 ***DOI:** https://doi.org/10.63108/IJLSI.7005*

INTERNATIONAL JOURNAL OF LEGAL SCIENCE AND INNOVATION

[ISSN 2581-9453]

Volume 8 | Issue 1

2026

Whistleblower Protection and Corporate Governance in India: A Critical Analysis of the Effectiveness of the Vigil Mechanism

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ABSTRACT

Whistleblowing has become an important component of corporate governance because employees and other insiders are frequently the first to identify fraud, financial irregularities, regulatory violations and unethical conduct within an organisation. An effective whistleblower mechanism can assist companies in detecting misconduct at an early stage, strengthening internal controls, protecting investors and promoting corporate accountability. In India, the Companies Act, 2013 and securities regulations have formally recognised the importance of whistleblowing by requiring specified companies, particularly listed entities, to establish vigil mechanisms through which directors and employees may report genuine concerns. These mechanisms are expected to provide safeguards against victimisation and, in appropriate circumstances, direct access to the Chairperson of the Audit Committee. However, the existence of a statutory or regulatory requirement does not necessarily establish effective whistleblower protection. Concerns remain regarding retaliation, confidentiality, independence of investigation, management influence, accessibility of reporting channels and the availability of effective remedies. The absence of a comprehensive and operational private-sector whistleblower protection law further contributes to the fragmented nature of the existing framework. This paper critically examines the effectiveness of the vigil mechanism within corporate governance in India. It analyses the legal framework, the role of the Audit Committee, the relationship between internal whistleblowing and securities regulation, and the practical difficulties faced by whistleblowers. It concludes that India's framework has created an important institutional foundation but remains predominantly compliance-oriented, and proposes stronger anti-retaliation protection, independent investigation, enhanced confidentiality, effective escalation mechanisms and greater oversight by independent directors and regulators.

Keywords: *Whistleblower, Corporate Governance, Vigil Mechanism, Audit Committee, Retaliation*

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I. Introduction

Corporate governance refers to the manner in which companies are directed, controlled and held accountable. Modern corporate governance does not depend exclusively upon the board of directors, statutory auditors or regulatory authorities. Employees and other individuals working within a company can also play a significant role in identifying misconduct, because they may have direct access to information that is unavailable to shareholders, auditors and regulators.[1] Whistleblowing therefore serves as an important internal accountability mechanism. Employees may become aware of financial manipulation, corruption, conflicts of interest, misuse of corporate resources, regulatory violations, insider trading or other forms of misconduct before such conduct becomes publicly known. A credible whistleblower mechanism allows these concerns to reach an appropriate authority before the misconduct causes substantial financial, legal or reputational harm.[2]

The importance of whistleblowing has increased with the expansion and complexity of corporate structures. Modern companies often operate through large managerial hierarchies, subsidiaries, technological systems and geographically dispersed operations. Traditional governance mechanisms may not detect every irregularity occurring within such structures. Employees can consequently function as an important source of information for boards and regulators.[3] Corporate law in India has gradually recognised this role. Section 177 of the Companies Act, 2013 requires every listed company and such other classes of companies as may be prescribed to establish a vigil mechanism through which directors and employees can report genuine concerns. The mechanism must contain adequate safeguards against victimisation and provide direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases. The Companies (Meetings of Board and its Powers) Rules, 2014 further identify the categories of companies required to establish such a mechanism.[4]

The securities-market framework reinforces this obligation for listed entities. Regulation 22 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements)

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[1] *Corporate Governance: Definition, Principles, Models, and Examples*, INVESTOPEDIA, https://www.investopedia.com/terms/c/corporategovernance.asp (last visited Aug. 24, 2026).

[2] Abdullah Faraj Al Dossari, *Whistleblowing as an Emerging Norm for Optimising Corporate Governance: Prospects and Challenges for Implementation*, 7 CORP. L. & GOVERNANCE REV. 190 (2025), https://doi.org/10.22495/clgrv7i3sip4, https://www.researchgate.net/publication/396729704_Whistleblowing_as_an_emerging_norm_for_optimising_corporate_governance_Prospects_and_challenges_for_implementation.

[3] Al Dossari, *supra* note 2.

[4] The Companies Act, No. 18 of 2013, INDIA CODE (2013), § 177(9)–(10); Companies (Meetings of Board and its Powers) Rules, 2014, r. 7 (India); Sneha Mahawar, *Section 177 of the Companies Act, 2013*, IPLEADERS (Mar. 3, 2023), https://blog.ipleaders.in/section-177-of-the-companies-act-2013/.

