as safeguards for organizational accountability and national economic integrity. In India, however, the space for whistleblowers especially in the corporate sector is fragile and fraught with danger. While the need for transparency has never been greater, the laws and protections for those who risk everything to reveal the truth remain weak, fragmented, and inconsistently enforced. Corporate whistleblowers have frequently faced retaliation in the form of termination, harassment, legal threats, even character assassination, absence of a strong, uniform legal framework discourages potential whistleblowers and allows corporate misconduct to fester unchecked.

Scandals such as the Satyam fraud, ICICI Bank conflict of, interest case, Infosys accounting allegations, PNB Nirav Modi scam demonstrate how whistleblowers have played a vital role in unveiling large-scale malpractices. Yet, these cases also reflect how slow, dismissive, or even hostile internal systems can be toward those who raise ethical concerns. This disconnect between legal expectation and institutional reality creates a climate of fear rather than one of responsible disclosure.

While statutes like the Whistle Blowers Protection Act, 2014, Section 177 of the Companies Act, 2013, and SEBI LODR Regulations lay some groundwork, their limited scope, procedural complexity, and weak enforcement significantly reduce their effectiveness particularly in private corporations. India still lacks a comprehensive whistleblower law that covers all sectors and ensures anonymity, protection from retaliation, and fair investigation.

This project aims to critically examine the legal gaps in India's whistle-blower protection framework, analyse key real, world cases, draw lessons from global best practices (such as those in the U.S., U.K., and Australia), and propose practical reforms. At its heart lies a vital question: Can Indian corporates evolve into ethical, transparent institutions without protecting those who dare to speak the truth? In an age where corporate fraud can cost thousands of jobs,

destabilize markets, and erode public trust, safeguarding whistleblowers is not merely a legal formality it is a moral and strategic necessity. This project seeks to contribute to that mission by exploring where the law fails, how systems can be strengthened, and why corporate India must learn to protect the voice of conscience before it is silenced forever.²

ADVANTAGES AND DISADVANTAGES OF WHISTLEBLOWING

a. *Advantages of Promoting Whistleblowing*

Whistleblowing contributes meaningfully to the ethical and transparent functioning of organizations. By enabling employees to report wrongdoing, it not only discourages misconduct but also strengthens internal governance. Key advantages include:

1. Strengthens Stakeholder Confidence: A well, implemented whistleblower mechanism fosters a culture of transparency and legal compliance, enhancing organization's public image. When stakeholders perceive a company as committed to integrity, their trust deepens often resulting in sustained goodwill and stronger financial returns. Employees, who are closest to the company's operations, play a vital role in monitoring practices and identifying irregularities, thereby becoming a pillar of effective governance.

2. *Minimizes Reputational and Legal Risk:*

An internal whistleblowing mechanism allows organizations to address potential issues discreetly and promptly. Resolving complaints internally reduces the risk of external exposure, media scrutiny, regulatory penalties, and long-term reputational damage. It also enables the management to control the narrative and demonstrate accountability without escalating to public controversy.

3. *Enhances Corporate Social Responsibility (CSR):*

Whistleblowing supports CSR goals by advocating for fairness, legal compliance, and stakeholder welfare. Encouraging ethical disclosures to meet a company's commitment to sustainable responsible business practices. It cultivates a work culture where employees feel responsible for maintaining ethical standards, ultimately benefiting the organization and society at large.

² Edward Snowden, *Permanent Record* (Metropolitan Books, 2019)
Miceli, M. P., Near, J. P., & Dworkin, T. M., *Whistle-blowing in Organizations* (Routledge, 2008).
Transparency International India, *Whistleblower Protection in India: Challenges and Recommendations* (2019).

