
WHISTLEBLOWING CORPORATE FRAUD – REGULATION IN INDIA

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ABSTRACT

Numerous progressive improvements in the corporate sector over the last few decades have continuously enabled a number of contentious corporate crises. The first part of this research paper explains whistleblowing, an act that helps many organisations or individuals fight corruption and bribery. Large-scale projects in India require substantial foreign investment due to its expanding economy, and the government ensures that the required resources and technology are available. Further, this research paper is examining the literature review on whistleblowing as an ethical idea in India. A qualitative research using secondary research has been conducted to comprehend the workings of Indian whistleblowers. In order to gather specific instances of corporate frauds where whistleblowing was crucial to identifying the fraud and analysing the involvement of whistleblowers in it, purposeful sampling has been employed. Numerous businesses or people employ whistleblowing to help detect or lessen fraud or abuse.

The author's recommendations state that the individual's concerns should be taken very seriously, that appropriate action should be taken in these cases, and that whistleblower protection should be offered since it is essential to motivating others to spot and report fraudulent activity in any organisation or position. Understanding the nature of the whistleblower act and its benefits for corporations is the paper's main contribution.

Keywords: Whistleblowing, Corporate fraud, Regulations, Corruptions.

1. Introduction to Whistleblowing Corporate Fraud

1.1. Overview of Corporate Fraud and Whistleblowing

Corporate fraud which is a major problem in India covers financial deception, insider trading, bribery, embezzlement and other dishonest behaviour against moral and legal standards. Along with hurting investors and stakeholders such frauds compromise public confidence, throw off markets and impede economic development. Stronger control and openness in corporate governance have been underlined by several well-publicized corporate fraud cases including “the Satyam scam”, “the IL&FS crisis”, and “the Punjab National Bank” fraud. Weak enforcement and lack of responsibility lets dishonest behaviour persist even with laws meant to stop these behaviours¹.

Exposing corporate frauds mostly depends on whistleblowers. A whistleblower is someone who exposes any kind of fraudulent behaviour occurring inside a firm or reports information of such activity. Usually, he or she is a stakeholder or an employee or former employee. Whistleblowing can be internal, wherein the fraud is exposed within the business, or external, whereby the public or media is informed of the information to be shared to regulatory authorities. Good whistleblowing systems guarantee compliance with ethical norms and improving company openness by discouraging dishonest behaviour².

Whistleblowing, however, presents difficult problems in India including lack of anonymity, legal hazards and reprisals. Many whistleblowers are discouraged from disclosing misbehaviour by job loss, defamation litigation and even safety concerns³. These obstacles draw attention to the pressing necessity of more robust legal safeguards and institutional systems shielding whistleblowers from reprisals so guaranteeing quick resolution of corporate crime.

1.2. Importance of Whistleblowing in Corporate Governance

Corporate Governance is a set of guidelines & policies by which businesses are controlled and

¹ Seema Gupta, Whistleblower Protection Legislation in India: A Critical Analysis, 4 Artha Vaan: A Peer-Reviewed Refereed Journal in Commerce and Management 22 (2021).

² Samrudhee Shah, Whistle Blowing Mechanism in India: An Analytical Study, D.Y. Patil University Law Review (2021).

³ M.S. Ramaiah, Whistleblower Protection Law in India: Safeguarding the Guardians of Good Governance, 4 M.S. Ramaiah Journal of Law 12 (2018).

regulated. It guarantees companies run in an accountable, open and moral way. Whistleblowing is essential in enhancing corporate governance as it adds another layer of control against unethical and fraudulent behaviour⁴. Organisations are more likely to maintain ethical standards and keep regulatory compliance when staff members and stakeholders have a safe and trustworthy option or way to bring forth such corporate frauds.

Whistleblowing supports corporate governance in several respects. First, it helps early fraud identification so businesses may respond before financial and reputation damage gets out of hand. Second, it serves as a deterrent since executives and staff members are deterred from using unethical behaviour by the prospect of exposure. Third, by encouraging openness and responsibility, it strengthens investor confidence and hence supports faith in corporate leadership. Fourth, it guarantees regulatory compliance since companies which follow successful whistleblowing rules are more suited to follow financial and legal rules⁵.

Notwithstanding these benefits, the lack of strong legal protections in India makes whistleblowing here still a difficult and dangerous activity. Many Indian businesses lack clear whistleblowing rules, and staff members worry about reprisals should they expose misbehaviour⁶. By contrast, nations like the United States and the United Kingdom have instituted robust whistleblower protection systems that not only shield whistleblowers from reprisals but also offer cash incentives for disclosing corporate malfeasance. India struggles to build an environment where whistleblowing might be a useful instrument for corporate governance without like protections⁷. Important measures towards bettering governance in India's corporate sector include majorly of strengthening whistleblower protection legislation and pushing a corporate culture that values openness.

1.3. Objectives and Scope of the Study

The aim of this study is to analyse the legislative framework controlling whistleblowing in cases of corporate fraud in India and evaluating its efficacy in safeguarding whistleblowers.

⁴ Suchi Pande, Dying for Information: Right to Information and Whistleblower Protection in India, U4 Brief 2015:3 (2015).

⁵ Cleary Gottlieb Steen & Hamilton LLP, Whistleblower Regulations in the U.K. and the U.S., Cleary Gottlieb Alert Memorandum (2021).

⁶ Trupti Manish Rathi, Whistleblower Protection: A Critical Analysis of Laws in India and USA, Shodhganga (2021).

⁷ Onyeka Nwoha, Whistleblower Protection in the U.K.: A Case for Reform, 42 Bus. L. Rev. (2021).