Regulations, 2015 requires a listed entity to formulate a vigil mechanism or whistle-blower policy for directors and employees to report genuine concerns. It also requires safeguards against victimisation and direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases.[5] Whistleblowing is also relevant to securities-market integrity. The SEBI (Prohibition of Insider Trading) Regulations, 2015 require listed companies to establish procedures concerning actual or suspected leaks of unpublished price sensitive information and to maintain a whistle-blower policy through which employees may report such leaks. Whistleblowing has thus developed from a general concept of corporate ethics into an element of corporate governance and securities regulation.[6] A company may nonetheless have a formally compliant policy while an employee still fears termination, demotion, harassment or other adverse consequences for reporting wrongdoing. The effectiveness of a vigil mechanism must therefore be assessed not merely by its existence but by its accessibility, independence, confidentiality, responsiveness and ability to protect the person who raises the concern.[7]

This paper critically examines the effectiveness of the vigil mechanism within corporate governance in India. It analyses the existing legal framework, the role of the Audit Committee, practical challenges in implementation and the relationship between internal corporate mechanisms and external regulatory avenues. It argues that, although Indian law has created a significant institutional framework, protection remains fragmented and largely dependent upon internal corporate structures. Stronger safeguards against retaliation, independent investigation and effective external escalation are necessary to transform formal compliance into substantive whistleblower protection.

II. WHISTLEBLOWING AND CORPORATE GOVERNANCE

Whistleblowing may broadly be understood as the disclosure of information concerning suspected wrongdoing by a person who has access to that information through a relationship with an organisation. Within the corporate environment, whistleblowers may include employees, directors, officers and, depending on the company's policy, other persons associated with the organisation.[8] The significance of whistleblowing arises primarily from information

[5] Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, reg. 22 (India); *LODR - Regulation 22*, COMPANIES ACT INTEGRATED READY RECKONER (CAIRR), https://ca2013.com/lodr-regulation-22/ (last visited Aug. 24, 2026).

[6] Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, reg. 9A(6) & ch. IIIA (India), https://www.sebi.gov.in/legal/regulations/jan-2015/sebi-prohibition-of-insider-trading-regulations-2015-issued-on-15-jan-2015-_28884.html; *Quirky Governance: Insider Trading and Whistle-Blowing*, TAXMANN (Jan. 7, 2026), https://www.taxmann.com/post/quirky-governance-insider-trading-whistle-blowing.

[7] Shalinee Jaiswal, *Vigil Mechanism/Whistle Blower Policy*, TAXGURU (May 22, 2019), https://taxguru.in/company-law/vigil-mechanism-whistle-blower-policy.html.

[8] Al Dossari, *supra* note 2.

asymmetry. Shareholders, and even independent directors, cannot continuously monitor the day-to-day activities of management and employees. External auditors and regulators likewise depend upon information becoming available to them. Employees, by contrast, may directly observe the transactions, communications and practices occurring within the organisation.[9]

An effective whistleblower mechanism can therefore supplement conventional corporate governance mechanisms in several ways. It can facilitate the early detection of misconduct. It can strengthen internal controls by identifying weaknesses that might otherwise remain undiscovered. It can protect shareholders and investors by bringing potentially material misconduct to the attention of the appropriate governance body. It can also encourage an organisational culture in which ethical conduct and accountability are valued.[10] Whistleblowing is particularly important where conventional governance mechanisms may themselves be ineffective. If, for example, the wrongdoing involves senior management, an employee may be unwilling to report the matter through ordinary managerial channels. A properly designed vigil mechanism should therefore provide an alternative route through which serious concerns can reach an independent body such as the Audit Committee.[11]

Whistleblowing also creates an inherent institutional difficulty. In many cases, the organisation receiving the complaint is itself the organisation whose conduct is being questioned. Where the complaint concerns senior executives or members of management, an internal investigation may give rise to conflicts of interest.[12] Consequently, the effectiveness of whistleblower protection depends not simply upon the existence of a reporting channel but upon who receives the complaint, who investigates it, who controls the evidence and what protection is available to the complainant.

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[9] Muhammad Ayaz et al., *Internal Whistleblowing and Cost of Debt: Do Managerial Ability and Ownership Concentration Matter?*, 104 INT'L REV. ECON. & FIN. 104738 (2025), https://doi.org/10.1016/j.iref.2025.104738.