4. *Protects Stakeholder Interests:*

Employees are typically the first to detect unethical behaviour or internal fraud. By raising concerns, whistle-blowers act in defence of not only the organization but also its shareholders, customers, and regulatory ecosystem. However, the threat of retaliation often deters such disclosures. Hence, robust whistleblower policies supported by anonymity, legal safeguards, and non-retaliation clauses are essential for protecting those who speak up and ensuring that corporate interests remain aligned with legal and ethical norms.

b. *Disadvantages of Whistleblowing*

Although whistleblowing provides employees with the power to report wrongdoing within an organization, its practical implementation is riddled with significant challenges. These limitations can discourage potential whistleblowers and undermine the overall effectiveness of internal reporting mechanisms. The primary drawbacks are outlined below:

1. *Burden of Evidence:*

Even when whistleblower policies are in place, the onus remains on the whistleblower to substantiate the allegations made. This often requires access to sensitive documents or insider data, which may be difficult to collect or present credibly. If the internal management finds the evidence insufficient or unconvincing, the complaint may be disregarded eroding trust in the process and possibly damaging the credibility of the whistleblower.

2. *Risk of Retaliation:*

Retaliatory actions by employers or peers continue to be a common deterrent. Despite legal assurances of protection, in practice, whistleblowers frequently face professional setbacks such as demotion, transfer, or even forced resignation. Such retaliation is often subtle, institutional, or informal making it difficult to prove and legally challenge.

3. *Personal and Family Safety Risks:*

Beyond workplace consequences, whistleblowing can sometimes provoke personal threats. In high, stakes or politically sensitive cases, whistleblowers and their families may become targets of intimidation, harassment, or worse. The perceived betrayal of institutional loyalty can incite hostility from powerful individuals who may misuse their influence to silence dissent.

4. *Employment Consequences:*

A whistleblower's professional reputation may suffer long-term consequences. Many

employers view whistleblowers as disruptive or disloyal, regardless of the legitimacy of their concerns. This stigma can hinder future job prospects; as potential employers might perceive them as high-risk hires. The informal blacklisting of whistleblowers within industry circles is an unfortunate but prevalent reality.^{3 4}

KINDS OF WHISTLEBLOWERS IN INDIA

In the Indian context, whistleblowers play a critical role in exposing misconduct, illegal, or unethical behavior within public and private sectors. Based on nature of their disclosure, relationship with the organization, and motivations, whistleblowers can be categorized into several distinct types. Understanding these categories helps in creating more effective whistleblower protection policies and institutional frameworks.

1. *Internal Whistleblowers*

Internal whistleblowers are individuals who report wrongdoing to someone within their organization, such as a supervisor, internal compliance committee, or audit team. This is the most common form of whistleblowing and is generally preferred in companies with established internal grievance redressal mechanisms. It allows the organization an opportunity to address issues internally before external scrutiny. Example: Employees at Infosys in 2019 raised concerns about financial impropriety first through internal channels before the matter reached SEBI.

2. *External Whistleblowers*

These individuals bypass internal channels and report information directly to external authorities such as the Central Vigilance Commission (CVC), Comptroller and Auditor General (CAG), Securities and Exchange Board of India (SEBI), or even the media and civil society organizations. Whistleblowers may resort to this when internal mechanisms fail, or when they fear internal suppression or retaliation. Example: The ICICI Bank, Videocon case came to light when a whistleblower alerted SEBI about the alleged conflict of interest involving the CEO.

³ Devine, T., *The Corporate Whistleblower's Survival Guide* (2011).

Chen. L., *A Review of Research on Whistle-Blowing*, *American Journal of Industrial and Business Management*, 9, 295-305 (2019)

⁴ Miceli, M. P., Near, J. P., & Dworkin, T. M., *Whistle-blowing in Organizations* (Routledge, 2008). Vandekerckhove, W., *Whistleblowing and Organizational Social Responsibility* (Ashgate, 2006). The whistleblowers protection Act, 2014.

3. *Anonymous Whistleblowers*

Anonymous whistleblowers do not disclose their identity while reporting misconduct, usually due to fear of retaliation. While anonymity encourages people to come forward, it also poses challenges regarding the credibility and follow-up of such complaints. Indian laws like the Whistle Blowers Protection Act, 2014 currently do not favour anonymous complaints, especially in public sector matters.

