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STUDY OF THE PROTECTION AND SUPPORT AVAILABLE TO WHISTLEBLOWER IN INDIA AND THEIR ROLE IN EXPOSING CORPORATE VEIL

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ABSTRACT

An employee who exposes any unethical or illegal activity within the company is known as a whistle-blower. A sufficient safeguard against unjust treatment by the alleged violator is provided by the whistleblower policy. Even though “whistleblower policy” is new in India “The Securities and Exchange Commission in the United States and the Financial Conduct Authority in the United Kingdom” have both implemented whistleblower policies since long. The policy aims to bring transparency in the running of huge corporations and to protect the individual who comes forward and disclose unfair practices or violation of law by these corporations. Still even in those advanced countries, the laws relating to whistleblower are prevalent with certain limitations. As per experts, India must provide protection to corporate whistle-blowers and expand the scope of a surveillance mechanism to include major private enterprises. This paper tries to study statutory protection which a whistleblower is entitled to in India and analyses the features, meanings, and these Whistleblower policies are crucial for Indian corporate governance.

INTRODUCTION

The concept of whistleblower has originated from United Kingdom. It was first mentioned by Justice Dogget in the case “Winters v. Houston Chronicle Publishing Co” as attributed to the action of the ‘English Bobbies (police constable)’ who blew whistle when they spotted crime happening.¹ Definition of whistleblower stands as the disclosure by organisation members who may be present or past, of unlawful, immoral, or illegitimate acts controlled by their employers to individuals or groups that have the authority to take appropriate action. Whistleblower can also be therein defined as a “deliberate non-obligatory act of disclosing to an external entity with the potential to legitimate the wrong doing, non-trivial illegality or other wrongdoings, whether

¹ Richard Winters v. Houston Chronicle Publishing Co., 795 S.W.2d 723 (Tex. App. 14th Dist. 1990).

actual, suspected, or anticipated, that is under the control of that organisation and that goes onto public record the disclosure here is made by a person with privileged access to data or information of that organisation.

Whistle Blower refers one who reveals wrongdoing within an organization to the public or to those in positions of authority. In one way or another, the person against whom the whistle is blown may retaliate against the person who blows it. The whistleblower policy seeks to protect those who disclose wrongdoing from retaliation.

Peter B Jubb in his paper titled “Whistleblowing: A Restrictive Definition and Interpretation” mentions that it is an act of dissent, which publicly implicates a company by externally disclosing wrong doing. In response to scandals an increasing number of companies have adopted whistleblowing policies that should make external disclosure unnecessary by solving the problem internally. The whistleblowing mechanism had proved out to be a useful tool to bring to fore any wrongdoing by a particular organisation. Talking about securities market, the securities regulators have capitalised over this mechanism to prosecute any company/firm engaged in illegal activities. The word whistleblower was coined by Ralph Nader, a civil activist as “basic interpretation of the word is a disclosure made in the public interest in mind. Whistleblowers are endowed with a keen understanding of right and wrong as well as the ability to look beyond themselves and consider the larger welfare of society.” Ironically, Whistleblowers are often disliked and viewed as being dishonest, so it is not always easy to carry out an act as ethical and genuine as this. This frequently puts them in a situation where they must decide whether to risk losing their job, their reputation, or their social standing. While it is crucial to protect whistleblowers from such adverse conditions, all countries must also assume responsibility for attempting to preserve the practice of whistleblowing to keep a close check on both the government and people.²

WHO IS A WHISTLEBLOWER?