[10] Uboho Inyang, *Whistleblowing as a Corporate Governance Mechanism: A Comparative Analysis of Employee-Whistleblower Protection in the United Kingdom and Nigeria* (2020), https://doi.org/10.2139/ssrn.3547899, https://www.researchgate.net/publication/340257210_Whistleblowing_as_a_Corporate_Governance_Mechanism_A_Comparative_Analysis_of_Employee-Whistleblower_Protection_in_the_United_Kingdom_and_Nigeria.

[11] Al Dossari, *supra* note 2.

[12] Rachel Barker & R. Dawood, *Whistle Blowing in the Organization: Wrongdoer or Do-Gooder?*, 23 COMMUNICARE: J. COMM. STUD. AFR. 119 (2004), https://doi.org/10.36615/jcsa.v23i2.1771, https://www.researchgate.net/publication/364712155_Whistle_blowing_in_the_organization_wrongdoer_or_do-gooder.

III. Legal and regulatory framework in India

A. Companies Act, 2013

The Companies Act, 2013 provides the principal statutory basis for the corporate vigil mechanism. Section 177 deals with the Audit Committee and, in sub-section (9), requires every listed company and such other classes of companies as may be prescribed to establish a vigil mechanism for directors and employees to report genuine concerns.[13] The provision is significant because it places whistleblowing within the formal corporate governance structure rather than treating it merely as an internal human-resources matter. The mechanism is intended to provide a channel for reporting concerns relating to the company's affairs.[14] Sub-section (10) further requires the mechanism to provide adequate safeguards against victimisation of persons who use it. This is one of the most important elements of whistleblower protection, because the principal obstacle to reporting may not be the absence of a reporting channel but the fear of consequences after making a disclosure.[15] The same sub-section requires direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases. This is particularly significant where the complaint concerns senior management. It recognises that an employee should not necessarily be required to report misconduct through the ordinary hierarchy when that hierarchy may itself be implicated.[16] The statutory provision is, however, relatively general. It establishes the requirement of a mechanism and of safeguards against victimisation, but it does not provide a comprehensive code governing every aspect of whistleblower protection. Questions concerning anonymity, investigation procedures, timelines, remedies for retaliation and external escalation are therefore left substantially to corporate policies and other legal mechanisms.[17]

B. Companies (Meetings of Board and its Powers) Rules, 2014

Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 gives practical effect to section 177. It identifies the categories of companies required to establish a vigil mechanism: every listed company, companies that accept deposits from the public, and companies that have

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[13] The Companies Act, No. 18 of 2013, India Code (2013), § 177(9); *Rule 7: Companies (Meetings of Board and Its Powers) Rules, 2014*, Companies Act Integrated Ready Reckoner (CAIRR), https://ca2013.com/rule-7-companies-meetings-of-board-and-its-powers-rules2014/ (last visited Aug. 24, 2026).
[14] The Companies Act, No. 18 of 2013, India Code (2013), § 177(9).
[15] The Companies Act, No. 18 of 2013, India Code (2013), § 177(10); Samruddhi Varma, *Understanding Whistleblowing Practices and Regulations in India's Corporate Sector: A Focus on Section 177 of the Companies Act*, 6 Int'l J.L. Mgmt. & Human. 805 (2023), https://ijlmh.com/wp-content/uploads/Understanding-Whistleblowing-Practices-and-Regulations-in-Indias-Corporate-Sector-up.pdf.
[16] The Companies Act, No. 18 of 2013, India Code (2013), § 177(10); Jaiswal, *supra* note 7.
[17] Shivam Goel, *Protection of Whistle Blowers in India*, Academia.edu, https://www.academia.edu/6174619/Protection_of_Whistle_Blowers_in_India_Shivam_Goel_NUJS (last visited Aug. 24, 2026).

borrowed money from banks and public financial institutions in excess of fifty crore rupees.[18] The Rules also connect the vigil mechanism with the Audit Committee. Where a company is required to constitute an Audit Committee, that committee oversees the mechanism. The Rules further address conflicts of interest by requiring a member of the Audit Committee who has a conflict of interest in a given case to recuse himself or herself, leaving the other members to deal with the matter.[19] This is important because an effective whistleblower mechanism requires independence. A complaint concerning a director or senior officer should not ordinarily be controlled by the person who is the subject of the allegation or by persons who have a direct conflict of interest. Nevertheless, the Rules do not prescribe a single uniform investigative model. Companies retain considerable discretion in determining how complaints are received, investigated and resolved. Consequently, the practical effectiveness of the mechanism may differ substantially from one company to another.[20]