4. *Altruistic Whistleblowers*

Altruistic whistleblowers are those who act purely in the public interest without seeking personal gain. Their motivation is ethical or moral, driven by the desire to uphold justice, legality, and transparency. These individuals often face the most risk, as they may not receive institutional support.

Example: Sanjiv Chaturvedi, an Indian Forest Service officer, exposed corruption in public institutions at great personal cost, including multiple transfers and career setbacks.

5. *Malicious Whistleblowers*

Unlike genuine whistleblowers, malicious whistleblowers disseminate inaccurate or misleading information with the intent to harm a person or organization. Such actions may arise from personal vendettas, internal rivalry, or external coercion. Though rare, this category is problematic as it undermines the credibility of legitimate whistleblowing.

6. *Government Whistleblowers*

Government whistleblowers are public servants or officials who expose misconduct, abuse of power, or systemic corruption in government agencies or public sector undertakings. They often face bureaucratic retaliation, transfers, or legal harassment despite the protection theoretically offered by the Whistle Blowers Protection Act.

7. *Third-party Whistleblowers*

These are individuals outside the core workforce such as consultants, contractors, or vendors who gain access to inside information and report unethical behaviours. Their external perspective is valuable, especially in fraud detection or financial misreporting. Example: External auditors raising concerns about financial irregularities in private

companies during statutory audits.⁵

STATUTORY FRAMEWORK GOVERNING WHISTLEBLOWER PROTECTION IN INDIA

1. THE COMPANIES ACT, 2013

The Companies Act, 2013, is a cornerstone legislation governing corporate behaviours in India. It recognizes the importance of internal oversight mechanisms, including whistleblower protection and vigilance frameworks. Several of its provisions are instrumental in ensuring ethical functioning within companies.

Section 177(9) and (10): Vigil Mechanism

Under these clauses, certain categories of companies are mandatorily required to establish a vigil mechanism. Specifically, the provisions apply to:

- Listed companies,
- Companies that accept deposits from the public,
- Companies that have borrowed more than 50 crores from financial institutions.

The vigil mechanism must enable directors and employees to report genuine concerns regarding unethical behaviour, fraud, or violation of the company's code of conduct. This provision ensures that whistleblowers are granted direct access to the Audit Committee.

Despite being a progressive move, the implementation of this provision has not been uniform across companies. While some have set up robust systems, others have complied only in letter and not in spirit. Moreover, there is no concrete legal mandate to ensure anonymity or protection from retaliation under this mechanism, which weakens its utility.⁶

Section 208 & Section 210 to 212: Inspection, Inquiry, and Serious Fraud Investigation Office (SFIO)

Section 208 empowers Registrar of Companies, other appointed inspectors to undertake preliminary scrutiny of documents if malpractices are reported, including those by whistleblowers. Section 210 authorizes the Central Government to initiate investigations into the affairs of a company based on reports or public interest concerns.

⁵ Infosys Anonymous Whistleblower Complaint Case, 2019 (reported in Economic Times). ICICI Bank–Videocon Whistleblower Case, 2018.

⁶ Roman Tomasic & Brendan Pentony, Insider Trading and Business Ethics, 13 LEGAL Stud. F. 151 (1989).

Section 211 establishes the Serious Fraud Investigation Office (SFIO), a specialized agency to probe complex corporate frauds. Whistleblower disclosures often serve as triggers for SFIO investigations. The effectiveness of the SFIO, however, is constrained by its limited capacity and delay in investigations, sometimes dampening the spirit of whistleblowing.

Auditor's Responsibility (Section 143(12))

The Act mandates that auditors report any fraud or suspected fraud involving amounts exceeding 1 crore to the Central Government. This provision transforms auditors into institutional whistleblowers, reinforcing the system of internal accountability.⁷

However, it is also criticized for placing the burden solely on auditors without adequate protection for internal employees who may raise alarms before auditors are even aware of the issue.

2. SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) REGULATIONS

SEBI, as a primary regulator of India's securities market, has embedded whistleblower mechanisms within corporate governance regulations, especially for listed entities.