In its simplest form, whistleblowing is the act of one person or a group of people informing the public or law enforcement authorities about the wrongdoings of a government agency or private business. Whistleblowing in the corporate context refers to the actions of an employee reporting any misconduct, legal violation, or unethical business practices. Many times, informers with a negative reputation are associated with whistleblowers. The liability of the person revealing the

² Arup Barman, *System of Whistle Blowing in India* (2015).

information is possibly the most significant difference. Informants frequently engage in unethical activities themselves and use information disclosure to lessen the risk, either freely or under threat.³

To handle whistleblower complaints, the Companies Act currently only mandates the establishment of surveillance mechanisms for listed corporations, businesses that accept deposits from the public, and businesses with bank or public financial institution debts exceeding Rs 50 crore. Corruption and fraud in an organization's internal transactions can be prevented by developing clear and effective policies and ensuring that they are implemented. The A company's internal transactions can be protected against the threat of fraud and corruption by implementing effective policies that are precisely formulated.

TYPES OF WHISTLEBLOWERS

There are several kinds of whistleblowers. There are two primary classifications, “internal and external,” depending on reporting authority. Internal whistleblowing is when an employee informs their immediate supervisor or another senior official about improper behaviour or illegal activity carried out by another staff member in their department or another. Whereas, the act of disclosing information about illegal activities within a department or organization to external parties such as law enforcement agencies or the media is known as external whistleblowing. Therefore, when a company employee reports disobedience to upper management, this is known as an internal whistleblower. When the public and regulatory bodies learn about the company's wrongdoings through traditional or modern media outlets, such as social media apps like LinkedIn or newspapers, this is known as an external whistleblower.

INSTANCES OF WHISTLEBLOWING IN INDIA

We know of prominent Indian examples like Satyendra Dubey. Although Dubey was killed, he was a trustworthy worker during his working life. Due to his objections to irregularities and suspension of individuals engaging in malicious work, he was removed from projects. He had told the then-prime minister Atal Bihari Vajpayee about the project he was managing in the position of a project manager for the National Highway Authority of India. He observes several errors and irregularities in the project's financial department. Despite his request in the letter to remain unidentified, the “Ministry of Transport and Highways” received the letter. He faced

³ Arjumand Bano & Dr. Sanjay Bajjal, *Whistleblowing in India- Introspection* (2019).

criticism for his devoted efforts at exposing a fraud. Though it was connected to the robbery, he was murdered. There was not enough evidence to link it to the scam he had tried to expose.

Ranbaxy, a well-known pharmaceutical company, was compelled to give 48 million dollars to Dinesh Thakur, a devoted and honest worker. In 2003, Mr. Thakur became a member of the company. After discovering in 2015 that the company was still engaging in unlawful manufacturing practices, he had been dismissed from his position, which he had held from 2003 to 2015. He gathered each piece of evidence and record pertaining to the wrongdoings and forwarded it to US regulators because he was determined to expose it. After being found guilty of all charges, the Ranbaxy accepted a 500-million-dollar settlement. Dinesh Thakur was granted 48 million dollars in acknowledgment of the honesty and suffering that resulted in the discovery.

WHISTLE-BLOWING LEGAL FRAMEWORK IN INDIA

In India, corporate whistleblowing is still in its early stages, despite being widely recognized as one of the best instruments for ensuring sound corporate governance. When it comes to whistleblowing, India has been far behind. With the President's assent on May 09, 2014, the Whistleblower Protection Act, 2011 (the WP Act) was limited to public entities and excluded private corporations from its scope. ⁴In the past, the Code contained no significant provisions pertaining to the treatment of whistleblowers. The recommendation that was made by “Narayan Murthy Committee Report on Corporate Governance, 2003” issued an obligatory advisory regarding whistleblowing. The subsequent dimensions were included in the recommendation:

- Employees may approach the audit committee without having to notify their superiors if they witness an unethical or improper practice (which need not necessarily be a legal violation).
- Businesses must take action to guarantee that all staff members are informed of this right of access via internal circulars and other channels. Provisions shielding whistle blowers from wrongful termination and other unjust and discriminatory employment practices must be included in the company's employment and other personnel regulations.
- The company must reaffirm each year that it has protected "whistleblowers" from unjust termination and other unfair or discriminatory employment practices, and that it has not prevented any employees from accessing the company's audit committee (about issues involving alleged misconduct)

⁴ https://www.sebi.gov.in/sebi_data/commondocs/corpgov_p.pdf

- The declaration will be included in the Corporate Governance report that the board must prepare and submit with the annual report.