C. SEBI LODR Regulations

For listed companies, the SEBI LODR Regulations provide an additional layer of corporate governance regulation. Regulation 22 requires a listed entity to formulate a vigil mechanism or whistle-blower policy for directors and employees to report genuine concerns. The regulation also requires safeguards against victimisation and direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases. The requirement reflects the importance of whistleblowing in protecting investors and maintaining confidence in the securities market.[21]

The regulatory framework has continued to evolve. The LODR Regulations were most recently amended on 10 July 2026, demonstrating that the governance obligations imposed on listed entities remain subject to continuing regulatory development.[22] Regulatory disclosure of the existence of a whistleblower policy does not, however, demonstrate its effectiveness. A

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[18] Companies (Meetings of Board and its Powers) Rules, 2014, r. 7(1) (India); Jaiswal, *supra* note 7.

[19] Companies (Meetings of Board and its Powers) Rules, 2014, r. 7(2) (India); Diganth Raj Sehgal, *Vigil Mechanism and Whistle-Blower Policy in India*, IPLEADERS (Nov. 4, 2021), https://blog.ipleaders.in/vigil-mechanism-and-whistle-blower-policy-in-india/.

[20] Abu Kai Kamara, *Fundamental Issues in Corporate Governance: Theory, Practice, and Global Developments*, 1(6) J. ECON. FIN. RSCH. & REV. (2025), https://doi.org/10.65150/EP-jefrr/V1E6/2025-05, https://www.researchgate.net/publication/399156864_Fundamental_Issues_in_Corporate_Governance_Theory_Practice_and_Global_Developments.

[21] Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, reg. 22 (India); *Vigil Mechanism and Whistle Blower Policy: An Indian Perspective*, TAXMANN, https://www.taxmann.com/research/company-and-sebi/top-story/105010000000021968/vigil-mechanism-and-whistle-blower-policy-%E2%80%93-an-indian-perspective-experts-opinion (last visited Aug. 24, 2026).

[22] Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2026, Notification No. SEBI/LAD-NRO/GN/2026/312 (July 10, 2026) (India); *SEBI Amends LODR Regulations to Revise Procedural Requirements with Respect to Transfer and Transmission of Securities*, MONDAQ, https://www.mondaq.com/india/financial-services/1828946/sebi-amends-lodr-regulations-to-revise-procedural-requirements-with-respect-to-transfer-and-transmission-of-securities (last visited Aug. 24, 2026).

company may comply formally by publishing its policy while employees remain uncertain about confidentiality, investigation procedures or protection against retaliation. The assessment of effectiveness must therefore move beyond formal compliance.[23]

D. SEBI and insider trading

Whistleblowing is also connected with the prevention of insider trading. The SEBI (Prohibition of Insider Trading) Regulations, 2015 require listed companies to establish procedures for inquiry in the case of an actual or suspected leak of unpublished price sensitive information and to maintain a whistle-blower policy through which employees can report such leaks.[24] This demonstrates that whistleblowing has implications beyond general corporate ethics. Information concerning suspected insider trading or the leakage of unpublished price sensitive information may affect the integrity of the securities market and the interests of investors.[25] The insider-trading framework also provides a regulatory informant mechanism through which individuals may voluntarily provide information concerning specified violations directly to SEBI. Such mechanisms are significant because they create a route for information to reach the regulator rather than remaining exclusively within the company.[26] The distinction between an internal vigil mechanism and an external regulatory reporting mechanism is therefore increasingly important. An effective corporate governance system should provide an appropriate path for escalation where internal mechanisms fail or where the allegations involve persons who control the internal reporting structure.[27]

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[23] Muhammad Syahmi Adli Roslan et al., *Whistleblowing Effectiveness: The Role of Ethical Climate and Regulatory Strength in Shaping the Whistleblowing Index*, 7 ADVANCED INT'L J. BUS. ENTREPRENEURSHIP & SMES 209 (2025), https://doi.org/10.35631/AIJBES.724014, https://www.researchgate.net/publication/392859553_WHISTLEBLOWING_EFFECTIVENESS_THE_ROLE_OF_ETHICAL_CLIMATE_AND_REGULATORY_STRENGTH_IN_SHAPING_THE_WHISTLEBLOWING_INDEX.

[24] Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, reg. 9A(6) (India); Srividya Pratapa, *Enforceability of Insider Regulations: A Hit to Corporate Governance* (May 30, 2023), https://papers.ssrn.com/abstract=5791623.