Clause 49 of the Listing Agreement (Now under SEBI (LODR) Regulations, 2015)

Clause 49 of the erstwhile Listing Agreement was among the earliest instruments encouraging companies to institute whistleblower policies. While it was initially a non, mandatory requirement, SEBI made it compulsory in the wake of the Satyam scam (2009).

Currently, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR), contain provisions ensuring:

- Establishment of a whistleblower/vigil mechanism,
- Protection against victimization,
- Direct access to the Audit Committee Chairperson,
- Mandatory disclosure of the existence of this mechanism in the Board's report.

SEBI also encourages companies to take proactive steps in communicating these mechanisms across all employee levels.

SEBI's Informant Mechanism (2019)

In 2019, SEBI launched a new informant mechanism under the SEBI (Prohibition of Insider

⁷ Companies Act, 2013, § 177(9).
Whistle Blowers Protection Act, 2014, §§ 5–13.
SEBI (Prohibition of Insider Trading) Regulations, 2015.

Trading) Regulations, 2015. This allows individuals with credible information about insider trading to approach SEBI confidentially. Key features include:

- Monetary rewards up to 1 crore for information leading to enforcement,
- Protection of the informant's identity,
- Possibility of legal representation,
- Provision for maintaining anonymity via an attorney.

This was a major shift in India's regulatory approach, drawing inspiration from U.S. laws like the Dodd, Frank Act. However, the scope is limited to insider trading and does not extend to general corporate misconduct.

3. THE WHISTLE BLOWERS PROTECTION ACT, 2014

The Whistle Blowers Protection Act (WBPA), 2014, the only legislation in India that is primarily dedicated to whistleblower protection. However, it is limited in its scope and has several shortcomings.

Coverage and Applicability

The Act is primarily applicable to:

- Public servants (employees of central or state government),
- Individuals seeking to expose corruption, misuse of power, or criminal offenses by public servants,
- Matters concerning public interest.

The Act allows disclosures to be made to a competent authority, which may include senior government officials, the Central Vigilance Commission (CVC), or the Prime Minister (in the case of Union Ministers).

Sections 5 to 13: Inquiry and Protection

- **Section 5–6:** Lay down the procedure for public interest disclosures and inquiry.
- **Section 7–10:** Give civil court, like powers to the competent authority to conduct inquiries, summon documents, and seek police assistance.
- **Section 11–13:** Provide for the protection of identity, prohibition of victimization, and recourse against retaliatory actions.

Sections 15 to 22: Offenses and Penalties

- Disclosing the identity of the whistleblower (up to 50,000 and 3 years of imprisonment),

- Providing misleading or false information,
- Refusing to investigate complaints.

Criticisms and Shortcomings

- The Act does not cover the private sector.
- There is no provision for monetary rewards or incentives, which could have encouraged more disclosures.
- The Act was passed in 2014 but has not been operationalized due to pending amendments.⁸
- It prohibits disclosures that pertain to certain security-related information (as per the 2015 Amendment Bill), diluting the scope of effective whistleblowing.⁹

4. Central Vigilance Commission (CVC) Guidelines

The CVC, under the powers given to it by the CVC Act, 2003, serves as a nodal agency for vigilance administration in the central government.

CVC's Whistleblower Resolution, 2004

Before the WBPA was enacted, the CVC operated a whistleblower protection scheme for public servants based on a 2004 government resolution. Even after the enactment of the WBPA, many whistleblower complaints from government institutions are still routed through the CVC. The guidelines emphasize:

- Non-disclosure of the identity of the complainant,
- Protection from administrative harassment,
- Strict action against officials who retaliate against whistleblowers.

5. OTHER RELEVANT STATUTORY MECHANISMS RIGHT TO INFORMATION ACT, 2005 (RTI ACT)

Although not a whistleblower law in the conventional sense, the RTI Act empowers citizens to demand transparency from public institutions. Many whistleblowers have historically used RTI as a tool to gather evidence before exposing corruption.

⁸ CVC Resolution, 2004.