As a result of intense corporate lobbying pressure, the mandatory recommendation was previously changed to non-mandatory in the Listing Agreement's Amendment to Clause 49. For now, the company is advised to establish a mechanism for employees to report to the management concerns about unethical behaviour, actual or suspected fraud, or violation of the company's code of conduct or ethics policy according to Clause 49 of the Listing Agreement. Additionally, this mechanism might offer sufficient protections against unfair treatment of workers who utilize it, as well as direct access to the Audit Committee Chairman in extraordinary circumstances. After the mechanism is in place, it can be properly disclosed to all members of the organization.

A SEBI Circular dated the 26th of August 2003, modified the corporate governance principles found within the standard listing agreement. The companies were mandated according to the amended principle to have a whistleblower policy. This procedure allows employees to report any irregularities that they see in the company so that management can take appropriate action. In August 2003, SEBI amended Clause 49 of the Listing Agreement” to include these guidelines for companies. Regulation 18 of the SEBI (LODR) Regulations currently includes the ingredients of Clause 49.

SEBI (LODR) Regulation, 2015

All publicly traded companies are obligated by the Listing Agreement to accept a whistle-blower policy. Employees may report any type of fraud, misappropriation, or illegal conduct to the Board by using this clause. The Listing Agreement necessitate all publicly traded companies to establish a whistleblower policy. This provision allows employees to notify the board about instances of fraud, misappropriation, and unethical behaviour. The objectives of SEBI LODR, a consequential legislation in India, is to encourage disclosures to improve the transparency of listed companies within India.

According to Regulation, 4(2)(d)(iv) of SEBI (LODR), it is essential for Indian listed companies to have a system established to allows stakeholders, employees, and their representatives to feel comfortable sharing their concerns in the company. As per the SEBI (LODR), 2015 Regulation 30, listed companies are required to provide immediately to the stock exchange every significant

detail.

The Whistle-Blowers Protection Act, 2014 (Whistle Blowers Act), provides a way for examining cases of public servant corruption and abuse of power also safeguarding individuals who reveal wrongdoing in government agencies, initiatives, and offices. It was passed with the purpose of creating a system to:

- 1) Get information about accusation of corruption or deliberate misuse of authority or discretion made against any public official.
- 2) Investigate or order an investigate into such disclosure; and
- 3) Ensure that the person filing the complaint has adequate safeguards against being victimized.

Under the Whistle-Blowers Act, a person can make any divulgence of information for the sake of public interest. Section 211 of the Act, empowers the Serious Fraud Investigation Office (SFIO) to arrest anyone suspected of fraud in the corporation.⁵ If the auditors have grounds to believe a fraud has been committed or has been perpetrated against the company, they must report it to the central government.⁵

The Companies Act, 2013

The Companies Act, 2013, under its Section 177, makes it compulsory for the companies-

1. who are listed,
2. or companies who accept deposits from the public or
3. who has borrowed an amount from banks/financial institutions which exceeds Rs. 50 crores are required to have a mechanism in place to take note of whistleblowing concerns”.

Section 177 of the Companies Act, 2013 when read with Rule 7(4) of the Companies (Meetings of Board and its Powers) Rules, 2014, provides mechanism to protect the employees against any harm or from being victimized. The primary difficulty in implementing this law comes from the word's vigil mechanism, which are mentioned in the "Companies Act, 2013," having no clear definition. The procedure that appears to be the focus of this legislation is up to the company's discretion, which could have an impact on how well the law is implemented overall. While

⁵ National Found for Corporate Governance, Discussion Paper on *Corporate Governance in India: Theory and Practice* (Sept. 2004)

mechanisms exist to safeguard employees against any form of victimization, including removal or unfair treatment, the ambiguous nature of the protections promised by this act makes the protections available to individuals inaccurate and untrustworthy.