[25] *Regulatory Challenges and Legal Framework of Insider Trading in the Indian Securities Market: An Economic Perspective*, RESEARCHGATE (Apr. 16, 2026), https://www.researchgate.net/publication/403689150_REGULATORY_CHALLENGES_AND_LEGAL_FRAMEWORK_OF_INSIDER_TRADING_IN_THE_INDIAN_SECURITIES_MARKET_AN_ECONOMIC_PERSPECTIVE.

[26] Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, ch. IIIA, regs. 7A–7M (India) (informant mechanism, inserted with effect from Dec. 26, 2019); SECURITIES AND EXCHANGE BOARD OF INDIA, *Discussion Paper on Amendment to the SEBI (Prohibition of Insider Trading) Regulations, 2015 to Provision for an Informant Mechanism* (June 10, 2019), https://www.sebi.gov.in/reports/reports/jun-2019/discussion-paper-on-amendment-to-the-sebi-prohibition-of-insider-trading-regulations-2015-to-provision-for-an-informant-mechanism_43237.html.

[27] *Corporate Investigations Laws and Regulations 2026: India*, ICLG (Jan. 26, 2026), https://iclg.com/practice-areas/corporate-investigations-laws-and-regulations/india/.

IV. Effectiveness of the vigil mechanism

The effectiveness of a vigil mechanism should be assessed using substantive rather than merely formal criteria. The existence of a written policy is the starting point of the analysis, not its end.[28]

A. Accessibility

Employees must understand what conduct can be reported and how a complaint can be made. A complicated or inaccessible reporting procedure can discourage genuine disclosures. Multiple reporting channels, including electronic and direct reporting options, can improve accessibility.[29]

B. Confidentiality

Employees are more likely to report wrongdoing when they are confident that their identity will not be unnecessarily disclosed. Confidentiality is particularly important where the allegation concerns senior management.[30]

Confidentiality must, however, be supported by actual information-control procedures. A policy promising confidentiality is of limited value if numerous employees have access to the identity of the complainant.[31]

C. Independence

An investigation must be sufficiently independent to inspire confidence. Complaints involving senior executives should not be investigated solely by individuals who report to those executives. The Audit Committee should have the ability to appoint independent legal, forensic or investigative professionals where necessary.[32]

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[28] Megha Saha, Dhananjay Mishra & Hifajatali Sayyed, *A Critical Study on the Role and Protection of Whistle-Blowers against White-Collar Crime in Indian Politics*, 1(1) DEFACTO L.J. (2025), https://defactolawjournal.org/papers/a-critical-study-on-the-role-and-protection-of-whistle-blowers-against-white-collar-crime-in-indian-politics/.
[29] Al Dossari, *supra* note 2.
[30] Wanyun Li, Ka Wai (Stanley) Choi & Shuk Ying Ho, *Understanding the Whistle-Blowing Intention to Report Breach of Confidentiality*, 47 COMMC'NS ASS'N INFO. SYS. 72 (2020), https://doi.org/10.17705/1CAIS.04704, https://www.researchgate.net/publication/346553084_Understanding_the_Whistle-Blowing_Intention_to_Report_Breach_of_Confidentiality.
[31] *Vigil Mechanism and Whistle Blower Policy: An Indian Perspective*, *supra* note 21.
[32] Imelda, Mukhtaruddin & Shelly Febriana Kartasari, *Analyzing the Role of the Audit Committee in Good Corporate Governance: Influence on Transparency and Accountability of Financial Reports*, 14 JURNAL AKUNTANSI 73 (2025), https://doi.org/10.46806/ja.v14i1.1398, https://www.researchgate.net/publication/394134837_Analyzing_The_Role_of_The_Audit_Committee_in_Good_Corporate_Governance_Influence_on_Transparency_and_Accountability_of_Financial_Reports.

D. Protection against retaliation

The existence of a reporting channel will not encourage whistleblowing if employees reasonably fear retaliation. Protection should cover termination, demotion, adverse performance assessments, harassment, undesirable transfers and other forms of professional disadvantage.[33]

E. Timeliness

Delayed investigations can compromise evidence and increase the risk of retaliation. A credible mechanism should therefore establish reasonable timelines for acknowledging complaints, conducting preliminary assessments and completing investigations.[34]

F. Accountability

The effectiveness of a vigil mechanism ultimately depends upon accountability. The Board and the Audit Committee should periodically assess whether complaints are properly handled, whether retaliation has occurred and whether systemic weaknesses identified through complaints have been corrected.[35] An effective vigil mechanism should therefore be evaluated by asking whether employees can report concerns safely, whether allegations are investigated independently and whether appropriate corrective action follows.[36]