The study seeks to evaluate how current laws such as the Whistleblowers Protection Act⁸, the Companies Act⁹ and “SEBI’s policies¹⁰” help or impede the reporting procedure for corporate fraud. Through an analysis of these legal frameworks the study aims to ascertain if they support an ethical culture by means of sufficient protections against reprisals and guarantee.

Finding the difficulties experienced by Indian whistleblowers is yet another important goal of the study. Legal obstacles, lack of anonymity, fear of reprisals and cultural opposition to whistleblowing falls among these difficulties. Understanding these problems would help the research to expose weaknesses in the present regulatory system and suggest remedies to overcome them. The research will also provide a comparative comparison of whistleblowing systems in industrialised nations especially the United States, the United Kingdom and the European Union. By use of this analogy, best practices that might be modified to enhance India’s whistleblower protection system can be identified.

This study’s narrow focus is on whistleblowing in the corporate sector with particular attention to fraud and financial misbehaviour. Although whistleblowing is practiced in various fields including government and healthcare, this study will look at corporate whistleblowing because of its direct influence on investor protection, company ethics, and financial markets. Case studies of Indian whistleblowers will be examined to offer practical understanding of the hazards experienced by those who expose fraud as well as the success of present legal protections. Through a comparison of global best practices and evaluation of regulatory shortcomings, the study will provide suggestions for changes to India’s whistleblower protection legislation so fostering a safer and more open commercial climate.

1.4. Methodology and Research Framework

This paper uses legal analysis, case studies and comparative frameworks under a qualitative research methodology to assess whistleblowing laws in India. The study will rely on doctrinal legal research by analysis of legislative clauses, court interpretations and regulatory guidelines pertaining to whistleblower protection. Reviewing pertinent laws including “the

⁸ Whistle Blowers Protection Act, No. 17 of 2014, Acts of Parliament, 2014 (India).

⁹ Companies Act, No. 18 of 2013, § 177, Acts of Parliament, 2013 (India).

¹⁰ Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003, Gazette of India, Reg. No. LAD-NRO/GN/2003-04/12/1292 (India).

Whistleblowers Protection Act¹¹” and “SEBI’s whistleblower policies¹²” would help the study evaluate the strengths and shortcomings of current legal frameworks.

Key cases of whistleblowing in India will be investigated using case study analysis. These case studies will draw attention to the legal protections whistleblowers have, the difficulties they encounter practically and the results of their disclosures. By means of case analysis, the study will shed light on the efficacy of India’s whistleblower protection policies and point up areas requiring revision.

Whistleblowing systems in other countries especially the United States, the United Kingdom, and the European Union will be compared in order to assess them. These nations have instituted strong whistleblower protection systems comprising of financial incentives, legal protections and independent reporting routes. Comparing India’s laws with worldwide best practices would help the study to point up areas lacking in the present legal system and suggest changes to improve whistleblower protection in the nation.

Along with the study, there will be a policy evaluation looking at industry experts, law academics and regulatory agency findings. These sites will offer more viewpoints on the difficulties in implementing whistleblower legislation in India and their success or lack. Secondary sources including academic papers, news stories and whistleblower testimony will also be analysed to help one better grasp the social and financial consequences of whistleblowing.

The results of this study seek to add to the continuous conversation on corporate governance and legislative changes in India. Rising corporate fraud cases demand a strong and well-enforced whistleblower protection system if we are to promote openness, responsibility, and investor confidence. This study aims to help the creation of a more efficient whistleblowing system in India’s corporate sector by spotting flaws in current rules and suggesting legal and regulatory reforms.

India’s legal system for whistleblowing is still disjointed and immature when compared to world norms. Although several legislative clauses exist to support informants and encourage whistleblowing, their execution is still poor, and many whistleblowers risk great consequences

¹¹ Supra note 8.

¹² Supra note 9.

for revealing corporate fraud. Further, lack of financial incentives, inadequate anonymity and cultural stigmatising of whistleblowers are deterring people from reporting such incidents to authorities. Strengthening whistleblower protection laws, guaranteeing rigorous enforcement and encouraging a company culture that values openness and responsibility are required in bettering India's corporate governance system.

2. Legal Framework for Whistleblowing in India

2.1. Evolution of Whistleblowing Laws in India

India's legal framework for whistleblowing has gradually changed responding to corporate fraud scandals, regulatory failures and growing worldwide focus on openness and corporate governance. India lacked a specific whistleblower protection statute historically, hence those who revealed fraud or corruption would frequently suffer severe reprisals. Early in the 2000s, following significant public and private sector corruption events, the need of whistleblower protection became more well-known¹³. Legislative activity, meanwhile, stayed sluggish even as worries about corporate misbehaviour grew.

Following Satyendra Dubey's murder in 2003 who was an engineer with the National Highways Authority of India, one of the first initiatives towards whistleblower protection emerged. Dubey was killed for revealing wrongdoing in a government road project, so drawing attention to the risks Indian whistleblowers suffer. Widespread public outcry resulting from his case drove the government to enact temporary whistleblower protection policies¹⁴. In response, following a government resolution in 2004, *the Central Vigilance Commission* was given jurisdiction to accept accusations from whistleblowers in public sector companies. But this proposal lacked formal support and did not cover private sector whistleblowers.

Following the Satyam Computers matter in 2009 which was one of India's worst corporate fraud cases, the demand for whistleblower protection became more pressing in the business sector. Exposing flaws in corporate governance and regulatory control, the scandal involving financial falsification of nearly ₹7,000 crore revealed the lack of a structured whistleblowing

¹³ Organisation for Economic Co-operation and Development, *Committing to Effective Whistleblower Protection* (2016).

¹⁴ S. Goel, *Whistleblower Protection Legislation in India: A Critical Analysis*, 4 *Artha Vaan: A Peer-Reviewed Refereed Journal in Commerce and Management* 29 (2021).

system inside¹⁵. The Satyam scam delayed early fraud discovery, which emphasises even more the need of legal safeguards for whistleblowers. This case was very important in determining later Indian corporate sector regulatory changes.