Right to Information Act, 2005.

⁹ * Prevention of Corruption Act, 1988.

Serious Fraud Investigation Office (SFIO), Ministry of Corporate Affairs, Annual Report 2020–21.

However, this also places them at risk. Multiple whistleblowers who filed RTIs have faced violent retaliation. As a result, civil society advocates have called for stronger convergence between RTI and whistleblower protection mechanisms.

THE PREVENTION OF CORRUPTION ACT, 1988

This Act indirectly supports whistleblower initiatives by criminalizing corruption among public officials. Information provided by whistleblowers has been used as evidence in many successful prosecutions under this law.

CASE LAWS

1.SATYENDRA DUBEY V. UNION OF INDIA (2003):

Satyendra Dubey, an IES officer overseeing India's Golden Quadrilateral project, exposed large-scale corruption by writing to the PMO in 2002, requesting anonymity. His identity was leaked, and he was murdered on November 27, 2003, sparking nationwide outrage. His case became a turning point for whistleblower protection in India, leading to the 2004 Public Interest Disclosure and Protection of Informers Resolution (PIDPIR) under the CVC, which laid the groundwork for the Whistle Blowers Protection Act, 2014.

2.STATE OF U.P. V. RAJENDRA SHASTRI (MANJUNATH SHANMUGAM CASE) (2006):

Manjunath Shanmugam, a young marketing manager at Indian Oil Corporation and an alumnus of IIM Lucknow, was posted in Uttar Pradesh when he began investigating fuel adulteration by a petrol pump in Lakhimpur Kheri. He ordered the pump's closure due to violations, but when it resumed operations illegally, he began a second round of inspections.

On November 19, 2005, he was murdered—shot six times and his body was found in the backseat of his car. The trial resulted in a fast-tracks court convicting eight individuals, with the main accused, the petrol pump owner, receiving a death sentence. However, in 2009, the Allahabad High Court commuted the death sentence to life imprisonment. This case brought to light the sheer vulnerability of honest officers acting against corruption and corporate crime. Though Manjunath did not blow the whistle in a formal institutional sense, his actions embodied the spirit of whistleblowing. His murder emphasized the urgent need for institutional reforms, protective legislation, and cultural change to value integrity in governance. In his memory, the Manjunath Shanmugam Trust was founded, advocating ethical governance and protection for whistleblowers.

3.ENFORCEMENT DIRECTORATE V. CHANDA KOCHHAR & OTHERS (2018–ONGOING):

In 2018, an anonymous whistleblower complaint reached the Securities and Exchange Board of India (SEBI) and the board of ICICI Bank, raising serious allegations against Chanda Kochhar, then CEO and Managing Director of ICICI Bank. The complaint alleged that Kochhar had sanctioned loans worth ₹3,250 crore to the Videocon Group in exchange for benefits routed to NuPower Renewables, a company promoted by her husband, Deepak Kochhar. This conflict of interest amounted to a violation of corporate governance norms, insider abuse, and regulatory breaches. Following media coverage and regulatory pressure, the ICICI Bank board constituted an internal investigation headed by former Supreme Court Judge B. N. Srikrishna. The investigation found Chanda Kochhar in violation of the bank's code of conduct and fiduciary responsibilities. She was asked to go on leave, and later in January 2019, she was terminated with retrospective effect. Meanwhile, the Enforcement Directorate (ED) and Central Bureau of Investigation (CBI) launched investigations into money laundering and corruption. In 2023, the ED filed a chargesheet and froze multiple bank accounts and assets linked to the case. The case remains under judicial scrutiny, and final verdicts are awaited. This case marked a crucial moment for whistleblower activity in the Indian private banking sector. It showed that anonymous complaints, when backed by evidence, can lead to regulatory action and board, level accountability. It also demonstrated the challenges of navigating whistleblower mechanisms in large corporate entities, where power dynamics often suppress internal dissent. It further opened the door for wider scrutiny into conflict-of-interest transactions in private companies.¹⁰