In 2003, the Securities and Exchange Board of India (SEBI), rationalised the Corporate Governance Principles wherein clause 49 of the Listing Agreement requires the formulation of a Whistle-blower policy in Indian companies. Workers can use a reporting system to report suspected or genuine fraud as well as violations of the organization's code of conduct or ethical standards. Under Regulation 7D, the whistle-blower is entitled to a monetary reward of up to 10% of the proceeds collected, capped at Rs. 1 crore.

Whistle-blower protection act 2014

The Whistle-blowers Protection Act of 2014 was enacted to safeguard whistle-blowers. The law protects their identities and establishes strict guidelines to prevent them from being victimized. A company, for instance, is not permitted to take legal action against a whistleblower until after it has investigated the claims. The identical sections are included in the Securities and Exchange Board of India governance guidelines and have been adopted into the Companies Act, which is applicable to listed companies. A whistleblower policy outlining the steps and recourses available to complainants must be implemented by all publicly traded companies.⁶ The identical sections that are a part of SEBI governance norms have been formalized in the Companies Act, that is applicable to publicly traded companies. Few drawbacks of the act are:

- Requirement for the whistleblower to disclose the identity at the time of disclosure.
- It restricts disclosure to a specific group of public employees, while private companies are exempt from checks and balances and are not entitled to any kind of policy protecting whistleblowers.

Laws applicable to Listed Companies: “The Companies and (Meetings of Board and its Powers) Rules, 2014”, states that the audit committee or a director nominated to serve on the audit committee may take appropriate action against the director or employee in question, including reprimand, if the director or employee files multiple frivolous complaints. A whistleblower policy is required for every listed company and ensure that all staff members are aware of it. This permits

⁶ F. Mayer, *Corporate Governance, Competition, and Performance*, 'in *Enterprise and Community: New Directions in Corporate Governance*, ed. S. Deakin & A. Hughes (Blackwell, Oxford, 1997).

the employees to report instances of unpublished sensitive information leaks. With effect from December 2019, the SEBI has also implemented an incentive structure to embolden Informants to disclose insider trading violations. Listed companies are required to disclose material to the stock exchange pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR").

Laws applicable to Private Employers: In India, there is no explicit whistle-blower statute that applies to private employers. Some progressive corporations (in particular, MNC subsidiaries) have included a whistle-blower policy against the backdrop of expanding their global policies to encompass individual employees or groups of employees, as well as third parties in certain circumstances. The key purpose of any whistle-blower policy is to encourage employees to expose problems without fear of being victimized or penalized. Whistle-blowing hotlines are available in India from accounting firms like Deloitte and specialized organizations such as Navex Global and Integrity Matters.⁹ These institutions are merely communication channels, and ultimate decision-making remains with the company.

THE WHISTLE-BLOWING REGIME IN INTERNATIONAL SPHERE

UNITED KINGDOM

In the history employees were never granted a right to reveal information relating to their profession. Additionally, disclosure of non-private information could be viewed as violating the implied duty of trust and may result in breach of contract. In the case "Initial Services Ltd v. Putterill"⁷ the Queen's bench opined that law has allowed an exception to the principle of non-disclosure of confidential information where there is any misconduct of such a nature that it ought to be in the interest of public shall be disclosed to others' However, the disclosure must be to someone who has an interest in receiving it. Referring "Lion Laboratories Ltd v Evans," two employees gave a national daily copy of some internal documents doubting the reliability of Breathalyzers manufactured by the employer. The company sought an injunction to prevent publication of the information on the grounds of breach of confidence. The action by the company failed because the employees were found to have 'just cause or excuse, for disclosure. Following that, in A Company's Application, the High Court declined to issue an injunction prohibiting the financial services industry employee from giving a regulatory body private information about his

⁷ Initial Services Ltd. v. Putterill & Another [1967] 3 All ER 145 (C.A.).