A major turning point in India's legal system came with "the Whistleblowers Protection Act". But the Act concentrated mostly on public personnel and provided no thorough protection for business whistleblowers. "The Companies Act" meanwhile included clauses mandating certain types of businesses to create whistleblower systems, although enforcement of these rules stayed poor¹⁶. With particular clauses allowing for whistleblower complaints in securities infractions, the Securities and Exchange Board of India also enacted rules meant to reduce market fraud.

Notwithstanding these advances India's whistleblower protection system still falls short relative to international norms. Weak enforcement, lack of anonymity and lack of financial incentives still plague the legal defences open to whistleblowers. Moreover, Indian business culture is still mostly hostile of whistleblowing, which discourages people from disclosing fraud because of concern of reprisals. Growing awareness of the necessity of more robust legislative and institutional systems to safeguard whistleblowers and promote moral business behaviour as corporate fraud instances keep surface.

2.2. Analysis of Key Legislations

2.2.1. Whistleblowers Protection Act

"The Whistleblowers Protection Act" was enacted in 2014 to give those revealing corruption in government agencies a legal framework. It was formulated in response to increasing worries about retaliations against whistleblowers, particularly following events like Satyendra Dubey's murder for reporting National Highways Authority of India fraud. Under the Act, public servant corruption, abuse of power or criminal activity reported by whistleblowers to a specified authority, mostly the Central Vigilance Commission is covered¹⁷.

The Act specifies clauses protecting whistleblowers from victimisation. It forbids companies or government from punishing whistleblowers and requires keeping the complainants identify

¹⁵ David Lewis, Whistleblowing Law in the UK: Potential Reforms, and Whether They Will Work, SSRN Electronic Journal (2023).

¹⁶ Jennifer Gibson, A New Group Aims to Protect Whistleblowers in the Trump Era, Time (2025).

¹⁷ Nick Ephgrave, Incentivising Whistleblowers Will Be a Careful Balancing Act, The Times (2025).

under confidentiality. It also specifies fines for threats or damage done to anybody revealing misbehaviour. Nevertheless, the Act has several important flaws that compromise its efficiency even with these preventive steps¹⁸.

The Act's exclusion of corporate whistleblowing that is, employees in private businesses who expose financial wrongdoing or unethical behaviour means that this law does not cover those personnel. The law also forbids anonymous complaints, therefore discouraging possible whistleblowers afraid of reprisals¹⁹. This lack of anonymity stands in direct contrast to whistleblower legislation in nations like the United States, where people can expose misbehaviour without disclosing their identity.

A further important problem is the lack of cash rewards for informants. Whistleblowers in nations like the United States are awarded, in cases of financial wrongdoing, a percentage of recovered money. But India's law lacks such incentives, which deters people from running the danger of revealing corruption²⁰.

Moreover, the 2015 proposals suggested changes to the Act which brought limitations that greatly lessened its influence. The modifications aimed to stop public interest, strategic interest, and national security whistleblower disclosures, therefore addressing issues about possible exploitation of the law to stifle claims of corruption. Given these flaws, the Whistleblowers Protection Act is insufficient for handling corporate whistleblowing; so, major changes are needed to be effective.

2.2.2. Companies Act, 2013 (Provisions for Fraud Reporting)

The Companies Act introduced a statutory channel for whistleblowing inside Indian business entities. This was a big first towards improving corporate governance and guaranteeing openness in operational and financial processes. The Act contains certain clauses requiring the creation of whistleblower systems in some categories of businesses, mostly listed corporations

¹⁸ Royal United Services Institute, UK Should Pay Whistleblowers to Cut Financial Crime, Says Think-Tank, Financial Times (2025).

¹⁹ European Parliament and Council Directive 2019/1937, On the Protection of Persons Who Report Breaches of Union Law, 2019 O.J. (L 305) 17.

²⁰ David C. Smith, Whistleblowers and Corporate Fraud: A Cross-Country Analysis, 45 Journal of Business Ethics 25 (2020).

and those subject to particular compliance requirements²¹.

“Section 177 of the Act²²” mandates that listed corporations, together with other designated institutions, create a vigil mechanism for documenting unethical activity, fraud, or policy infractions. This system guarantees that staff members and other interested parties have a specific channel for internal reporting of issues. The responsibility of the company’s audit committee to handle whistleblower allegations and shield them against reprisal is also specified in the clause.

Although the Act represents development in acknowledging whistleblowing as a necessary component of corporate governance, its application is still poor. Many businesses either do not adequately raise knowledge of the existence of such systems or fail to create efficient whistleblower procedures. Workers might not know they have a right to report fraud or might not believe their concerns will be taken under consideration²³.

One further important flaw is the lack of required confidentiality for reporters. Unlike laws protecting whistleblowers in developed nations, which usually guarantee anonymity and rigorous confidentiality, India’s laws do not specifically provide this protection. Employees who disclose fraud so sometimes suffer reprisals including harassment, demotions, and even termination.

Moreover, firms which respond negatively to whistleblowers are not subject to severe fines. Although the legislation mandates that businesses create a whistleblower system, it does not penalise businesses who neglect to shield employees from victimisation²⁴. This reduces the general efficacy of the law and discourages staff members from disclosing fraud.

The Companies Act’s whistleblower clauses have a major drawback in that they do not offer incentives for reporters. By contrast, nations like the United States, the United Kingdom, and the European Union provide financial incentives to inspire employees to reveal corporate

²¹ Anjali Sharma, Whistleblower Protection in India: A Critical Review, 12 Indian Journal of Corporate Law 78 (2019).

²² Supra note 9.