V. Challenges

A. Fear of retaliation

Retaliation is arguably the most significant practical obstacle to whistleblowing. Even where a company formally prohibits victimisation, employees may fear losing employment, promotion or professional opportunities.[37] Retaliation may also be subtle. An employee may experience exclusion from important assignments, negative performance evaluations or workplace hostility without ever receiving an explicit dismissal order. Such conduct can be difficult to identify and prove. The legal requirement of safeguards against victimisation is therefore important but may

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[33] Yana Ulfah et al., *Employees Are Faced with Whistleblowing Reporting Channel Alternatives: Which One Is More Desirable?*, 41(31) Revista Espacios art. 2 (2020), https://www.revistaespacios.com/a20v41n31/a20v41n31p02.pdf, https://www.researchgate.net/publication/343787234_Employees_are_faced_with_whistleblowing_reporting_channel_alternatives_Which_one_is_more_desirable.
[34] Jaiswal, *supra* note 7.
[35] Sehgal, *supra* note 19.
[36] Jaiswal, *supra* note 7.
[37] Joyce Rothschild & Terance D. Miethe, *Whistle-Blower Disclosures and Management Retaliation: The Battle to Control Information About Organization Corruption*, 26 Work & Occupations 107 (1999), https://doi.org/10.1177/0730888499026001006, https://www.researchgate.net/publication/249690500_Whistle-Blower_Disclosures_and_Management_Retaliation_The_Battle_to_Control_Information_about_Organization_Corruption.

not be sufficient. Effective protection requires a clear definition of prohibited retaliation and meaningful remedies.[38]

B. Management influence

A vigil mechanism may be ineffective where senior management exercises significant influence over the persons responsible for receiving or investigating complaints. This problem becomes particularly serious where allegations involve the chief executive officer, the chief financial officer or other senior officers. Direct access to the Chairperson of the Audit Committee is therefore an important safeguard, but its practical effectiveness depends upon whether employees actually know about and trust this route.[39]

C. Conflict of interest

A person responsible for investigating a complaint may have a personal, professional or financial relationship with the person against whom the complaint is made. Such conflicts can undermine the credibility of the investigation. Companies should therefore establish clear recusal requirements and provide for independent investigation where necessary.[40]

D. Anonymous complaints

Anonymity can encourage reporting because it reduces the fear of retaliation. It can, however, also create investigative difficulties. Investigators may be unable to obtain additional information or to clarify allegations. The solution is not necessarily to reject anonymous complaints. Instead, companies should establish secure channels that allow anonymous communication while enabling investigators to request additional information where possible.[41]

E. Absence of a comprehensive private-sector whistleblower law

India does not presently have a comprehensive operational statute specifically providing broad protection to private-sector corporate whistleblowers. The Whistle Blowers Protection Act, 2014 was enacted primarily in relation to disclosures concerning public servants and specified public authorities, and it has not been brought into force; the Whistle Blowers Protection

[38] Petter Gottschalk, *Suspicion of White-Collar Crime: A Case Study of Retaliation Against Whistle-Blowers*, 32 INT'L CRIM. JUST. REV. 457 (2022), https://doi.org/10.1177/1057567718814286.

[39] *Whistleblower Vigil Mechanism: Law Notes*, THE LEGAL BRIDGE, https://thelegalbridge.in/notes/wjeSORurif5Z1tNs5SO1/ (last visited Aug. 26, 2026).

[40] INSTITUTE OF COMPANY SECRETARIES OF INDIA, *Governance, Risk Management, Compliances and Ethics* (Professional Programme, Module 1, Paper 1), https://www.icsi.edu/media/webmodules/GovernanceRiskManagementCompliances&Ethics.pdf (last visited Aug. 26, 2026).

[41] Olivia Elizabeth Vere Taylor et al., *Police Whistleblowing: A Systematic Review of the Likelihood (and the Barriers and Facilitators) of the Willingness of Police Officers to Report the Misconduct of Fellow Officers*, 91 J. CRIM. JUST. 102170 (2024), https://doi.org/10.1016/j.jcrimjus.2024.102170.