company, even though the disclosure might have been made with malicious intent. Even though Justice Scott upheld the general disclosure injunction. He concluded that an employee's duty of confidence did not stop them from providing regulatory bodies with information related to their investigations. Therefore, apart from the circumstance in which an employee notifies a relevant regulatory body of a breach of statutory duty, the common law has not offered solid guidance regarding what could be revealed and to whom. The "Employment Rights Act, 1996" (also known as the "ER Act") and the "Public Interest Disclosure Act, 1998" (also known as the "PID Act") are the two laws that define the conditions under which whistleblowers are protected in the United Kingdom. In case of Public Interest Disclosure Act, employees who make a qualifying disclosure are protected. Regardless of whether the report turns out to be true or not, the whistleblower is protected as long as they have a reasonable belief. It is a duty of employees to act in good faith, and disclosures made of dislike or self-interest are not protected. The disclosure is usually made to the employer, but it can also be made to a prescribed person or a responsible third party, such as the bodies listed by Parliament, which include the FCA, the Serious Fraud Office, and the Fair-Trade Office. A "disclosure" is not defined under the PID Act, but the court's decision in *Kraus v. Penna Plc* indicates that it includes both written and oral submissions. Employees can report anonymously, and there is no legal requirement in the United Kingdom for the identity of whistleblowers to be kept confidential. The PID Act in the United Kingdom protects disclosures made both internally and externally from punishment, but it does not push businesses to institutionalize whistleblowing.

In July 2003, the current FCA, formerly known as the "Financial Services Authority", introduced the Combined Code on Corporate Governance to achieve this goal which is primarily meant to serve as guidance, offers recommendations for best practices, and includes a provision about whistleblowing.

Under U.K. "Employment Rights Act, 1996", Individuals who qualify the requirements to be considered whistleblowers are granted legal protection. The "ER Act (as amended by Public Interest Disclosure Act, 1998)" lays out the requirements for evaluating whether an employee qualifies. When a disclosure is made by an employee that is "protected" and "qualifying," based on those assessments the employee has the option to not be either:

- dismissed, with the main reasons being that he made a confidential disclosure
- liable to harm because he disclosed information that was protected.

The six types of misconduct that fall under the legislation are “criminal offenses; injustices; breach of legal obligations; damage to the environment; threats to one's health or safety; and wilful concealment of facts about these crimes. A new requirement has also been added, as stated in Section 17 of the Enterprise and Regulatory Reform Act, 2013 which is the disclosure must be made "in the public interest."

UNITED STATES

The United States is the first and oldest nation in the world to have passed legislation protecting whistleblowers. Benjamin Franklin the first whistleblower in American history revealed in 1773 that the governor of Massachusetts, who was appointed by the monarchy, had purposefully misled Parliament to support a military buildup in the Colonies. When we examine the laws pertaining to whistleblower protection in the United States, we discover that there are numerous state and federal laws that offer protection to whistleblowers, as well as several inserted clauses that aim to accomplish health and safety goals.

In 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act was passed by the US Congress as an amendment to the Sarbanes Oxley Act. This was done in response to multiple corporate scandals that had defrauded countless investors and damaged investor confidence. The Securities Exchange Act of 1934 was amended by Section 922 of the act, which added Section 21F, titled "Securities Whistleblower Incentives and Protections." According to the new section 21F, the SEC had to establish a whistleblower program that would compensate people for informing the agency about potential securities violations. In May 2011, the SEC approved Regulation 21F, the final regulations pertaining to the new whistleblower program. As per the new rules, “an individual who voluntarily provides the SEC with original information resulting in a successful enforcement action in which the SEC collects over 1 million\$ in sanctions will be eligible for a financial reward of between 10% to 30% of the amount collected, depending on various factors”. The program acknowledges that for law enforcement to enforce the market effectively and efficiently, they need the assistance of the public. It is an unfortunate truth that schemes involving securities fraud often prove difficult to identify and bring to justice without insider knowledge or support from scheme individuals or associates. Even if the whistleblower learned of the potential violation only later, the relevant securities violations had to have happened or been ongoing within the previous five years for the SEC (“U.S. Securities and Exchange Commission”) be awarded a monetary civil penalty.