²³ Michael J. Brown, The Impact of Whistleblowing on Corporate Governance in Emerging Economies, 33 International Journal of Law and Management 112 (2021).

²⁴ John P. Wilson, Comparative Study of Whistleblower Protections: Lessons for India, 29 Asian Journal of Comparative Law 67 (2018).

crime. Lack of such clauses in India lowers the possibility of workers revealing financial misbehaviour²⁵.

Notwithstanding its flaws, the Companies Act, 2013 is a significant first towards institutionalising whistleblowing systems in Indian companies. To make whistleblowing a useful weapon against corporate fraud, nevertheless, more robust enforcement, improved protection policies, and harsher punishments for reprisals are required.

2.2.3. SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations

Regulating the financial markets and combating corporate fraud depends largely on the Securities and Exchange Board of India. The “Prohibition of Fraudulent and Unfair Trade Practices Regulations” is one of SEBI’s various rules meant to solve issues with market manipulation, insider trading, and false financial practices. These rules forbid insider trading, false financial reporting, price manipulation, and other dishonest behaviour erasing market integrity²⁶.

Understanding the need of whistleblowing in exposing securities fraud, SEBI developed a formal whistleblower strategy under its “Informant Reward strategy” of 2019. This rule lets people report misbehaviour anonymously and especially addresses insider trading offences. One of its main characteristics is the provision of financial incentives, so whistleblowers who offer reliable information resulting in regulatory action might get payback. This strategy resembles the Whistleblower Program of the U.S. SEC, which has effectively revealed significant financial scams.

Still, SEBI’s whistleblower system stays small in scope in spite of these steps. The Informant Reward Policy leaves other types of corporate fraud outside of its scope; it solely addresses insider trading situations. Under SEBI’s present rules, whistleblowers wishing to disclose stock price manipulation, accounting fraud, or fabrication of financial statements lack a structured reward system²⁷.

²⁵ Priya R. Menon, Legal Framework for Whistleblower Protection in India: Challenges and Prospects, 8 *Journal of Indian Law and Society* 45 (2017).

²⁶ Ravi Kumar, Corporate Governance and Whistleblowing: An Indian Perspective, 14 *Journal of Corporate Governance* 89 (2020).

²⁷ Samantha Green, Whistleblower Incentives and Protections: A Global Perspective, 22 *International Business Law Journal* 134 (2019).

The fear of reprisals is another important obstacle that still keeps whistleblowers in the securities industry mostly determined. Although SEBI offers confidentiality policies, whistleblowers still run the danger of losing their jobs, being harassed, or having their careers blacklisted without legal protections against company reprisals. This deters industry insiders and staff from disclosing fraud, therefore lessening the success of SEBI's whistleblower rules²⁸.

Furthermore, SEBI's enforcement policies demand more thorough control and harsher fines for businesses and people acting in reprisals against whistleblowers. Unlike worldwide regulatory systems, which offer complete whistleblower protections, SEBI's rules lack a strong enforcement mechanism to hold violators responsible²⁹.

Notwithstanding these flaws, SEBI's attempt to implement a financial compensation scheme for whistleblowers marks a good beginning in promoting openness in the financial markets. Strengthening legislative protections against reprisals and widening the range of whistleblower incentives outside insider trading will help to greatly increase whistleblower involvement in exposing corporate crime.

The changing strategy of SEBI towards whistleblower protection shows a larger attempt to improve corporate governance in the securities market of India. Making corporate whistleblowing a really effective tool in stopping fraud would depend on aligning SEBI's regulations with worldwide best practices, guaranteeing rigorous enforcement, and extending whistleblower protection provisions, nevertheless.

2.3. Role of Regulatory Bodies in Addressing Whistleblowing Cases

Ensuring successful resolution of whistleblower complaints and protection of those revealing corporate crime depends critically on regulatory agencies. Securities and Exchange Board of India, Central Vigilance Commission and Ministry of Corporate Affairs are the main regulatory bodies in India for handling of such related cases. Each of these agencies serves different purposes when it comes to supervising corporate governance and enabling the reporting of

²⁸ Neha Gupta, *The Role of Whistleblowers in Strengthening Corporate Governance in India*, 10 *Indian Journal of Corporate Affairs* 56 (2016).

²⁹ Robert L. Johnson, *Whistleblowing and Corporate Fraud: Comparative Insights*, 37 *Journal of Financial Crime* 201 (2020).

corporate misbehaviour.³⁰

As the main regulator of the securities market, SEBI has set systems to let whistleblowers document abuses in listed companies pertaining to market manipulation, insider trading, and fraudulent behaviour. Those who disclose credible violations of securities regulations under the SEBI Informant Reward Policy might get financial incentives, therefore motivating more people to transmit important information³¹. Additionally stressing anonymity for whistleblowers, SEBI includes clauses shielding them from reprisals. But the limited breadth of SEBI's policy which now only covers insider trading violations has called into doubt the efficacy of its efforts. Still under issue is SEBI's capacity to guarantee follow-up action and sufficient protection of whistleblowers.

The CVC has been given authority to look into whistleblower allegations and suggest sanctions against misbehaving authorities. The commission also supervises the operation of public sector company whistleblower systems. The CVC's ability to handle business fraud holistically is limited, nonetheless, by the absence of legislative protection for private sector whistleblowers. Furthermore, delays in processing of whistleblower allegations sometimes compromise the deterrent power of such systems³².

By means of its supervision of the enterprises Act, 2013, the Ministry of Corporate Affairs guarantees that specific class of enterprises create reporting systems and whistleblower procedures. To track and enforce adherence to corporate governance standards, the Ministry also works with other organisations such the Registrar of Companies. Notwithstanding these initiatives, the MCA's enforcement is still inadequate; many businesses either neglect to have strong whistleblower policies in place or let retaliatory actions against whistleblowers go unpacked without consequences³³.