(Amendment) Bill, 2015, which was intended to precede its commencement, was passed by the Lok Sabha but lapsed on the dissolution of the sixteenth Lok Sabha in 2019. Consequently, private-sector employees rely substantially upon the Companies Act, SEBI regulations where applicable, corporate policies and other general legal remedies. This fragmented structure creates uncertainty concerning the scope and effectiveness of protection.[42]

F. Corporate culture

Perhaps the most difficult issue is organisational culture. A company may establish a whistleblower policy to satisfy a statutory requirement while simultaneously creating an environment in which employees are discouraged from reporting problems. A genuine whistleblowing culture requires employees to believe that management values good-faith reporting. This requires visible support from the Board and senior leadership and consistent action against retaliation.[43]

The governance framework in India represents a significant development because it recognises whistleblowing as an element of corporate governance. The requirement of a vigil mechanism, the involvement of the Audit Committee and the safeguards against victimisation provide an institutional foundation for employee reporting.[44] The framework nonetheless remains predominantly compliance-oriented. The law requires specified companies to establish a mechanism but does not comprehensively regulate every stage of the whistleblower's experience.[45]

The distinction between formal protection and substantive protection is therefore critical. Formal protection exists when a company has a written policy and a reporting channel. Substantive protection exists when an employee can actually use that channel without unreasonable fear of retaliation and can expect a fair and independent investigation.[46] The internal nature of the system is another important concern. Where the company is responsible for investigating allegations against its own senior officers, independence becomes a

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[42] The Whistle Blowers Protection Act, No. 17 of 2014, INDIA CODE (2014), § 1(3); PRS LEGISLATIVE RESEARCH, *The Whistle Blowers Protection (Amendment) Bill, 2015*, https://prsindia.org/billtrack/the-whistle-blowers-protection-amendment-bill-2015 (last visited Sept. 6, 2026); Minnelli Almeida & Payal Cholera, *The Whistleblowing Corporate Fraud: India's Regulation*, 6 INT'L J. LEGAL SCI. & INNOVATION 558 (2024), https://ijlsi.com/wp-content/uploads/The-Whistleblowing-Corporate-Fraud.pdf.

[43] Barker & Dawood, *supra* note 12.

[44] Ajay Sharma, *Whistleblowing as a Tool to Corporate Good Governance: An Indian Perspective*, 9 RSCH. J. HUMAN. & SOC. SCIS. 671 (2018), https://doi.org/10.5958/2321-5828.2018.00112.2.

[45] Nandana Wasantha Pathiranage et al., *Beyond Compliance: The Role of Corporate Governance in Shaping Whistleblower Protection Policies*, 20 REG. & GOVERNANCE 1209 (2026), https://onlinelibrary.wiley.com/doi/full/10.1111/rego.70035.

[46] Arun Arangil, *Whistle-Blowing as an Essential Component of Corporate Governance: From an Indian Perspective*, 4(4) INDIAN J.L. & LEGAL RSCH. (Aug. 7, 2022), https://www.ijllr.com/post/whistle-blowing-as-an-essential-component-of-corporate-governance-from-an-indian-perspective.

fundamental issue. The Audit Committee can mitigate this problem, but only where it exercises genuine oversight and possesses the authority to appoint independent investigators.[47]

Corporate experience demonstrates the importance of such independence. The Infosys whistleblower episode of 2019 showed that allegations involving senior management can raise significant governance and disclosure questions. The recusal of the chief executive officer and the chief financial officer from the inquiry, and the Audit Committee's use of independent legal counsel and forensic advisers, illustrated the value of separating the investigation from the individuals against whom the allegations are made.[48] The framework should therefore be assessed according to whether it creates credible incentives to report wrongdoing. Employees will report only when the expected benefit of disclosure is not outweighed by the perceived risk of retaliation.[49] This suggests that the future development of whistleblower regulation should focus less on whether a company possesses a policy and more on measurable outcomes. Companies should periodically evaluate the number and nature of complaints, the time taken to investigate them, conflicts of interest, findings, corrective measures and allegations of retaliation.

VI. CONCLUSION AND SUGGESTIONS

Whistleblower protection is an essential element of effective corporate governance because employees often possess information capable of exposing corporate misconduct before it becomes visible to shareholders, auditors or regulators. India's recognition of the vigil mechanism under company law and securities regulation represents an important development in corporate accountability. The Companies Act, 2013 and SEBI's regulatory framework establish important safeguards, including reporting channels, Audit Committee oversight,

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[47] Rahmah Yulianti et al., *The Role of Internal Control Systems and Good Corporate Governance in Fraud Prevention Efforts: A Literature Review*, 3 FRONTIERS BUS. & ECON. 39 (2024), https://doi.org/10.56225/finbe.v3i1.325, https://www.researchgate.net/publication/384918804_The_Role_of_Internal_Control_Systems_and_Good_Corporate_Governance_in_Fraud_Prevention_Efforts_A_Literature_Review.