Financial fraud is one of the most prevalent categories of securities violations that whistleblowers report, which can be defined as submitting to the SEC fraudulent or false financial statements, and the use of manipulative business transactions, which usually have no practical purpose other than to change earnings, costs, profits, and/or losses for a given reporting period. Another fraud is offering fraud, in which a person deceives investors who are interested in new companies by making false statements and/or omitting important information. Next is insider trading, which is followed by price and trading irregularities, market manipulation, and events in the market, which are problems or irregularities in the trading of securities.

The Dodd Frank Act of 2010 provided whistleblowers with strong protections against retaliation from their employers. The Act greatly enhanced the current whistleblower protection laws in effect in the United Kingdom, particularly the highly acclaimed Sarbanes-Oxley Act, 2002, which was crucial in establishing the whistleblower landscape in the United States. The principal objective of the “Sarbanes-Oxley Act” was to safeguard investors by ensuring that publicly traded companies and individuals involved in corporate misconduct are held responsible.

The “Sarbanes Oxley Act” provides protection for any of the following types of violations:

1. Fraud in general- when a business commits fraud against people, the government, or another business. According to the Sarbanes Oxley Act, employees who reasonably believe that fraud is occurring based on the information available may come forward even if they are unsure of the specific violation
2. Securities fraud- When an organization participates in activities that are prohibited for brokers, dealers, and securities issuers. The securities regulations that are most relevant to this discussion pertain to the obligation that a business provide its shareholders with certain information about the company's financial standing, including accurate financial statements and any other information that a potential investor would likely consider when making an investment. Sarbanes-Oxley prohibits discrimination against an employee who reports or offers information regarding the nondisclosure of such information; the employee need not be certain that the nondisclosure of the information is against the law. It would be sufficient for the employee to have a reasonable belief that the information was required to be disclosed.
3. Any federal law relating to fraud against shareholders-Complaining or reporting fraud committed against stockholders is also safeguarded. Sarbanes-Oxley merely stipulates that the federal law that was broken had to do with stockholder fraud. Employees do not

need to be certain; they only need to have a reasonable belief that the company's misconduct will sufficiently affect shareholders.

The U.S. First Circuit Court decided in *Lawson v. FMR LLC* that, according to a "more natural" interpretation of Section 1514A, only employees of the defined public companies are covered by the law and that contractors of public companies who report suspected fraud are not protected by the anti-retaliation provisions of the Sarbanes-Oxley Act. The decision is currently under appeal before the United States Supreme Court.

The United States uses three primary acts that are prevalent:

The whistle blower protection act 1989": Whistle blowers have very little protection under the Whistle Blower Protection Act because the rights granted by the act were not sufficient to safeguard the whistle blower. A new law known as the Whistle Blower Protection Enhancement Act of 2012 was introduced to address this deficiency. Federal employees were not entitled to whistleblower protection under the WPA if:

1. revealed something to my coworkers.
2. While performing my job, I blew whistle.
3. Disclosed something to the supervisory.
4. Revealed the effects of a policy choice.
5. You were not the first to report the specific misconduct.

However, the whistle blower protection enhancement act section 101 and 102 of the WPEA Whistleblower Protection Enhancement Act of 2012 restore the whistle blower protection act's original intent to sufficiently protect whistle blowers by making it clear that a disclosure does not lose protection simply because of the reason that "The disclosure was made to a person, including a supervisor, who participated in the wrongdoing disclosed or the disclosure revealed information that had previously been disclosed or the disclosure revealed information that had previously been disclosed or the employee or applicants motive for making the disclosure or the disclosure was made while the employee was off duty or the amount of the time which has passed since the occurrence of the events described in the disclosure". Furthermore, section 101(b)(2) makes it clear that just because a disclosure was made while an employee was performing their regular job duties, it does not mean that it is not protected.