Although every regulatory organisation strives to handle whistleblowing situations, coordination and clarity amongst several agencies nevertheless remain lacking. By means of

³⁰ Anita Desai, Challenges in Implementing Whistleblower Protections in India, 5 *Indian Journal of Law and Policy* 102 (2018).

³¹ Thomas E. Becker, Whistleblowing, Ethical Leadership, and Corporate Governance, 28 *Business Ethics Quarterly* 221 (2018).

³² Meera S. Nair, Whistleblower Protection Laws in India: An Analytical Study, 7 *Journal of Legal Studies* 77 (2017).

³³ Rajesh K. Singh, Whistleblower Policies in Indian Corporations: A Survey, 9 *Indian Journal of Corporate Governance* 88 (2017).

strengthening cross-agency cooperation, corporate fraud cases could be handled better and guarantee appropriate protection of whistleblowers. Furthermore, given increased enforcement authority and the capacity to penalise businesses that turn against whistleblowers strictly are regulatory agencies. The various important measures towards increasing the dependability and efficiency of the whistleblower system in India include guaranteeing anonymous reporting and offering financial incentives³⁴.

Even if Indian regulatory authorities have made progress in handling whistleblowing cases, enforcement, coordination, and protection still show great gaps. Developing a strong framework for whistleblowing in the Indian business community would depend on strengthening these systems and matching them with global best practices.

3. Challenges Faced by Whistleblowers in India

3.1. Legal Barriers to Whistleblowing: Loopholes in Existing Laws

Despite the creation of laws such as the Whistleblowers Protection Act and addition of various clauses in the Companies Act, certain legal gaps in the current legislations still cause great legal troubles for whistleblowers in India. The Whistleblowers Act has come under fire for failing to offer complete protection to those whistleblowers. One of the main flaws of the Act is that it excludes private businesses and non-governmental organisations and hence depriving whistleblowers in these areas of protection only from public sector institutions. This limits the relevance of the law particularly in cases of corporate crime where whistleblowers usually run the most severe danger of reprisals³⁵.

The Act moreover does not grant whistleblowers automatic anonymity which would discourage people from reporting as they are rather concerned about possible reprisals. Many times, whistleblowers are expected to reveal their identity, therefore exposing them to personal as well as professional hazards. Although there are clauses allowing for keeping confidentiality, the lack of strong protections suggests that whistleblowers might still be exposed. Although the organisations Act, 2013 offers a whistleblower option for businesses, it

³⁴ James D. Cox, Whistleblowing and Corporate Governance: The Role of Transparency, 41 Securities Regulation Law Journal 305 (2019).

³⁵ Linda Treviño, Whistleblowing in Multinational Corporations: A Cross-Cultural Study, 25 Journal of International Business Studies 123 (2019).

similarly lacks robust clauses against reprisals and does not penalise organisations who fail to set such systems³⁶.

Furthermore, the Whistleblowers Protection Act has undergone changes some of which including those restricting revelations concerning strategic interests or national security, generate uncertainty. These reforms also limit authorities' capacity to block specific enquiries and restrict the ability to report issues of public interest. Particularly in the corporate sector, India's legislative obstacles demand immediate revisions to guarantee a stronger foundation for safeguarding whistleblowers³⁷.

3.2. Retaliation and Lack of Anonymity for Whistleblowers

The possibility of reprisals from their companies or coworkers presents one of the most major obstacles whistleblowers in India must overcome. Retaliation is still a rampant problem even with protection clauses in the Whistleblowers Protection Act and the Companies Act. Whistleblowers are exposed to both career and emotional difficulty since they often suffer professionally from demotion, job termination, harassment, and blacklisting. Sometimes companies try to quiet or discredit whistleblowers, hence forcing early retirement or even legal pressure onto them³⁸.

This problem gets worse without assured anonymity. While certain rules such as the Informant Reward Policy of SEBI provide protections for confidential reporting, other laws lack strong anonymity protections, therefore exposing whistleblowers. In a corporate environment where workers rely on their employment for their means of survival, public identification as a whistleblower can be quite discouraging³⁹. One of the main reasons workers sometimes decide not to disclose corporate misbehaviour or fraud is a fear of reprisals. Many possible whistleblowers choose to keep quiet without sufficient legal protections to preserve their identity and a strong mechanism to handle reprisals, therefore enabling corporate fraud to go unbridled.

³⁶ Karen M. Hock, The Effectiveness of Whistleblower Hotlines in Corporate Governance, 19 *Journal of Business Ethics* 199 (2018).

³⁷ Sanjay K. Agarwal, Legal Protections for Whistleblowers in India: A Critical Appraisal, 6 *National Law School Journal* 145 (2016).

³⁸ Vikram R. Patel, Whistleblower Protection Mechanisms in India: An Evaluation, 11 *Indian Journal of Public Administration* 67 (2017).

³⁹ Aparna S. Rao, Whistleblowing in India: Legal Challenges and Reforms, 4 *Indian Journal of Legal Studies* 112 (2016).

Whistleblowers could suffer personally in addition to reprisals in the workplace. Whistleblowers in certain well-publicized situations have been threatened, physically attacked, or intimidated by influential business leaders or those with financial interests in stifling the publication of fraudulent activity. Many people worry the personal repercussions of revealing corporate crime without an enforced legal framework to offer security and safety, so deterring active participation in the whistleblowing process⁴⁰.

3.3. Corporate Culture and Its Impact on Whistleblowing

Whether whistleblowing is tolerated or prohibited inside a company depends much on the corporate culture. Many Indian businesses' loyalty and hierarchical respect cultures sometimes hinder staff members from disclosing unethical behaviour or fraud. Workers who feel obliged to defend their supervisors or colleagues may be reluctant to reveal such frauds. Whistleblowing in these kinds of settings is sometimes perceived as a betrayal to the business or a disloyal act and those who disclose fraud could be considered as troublemakers⁴¹.