COMPARATIVE ANALYSIS & LESSONS FOR INDIA

Countries worldwide recognize whistleblowers as vital in uncovering fraud, corruption, and malpractice, but the strength of legal protections varies widely. The United States leads with comprehensive measures under the Whistleblower Protection Act (1989) and the Dodd–Frank Act (2010), which not only safeguard whistleblowers but also incentivize disclosures with monetary rewards of 10–30% of sanctions collected and anonymity provisions, resulting in

¹⁰ Sameer C. Arora vs SEBI (2004) 59 SCL 96 SAT Hindustan Lever Ltd Vs Securities Exchange Board of India (1998) 18 SCL 311 MOF

Rakesh Agrawal vs. Securities Exchange Board of India (2004) 49 SCL 351 SAT

Satyendra Dubey Case triggered the CVC's Public Interest Disclosure and Protection of Informers Resolution, 2004.

Manjunath Shanmugam's murder highlighted systemic risks whistleblowers face, leading to civil society initiatives like the Manjunath Shanmugam Trust.

over \$1 billion in awards since 2012. Similarly, the United Kingdom's Public Interest Disclosure Act (PIDA, 1998) protects employees from retaliation, supports anonymous reporting, and empowers employment tribunals to uphold whistleblower rights. The UK Financial Conduct Authority further strengthens this regime by mandating senior managers to serve as whistleblowing champions.

Germany and South Korea also offer advanced models. Germany's Whistleblower Protection Act (2023), in line with the EU Directive (2019/1937), mandates internal reporting channels for organizations with over 50 employees, ensures confidentiality, and provides legal aid. South Korea's Act on the Protection of Public Interest Whistleblowers (2011) offers rewards of up to 30% of recovered funds, criminalizes retaliation, and centralizes complaint management through the Anti-Corruption and Civil Rights Commission (ACRC). Together, these examples highlight the need for India to adopt a comprehensive, incentive-based, and confidential whistleblowing framework that combines legal, institutional, and cultural reforms.

- 1. Anonymous Disclosures:** Most effective global systems accept and act upon anonymous whistleblower complaints. In India, under the Whistle Blowers Protection Act, 2014, anonymous complaints are not entertained, limiting protections and deterring disclosures in sensitive matters. Allowing anonymous reporting with appropriate safeguards could boost reporting.¹¹
- 2. Financial Incentives:** India does not currently provide monetary rewards to whistleblowers, unlike the U.S. and South Korea. Introducing structured, performance, based incentives could encourage disclosures, especially in high-stakes corporate fraud cases.
- 3. Independent Enforcement Mechanism:** In India, there is no independent, specialized body dedicated to handling whistleblower complaints across sectors. The U.S. SEC and South Korea's ACRC offer strong institutional examples of centralized, accessible mechanisms with investigative authority. India could benefit from establishing a Whistleblower Protection Authority or strengthening the role of the Central Vigilance Commission (CVC) with more autonomy and powers.
- 4. Private Sector Inclusion:** Indian law, particularly the 2014 Act, primarily applies to

¹¹ German Whistleblower Protection Act, 2023.
U.S. Dodd-Frank Act, 2010.
U.K. Public Interest Disclosure Act, 1998. EU
Whistleblower Directive (2019/1937).
South Korea's Act on the Protection of Public Interest Whistleblowers, 2011.

public servants. There is limited coverage for whistleblowers in the private sector, although Clause 49 of SEBI's Listing Agreement and Section 177 of the Companies Act, 2013 encourage listed companies to implement vigil mechanisms. However, compliance is inconsistent and lacks standardization. Learning from the UK and EU models, India could mandate private sector whistleblower policies, with periodic audits and regulatory oversight.