The Sarbanes-Oxley Act, 2002: To combat corporate criminal fraud, this act was passed in 2002.

The effect of this act is limited to financial concerns. The “Sarbanes-Oxley Act” gives publicly traded companies improved financial disclosures and independent auditors. Certain protections and support are offered by this act to the whistleblowers.

The False Claim Act 1863: To prevent fraud against the government, the False Claims Act was passed during the Civil War in the United States, during Abraham Lincoln's presidency. It is also known as Lincoln's law. In 1986, this act was modified to provide protection for whistleblowers and to safeguard them from threats of death, harassment, and assault. The first instance in which the False Claims Act was applied to prosecute private companies that submitted bills for treatments that the FDA had never approved was in the 1996 Franklin v. Parke Davis case. Since then, all forms of healthcare fraud have been aggressively targeted by this statute, including overbilling, paying kickbacks, and promoting pharmaceutical products off-label. Since 1987, the healthcare sector has accounted for more than half of all whistleblower recoveries.

CONCLUSION

The International Labour Organisation (ILO) defines whistleblowing as “the reporting by employees or former employees of illegal, dangerous, or unethical practices by employers.” A corporation is made up of several different parties, including the government, society, vendors, investors, customers, and staff. Corporate governance is the study of moral behaviour in the business world, which includes moral principles and ideas that allow one to decide what is right or wrong. From a broader perspective, the market requires ethical business practices, not just the corporation's stakeholders. In addition, conflicting interests of the parties involved give rise to ethical dilemmas. In this sense, the values, environment, and culture of the organization all play a role in the decisions that managers make. Since the company is perceived as conducting its operations in accordance with the expectations of all stakeholders, ethical leadership is helpful to business. As per David Banisar, around the world, whistleblowers have been hailed as heroes for revealing corruption and fraud in organizations and preventing potentially harmful mistakes from leading to disasters.

Concerning corporate governance, stakeholder investments help modern corporations raise capital. The management of the company is responsible for safeguarding the interests of these stakeholders. Therefore, corporate governance focuses on how to coordinate manager and investor interests and make sure that businesses are operated in the best interests of investors.

Thus, the corporate whistleblowing culture is not only something that international regulatory bodies have promoted, but it is also a trend that most corporations operating in India are starting to catch up with. Strong corporate whistleblowing policies prevent significant harm to an organization's reputation by actively preventing reported misconduct. They also serve as an incentive for the development of a transparent and trusting work environment.

Even though the Whistleblower Protection Act of 2014 has addressed the issue to some degree, it still lacks the authority to hear cases involving the corporate sector. It is only with an efficient management system and robust policies. Transparent governance is only possible with strong policies and an effective management system. Such policies must be designed so that instances of fraud, corruption, and other unlawful activity within the organization are quickly identified and brought to a minimum. Before the Whistleblower Act was passed, similar laws were already in place in the form of legislative acts. This was acknowledged by Section 199(9) of the Companies Act of 1956, which mandates that all publicly traded corporations set up a watchful mechanism. But since there is not a strong legal framework in place to prevent corporate whistleblowing, corporate governance standards need to be raised and established, and whistleblowing policies need to be made mandatory for private businesses as well for their senior executives and employees. Absence of provisions pertaining to the definition of a whistleblower, allowing anonymous complaints, enacting comprehensive legislation involving the private corporate sector, protecting whistleblower mechanisms and systems for their safety, providing rewards, etc., is a common factor among the cases, laws, and regulations mentioned above. Discouragement provisions include the inability for a person to file a complaint anonymously and through legal representation for their own and their family's safety. More people would come forward if they could remain unidentified. In addition to a reward system for reporting legitimate issues, there should be a way to impose a fine or other punishment if the complaint is untrue. To facilitate successful corporate whistleblowing, India requires a universal law and regulation pertaining to both public and private companies