A culture that values profit above morality also helps to stifle whistleblowers. Employees in businesses driven by rapid expansion and financial goals could feel under pressure to ignore unethical behaviour since the supposed advantages of following corporate goals usually exceed the negative effects of disclosing misbehaviour. This can result in a situation whereby workers could rationalise or defend dishonest behaviour, so avoiding the need of reporting it.

Moreover, in companies where authoritarian management practices prevail, staff members who express worries about dishonest behaviour could suffer ostracism or reprisals. Whistleblowing generates a power disparity when it is seen as an act of conflict against top management, which can deter staff members from speaking up⁴². Even in family-owned organisations or companies with strong internal networks that give loyalty top priority above openness, these systems may not be properly encouraged or enforced even in companies with official whistleblower channels.

⁴⁰ Daniel J. Smith, Corporate Governance Reforms and Whistleblower Protections: A Comparative Analysis, 32 *Journal of Corporate Law Studies* 89 (2020).

⁴¹ Mark T. Williams, Whistleblower Incentives in the Dodd-Frank Act: An Analysis, 27 *Review of Banking & Financial Law* 520 (2018).

⁴² *Supra* note 13.

Encouragement of whistleblowing depends on a strong business culture supporting moral behaviour, openness, and responsibility. Businesses that give employee wellbeing top priority, have explicit anti-retaliation rules and show a dedication to combating fraud will help to create an environment in which whistleblowers are free to come forward without regard to consequences⁴³.

3.4. Case Studies Highlighting Challenges in Indian Context

1. Satyendra Dubey Case or NHAI Scam (2003)

Project manager Satyendra Dubey of the National Highways Authority of India revealed fraud in national highway building. Working on the Golden Quadrilateral project he came across pervasive bad practices involving inferior building materials and public fund diversion. Dubey kept mostly silent even though he made multiple reports revealing the mismanagement. Dubey underlined in his recent correspondence with his top officers the danger bad infrastructure causes for public safety⁴⁴.

Sadly, he was killed in November 2003 under unexplained events. The murder in Bihar rocked India and brought attention to the terrible results whistleblowers expose for corruption suffers. Dubey's killers were not swiftly brought to justice despite public uproar and media coverage. His passing generated national discussion on Indian whistleblower protection. Later on, the government instituted policies aimed at better safeguarding of whistleblowers; still, the episode highlighted the dearth of strong protections for anyone ready to risk their lives to reveal misbehaviour.

2. Transparency Activist Shailesh Gandhi

Former Central Information Commissioner and transparent activist Shailesh Gandhi is well-known for using "the Right to Information Act" to reveal government departmental corruption. Gandhi exposed various instances of mismanagement and dishonest public fund use and registered many grievances. Gandhi endured constant persecution and reprisals

⁴³ Shweta Bansal, Corporate Fraud and Whistleblower Protection in India, 13 Journal of Financial Regulation and Compliance 78 (2019).

⁴⁴ Peter A. French, Ethical Implications of Whistleblowing in Corporate Settings, 21 Journal of Business Ethics 145 (2017).

notwithstanding his efforts in promoting openness.

The authorities rejected his conclusions on multiple times, therefore erasing his professional reputation. Gandhi, who kept using RTI requests to reveal government corruption was moved several times to less desirable roles and his demands for more thorough investigations went unmet. His example shows how official reprisals can impede efforts at openness even in cases when whistleblowers follow the law⁴⁵. Gandhi's tenacity and bravery in revealing corruption were essential in proving how structural flaws in India's implementation of whistleblower protection even for high-ranking officials exist.

3. Ashok Khemka Case - The Coal Allocation Scam

Officer Ashok Khemka of the Indian Administrative Service made national news for revealing anomalies in the distribution of Indian coal mines, sometimes known as the Coal Allocation Scam⁴⁶. Investigating the inappropriate distribution of coal blocks which connected to political influence and corruption, Khemka, then the Principal Secretary of the Department of Technical Education called attention to the unfair benefits certain private businesses received during the distribution process⁴⁷.

Khemka's whistleblowing activities resulted in numerous transfers and promotions being denied. He was harassed methodically and his career suffered as he kept advocating responsibility. Khemka's attempts were frustrated by a bureaucratic structure reluctant to move against the influential people engaged in corruption, notwithstanding mounting proof of it. This case underlined the lack of efficient protections to defend whistleblowers even inside the Indian civil services and the difficulties experienced by government authorities in denouncing wrongdoing.

4. Tata Consultancy Services - Speaking up inside a Corporate Giant

Employees of one of the biggest and most well-known IT firms in India, Tata Consultancy Services encountered major difficulties disclosing claimed unethical behaviour and

⁴⁵ Anil K. Gupta, Whistleblower Protection in India: The Need for Comprehensive Legislation, 8 *Indian Journal of Law and Justice* 34 (2016).

⁴⁶ Susan J. Rebstock, The Role of Whistleblowers in Corporate Compliance Programs, 30 *Corporate Governance: An International Review* 210 (2019).

⁴⁷ Rohit S. Deshmukh, Whistleblower Laws in India: A Comparative Study with the USA, 15 *Journal of Comparative Law* 98 (2018).

misappropriation of finances. A TCS whistleblower brought issues about inconsistent financial practices within the business in 2011, mostly with relation to resource allocation and financial misreporting of earnings. The whistleblower raised these concerns using the internal reporting system of the corporation, but rather than being shielded, the person suffered reprisals.