[48] *Infosys Chairman Nilekani Recuses CEO Parekh, CFO Roy from Investigation of Allegations*, BUSINESS TODAY (Oct. 22, 2019), https://www.businesstoday.in/latest/corporate/story/infosys-launches-probe-whistleblower-allegations-recuses-salil-parekh-nilanjan-roy-236454-2019-10-22; *Infosys Whistleblower Allegations: Audit Panel Finds No Evidence of Executive Misconduct*, BUSINESS TODAY (Jan. 10, 2020), https://www.businesstoday.in/latest/corporate/story/infosys-whistleblower-allegations-audit-panel-finds-no-proof-of-financial-impropriety-executive-misconduct-241644-2020-01-10; *2019 Infosys Whistleblower Case Analysis*, SCRIBD, https://www.scribd.com/document/922810397/Infosys-Whistleblower-Case-Report-Guidance (last visited Aug. 26, 2026).

[49] Wisanupong Potipiroon, *Reward Expectancy and External Whistleblowing: Testing the Moderating Roles of Public Service Motivation, Seriousness of Wrongdoing, and Whistleblower Protection*, 53 PUB. PERSONNEL MGMT. 309 (2024), https://doi.org/10.1177/00910260231222814, https://www.researchgate.net/publication/377774416_Reward_Expectancy_and_External_Whistleblowing_Testing_the_Moderating_Roles_of_Public_Service_Motivation_Seriousness_of_Wrongdoing_and_Whistleblower_Protection.

protection against victimisation and direct access to the Chairperson of the Audit Committee in appropriate cases. The securities framework also recognises whistleblowing in relation to insider trading and other market-integrity concerns.

Nevertheless, the effectiveness of the framework cannot be determined merely by asking whether a company has established a whistleblower policy. The real question is whether an employee can raise a genuine concern without fear of retaliation and whether the complaint will be investigated independently and resolved appropriately. The existing framework remains fragmented and substantially dependent upon internal corporate mechanisms. The absence of a comprehensive private-sector whistleblower protection law, uncertainty concerning remedies for retaliation and potential management influence over internal investigations remain significant limitations.

The future of whistleblower protection in India should therefore move from formal compliance towards substantive protection. Companies should provide confidential and accessible reporting channels, independent investigations, strong anti-retaliation safeguards and meaningful Audit Committee oversight. Regulators should strengthen external reporting and remedial mechanisms for serious corporate and securities-law violations. Protection should also extend to good-faith disclosures, even where the allegations are ultimately unsubstantiated.

A. Suggestions

i. Stronger anti-retaliation protection

Corporate law in India should provide clearer protection against dismissal, demotion, harassment, discrimination, adverse performance evaluations, undesirable transfers and other professional disadvantages arising from whistleblowing.

ii. Independent investigation

Complaints involving senior management, significant financial misconduct or serious governance failures should be investigated independently. The Audit Committee should have the authority to appoint external legal, forensic or investigative professionals where necessary.

iii. Enhanced confidentiality

Companies should establish strict access controls over whistleblower identities and disclose such information only to persons who genuinely require it for the investigation.

iv. Effective escalation

Employees should have a clear escalation route where ordinary reporting channels are inappropriate or compromised. Direct access to the Chairperson of the Audit Committee should be practically accessible rather than merely formal.

v. Audit Committee oversight

The Audit Committee should periodically review the vigil mechanism, including its accessibility, independence, confidentiality, investigation procedures and effectiveness.

vi. Protection for good-faith reporting

Employees who make honest and reasonable disclosures should remain protected even when the allegations are ultimately unsubstantiated. An unsuccessful complaint should not automatically be treated as malicious.

vii. Stronger external reporting channels

Where internal mechanisms fail, or where allegations involve senior management, fraud, securities-law violations or significant investor harm, credible external regulatory reporting channels should be available.

viii. Development of a comprehensive framework

India should consider developing a comprehensive private-sector whistleblower protection framework that harmonises the existing corporate and securities-law protections and establishes consistent standards for confidentiality, retaliation, investigation and remedies.

Ultimately, an effective vigil mechanism is not simply a compliance document published on a company's website. It is a governance institution that allows individuals to raise concerns safely and ensures an independent and accountable response. Strengthening whistleblower protection would therefore protect not only individuals but also corporate transparency, investor confidence, market integrity and responsible corporate governance in India.

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