5. **Timely Redressal and Legal Aid:** Global practices often include timelines for redressal of complaints, and some even provide legal support for whistleblowers. In India, delays and bureaucratic inertia often dilute the impact of a disclosure. Strengthening timelines, instituting fast-tracks inquiries, and offering confidential legal support could significantly improve confidence in the system.
6. **Cultural Reforms:** Whistleblowers in India often face severe social stigma, harassment, and even death, as seen in the cases of Satyendra Dubey and Manjunath Shanmugam. International examples show that building a whistleblowing culture requires not only legal mechanisms but sustained public campaigns and ethical leadership to normalize reporting wrongdoing.
7. **Whistleblower Training and Awareness:** Few Indian companies or government institutions offer dedicated training modules or education on how to report wrongdoing safely. Mandatory whistleblower training and awareness programs, such as those required under the UK FCA regulations, would enhance institutional readiness.
8. **Whistleblower Feedback Mechanism:** International best practices increasingly include a system to provide feedback to whistleblowers about the progress of their complaints. Indian systems often leave whistleblowers in the dark after filing. Adopting a structured response mechanism can ensure transparency and continued engagement.¹²

CHALLENGES

- Corporate whistleblowing is crucial for governance and compliance but faces multiple challenges.
- Whistleblowers fear retaliation such as job loss, demotion, or other reprisals, discouraging them from reporting misconduct.
- Existing whistleblower protection laws are often ineffective, allowing employers to punish whistleblowers through legal or informal means.

¹² CHRI, Whistleblowing in India: Status Report (2018).

- Many employees distrust whistleblower hotlines, doubting anonymity or seriousness of complaint handling.
- Lack of trust in reporting systems leads employees to remain silent about wrongdoing.
- Whistleblowers often face minimal support from colleagues and superiors, fearing damaged workplace relationships.

SUGGESTED REFORMS AND RECOMMENDATIONS

1. Extend the 2014 Act to Private Sector: Amend the Whistle Blowers Protection Act to cover private corporations, vendors, and contractors.
2. Codify Corporate Criminal Liability: Introduce criminal penalties for retaliation under the Companies Act, especially under Section 447 (fraud).
3. Create a Centralized Whistle-blower Agency: Establish a semi-judicial authority akin to the SEC's Office of the Whistleblower.
4. Financial Incentives and Legal Aid: Implement reward schemes for valid disclosures and provide legal assistance to whistleblowers.
5. Awareness and Ethics Training: Corporate boards should undergo mandatory training on whistleblower mechanisms and fiduciary duties.
6. Real-Time Reporting and Digital Platforms: Encourage use of encrypted, block chain-based reporting tools for secure and anonymous disclosures.¹³

CONCLUSION

Whistleblowers play a vital role in promoting transparency, accountability, and good governance, yet India's whistleblower protection framework remains fragmented and underutilized, particularly in the corporate sector. The Whistle Blowers Protection Act, 2014, while a significant step, applies mainly to public servants, leaving private-sector whistleblowers exposed to retaliation without adequate legal safeguards. Existing mechanisms under SEBI and the Companies Act are often voluntary and lack enforcement power, while anonymous reporting and incentives—critical tools adopted in global models like the U.S. SEC program, UK PIDA, and EU Whistleblower Directive—are absent. High-profile cases such as ICICI-Videocon, Satyam, and Infosys scandals, as well as the murders of Satyendra Dubey and Manjunath Shanmugham, highlight systemic weaknesses, including ineffective grievance

¹³ EY Global Integrity Report 2022 (India section).
Transparency International, Corruption Perceptions Index 2023.

redressal, lack of immunity, slow institutional response, and deep-rooted cultural stigma against whistleblowers.

To address these gaps, India must create a centralized, independent whistleblower authority or tribunal, mandate secure and anonymous reporting mechanisms, ensure strict anti-retaliation measures, and introduce financial incentives and legal aid for whistleblowers. Beyond legal reform, a cultural shift is necessary: companies should treat whistleblower protection as a core governance priority through training, awareness programs, and ethical leadership, while the media must responsibly safeguard identities. Drawing from successful international models like SOX (U.S.) and South Korea's reward-based framework, India should adopt a hybrid system tailored to its socio-economic context. Strengthening legal and institutional support, incentivizing disclosures, and changing societal perceptions are essential to making whistleblowers trusted guardians of corporate and democratic integrity.¹⁴

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