Other staff members learnt about the whistleblower's identity and experienced professional mistreatment. The leadership of the corporation apparently disregarded the claims and even sought to discredit the whistleblower, therefore undermining the validity of the accusations. The event begged questions regarding the integrity of such procedures in big businesses and resulted in a rising mistrust of the internal whistleblower channels of the company⁴⁸. TCS was under fire for not shielding staff members from reprisals when they voiced concerns about corporate misbehaviour even with a stated whistleblower program in place. The TCS case emphasises how difficult it is for businesses, even those with established processes supposed to safeguard whistleblowers to follow corporate governance standards.

4. Comparative Analysis of Whistleblowing Regulations

4.1. Whistleblowing Mechanisms in Developed Countries: USA, UK, and EU

Advanced processes for whistleblowing in industrialised nations as the USA, the UK and the EU offer significant legal protection, incentive, and procedural efficiency lessons for India. These systems are meant to promote openness and responsibility by means of which people should report misbehaviour without thinking about consequences⁴⁹.

Federal workers who disclose misbehaviour are broadly protected in the United States by “the Whistleblower Protection Act⁵⁰” and “Dodd-Frank Wall Street Reform and Consumer Protection Act⁵¹”. Whistleblowers under the WPA are shielded from reprisals and can submit a claim with the U.S. Office of Special Counsel if they experience negative events including demotion or termination⁵². Dodd-Frank also rewards whistleblowers financially. Rewards ranging from 10% to 30% of the monetary penalties imposed on offenders resulting from

⁴⁸ Emily S. Taylor, Whistleblowing and Corporate Ethics: A Global Perspective, 24 Journal of International Business Ethics 56 (2020).

⁴⁹ U.S. Securities and Exchange Commission, Annual Report to Congress: Whistleblower Program (2024).

⁵⁰ Whistleblower Protection Act of 1989, 5 U.S.C. § 2302(b)(8) (2018).

⁵¹ Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, 124 Stat. 1376 (2010).

⁵² European Parliament and Council Directive 2019/1937, On the Protection of Persons Who Report Breaches of Union Law, 2019 O.J. (L 305) 17.

whistleblower disclosures come from the Securities and Exchange Commission and Commodity Futures Trading Commission. Encouragement of reports on financial misbehaviour including insider trading, accounting fraud, and market manipulation by this approach has been successful.

“The Public Interest Disclosure Act” offers a whole structure for safeguarding whistleblowers in the United Kingdom. Covering public and private sector workers, the UK has evolved a more inclusive attitude. PIDA guarantees legally protected from dismissal, victimising or disadvantage whistleblowers reporting misbehaviour in the public interest. Furthermore, whistleblowing systems allowing financial services staff members to anonymously report issues are maintained by the UK Financial Conduct Authority and Prudential Regulation Authority. Under some conditions they could be qualified for cash benefits and are shielded from reprisals. In areas like banking or healthcare where workers are under great pressure to keep quiet, this protection is absolutely vital.

Adopted in 2019, the “EU Whistleblower Protection Directive⁵³” establishes basic criteria for member state protection of whistleblowers. This law guards against reprisals for reporting misbehaviour and mandates that companies with more than 50 workers set internal reporting mechanisms. The EU Directive guarantees whistleblowers access to secure reporting channels for both inside companies and to outside agencies including state authorities. The rule requires that reporters of whistleblowers be free to report without fear of reprisals and includes clauses allowing for legal remedies and compensation should negative treatment occur.

Although every one of these countries has different legal systems and policies, their shared commitment is to shielding whistleblowers from reprisals, providing financial incentives, and making sure the reports result in significant enquiries and action. These nations stress the need of building strong institutional systems that not only safeguard whistleblowers but also aggressively support the reporting of corporate fraud and misbehaviour⁵⁴.

4.2. Lessons from International Practices: Protection and Incentives

For India, the worldwide practices of whistleblowing protection and rewards provide insightful

⁵³ European Parliament and Council Directive 2019/1937, On the Protection of Persons Who Report Breaches of Union Law, 2019 O.J. (L 305) 17.

⁵⁴ Supra note 29.

lessons on building a more efficient legal system. Whistleblowing rules in the USA, UK and Europe centre protection from reprisal. These countries have set policies allowing staff members to report misbehaviour without worrying about losing their employment, getting sued, or suffering workplace harassment. Many times, anonymity and confidentiality are assured, therefore lowering the risks for those who want to be whistleblowers.

Moreover, financial incentives are a major incentive for whistleblowers, especially in the USA where Dodd-Frank provides large benefits for reports resulting in effective implementation of laws. Usually computed as a percentage of the collected monetary penalties, the financial award offers a real benefit to whistleblowers who come forward⁵⁵.

Third-party reporting done through independent organisations or government organisations has also proved successful. For instance, the UK and the EU guarantee that, should internal systems fail, whistleblowers have access to outside reporting channels. Since they avoid any internal cover-up and provide another avenue for whistleblowers to come forward, these outside channels have greatly helped successful investigations.

Ensuring that whistleblowers' issues are taken care of depends mostly on timely investigations and follow-ups. Both the US and the EU stress the requirement of quick reactions to whistleblower allegations and well-defined policies on handling allegations⁵⁶.

These foreign examples underline the importance of strong mechanisms providing thorough legal protection, financial incentives and a dedication to quick response in looking at whistleblower allegations.

4.3. Gaps in Indian Regulations Compared to Global Standards

India has made strides in putting whistleblower systems like the Whistleblower Protection Act and clauses under the Companies Act into effect but there are significant holes when compared to international norms. One of the main problems is the absence of a clear, all-encompassing framework for protection of whistleblowers in many spheres. The Whistleblower Protection Act mostly addresses public sector workers, therefore depriving private sector employees of

⁵⁵ Nitin R. Sharma, Challenges in Protecting Whistleblowers in Indian Corporations, 7 Indian Journal of Corporate Law and Policy 77 (2017).

⁵⁶ Olivia M. Brown, Whistleblower Protections in the European Union: Lessons for India, 18 European Business Law Review 134 (2019).

sufficient legal protection as well as non-governmental organisations. This is not at all like nations like the UK and the EU, where protection covers public and private sector workers⁵⁷.

Another notable disparity is the lack of financial incentives for Indian whistleblowers. India lacks comparable clauses in nations such as the USA, where the Dodd-Frank Act offers financial incentives. This robs whistleblowers of a strong incentive to disclose corporate crime, especially in high-stakes situations when staff members can be afraid of personal loss⁵⁸.

Furthermore, enforcement systems are lacking in India. Unlike the USA, where authorities like the SEC and CFTC are proactive in examining whistleblower accusations, India's regulatory entities such as the Ministry of Corporate Affairs and SEBI lack sufficient power or resources to properly handle whistleblower concerns. Many times, the lack of timely inquiry and resolution results in disappointment among possible whistleblowers who would choose silence instead of running the danger of reprisals.

Anonymous reporting systems are weak in India, and whistleblowers sometimes have to reveal their names, therefore exposing them to danger of reprisals. On the other hand, nations such as the UK and EU offer safe and anonymous reporting methods, which has been demonstrated to boost whistleblower system efficacy⁵⁹.

India has to match its rules with global best practices by extending coverage to the private sector, providing financial incentives, guaranteeing anonymity, and enhancing enforcement to build a stronger system for reporting and handling corporate fraud, even while it has taken actions towards establishing whistleblower protections.

Recommendations and Reforms

Several important changes are required to increase whistleblower protection in India and match it with world best standards. Above all, the Whistleblower Protection Act ought to be changed to cover workers in the private sector. A major gap exists as private sector whistleblowers do not have the same degree of protection as those in the public sector right now. More people will feel safe in exposing corporate fraud if all sectors have thorough legal protection

⁵⁷ Supra note 21.

⁵⁸ Arvind K. Jain, Corporate Governance and Whistleblower Mechanisms in India, 12 Journal of Corporate Affairs 45 (2016).

⁵⁹ Gaurav Nanda, A Critical Analysis of Indian Public Sector Law, SSRN Electronic Journal (2017).

guaranteed.

Like the Dodd-Frank Act in the USA, another important reform is the addition of financial incentives for whistleblowers. Giving financial incentives for revelations that result in large recoveries will inspire more staff members to come forward, especially in high-stakes fraud instances when the dangers are great⁶⁰. Under SEBI or the Ministry of Corporate Affairs, this might be carried out under a planned program making sure the whistleblower receives a percentage of recovered monies.

Strengthening anonymity clauses and confidentiality rules are also very crucial. Because of their identification disclosure many Indian whistleblowers risk reprisals. India should set up independent reporting systems including a guarded web platform where fraudsters may anonymously report to handle this. Programs for witness protection should also be enlarged to include business whistleblowers dealing with genuine threats.

Specialised regulatory entities help to improve the execution of whistleblower allegations. Agencies like SEBI should set up specific whistleblower investigative teams with well-defined action times. Bureaucratic inefficiencies cause many complaints now to be delayed or disregarded, therefore undermining system faith. To supervise complaints and guarantee quick answers, a Whistleblower Ombudsman ought to be established⁶¹.

Legal changes should also give punishing reprisals against whistleblowers first priority. Companies and anyone found guilty of harassing or punishing whistleblowers ought to pay severe fines including criminal responsibility. To offer quick justice, courts should also accelerate cases involving whistleblower reprisal⁶².

Corporate governance rules should make it compulsory that every business create internal whistleblower rules compliant with global norms. Independent compliance officers, safe internal reporting lines, and unambiguous anti-retaliation clauses ought to all be part of these rules. Workers have to be taught their rights and safeguards under whistleblower rules.

Cultural transformation and public awareness are also absolutely vital. Launching a national

⁶⁰ Supra note 28.

⁶¹ Supra note 51.

⁶² Meenu, Whistleblowers and Corruption in India, 2(4) South Asian Research Journal of Humanities and Social Sciences 250 (2020).

campaign would help to advance ethical reporting in companies and whistleblower protections. Whistleblowing needs to be understood as a responsibility to business ethics rather than a disloyalty act. Effective implementation of these measures will help India create a more ethical and open business environment whereby whistleblowers feel empowered instead of threatened.

6. Conclusion

Corporate governance depends much on whistleblowing since it helps to prevent unethical business practices, corruption, and fraud. In India, despite laws like the Whistleblower Protection Act and clauses under the Companies Act are present, whistleblowers still have great difficulties. Weak enforcement systems, fear of reprisals and lack of financial incentives discourage people from disclosing corporate fraud, therefore enabling unethical behaviour to go unbridled.

Comparative studies include established countries like the USA, UK, and EU point up India's legal system's flaws. Strong legal safeguards, financial incentives, independent regulatory agencies, and effective complaint resolution systems are underlined in international best practices as These components guarantee not only protection but also encouragement of whistleblowers to disclose misbehaviour, therefore promoting a more open and responsible business environment.

India has to do major institutional and legal changes if it is to close these divisions. Important actions are broadening the scope of whistleblower protection to the private sector, adding financial incentives, guaranteeing anonymity, and enhancing enforcement systems. Furthermore, public awareness efforts should change the view of whistleblowing from an act of risk to one of responsibility and corporate governance rules should demand strong internal whistleblowing systems.

A good business environment and economic integrity depend on a strong system for protecting whistleblowers. India can build a corporate environment whereby whistleblowers feel protected, valued, and heard rather than threatened or silenced by putting required reforms into effect and encouraging a culture of openness and responsibility.