

VIGEYE VANI

Monthly Newsletter of Central Vigilance Commission



OCTOBER 2011

While chairing the Plenary Session on 'Strengthening Frameworks for International Co-operation in Multi-jurisdictional Corruption Investigations' in the 7th Regional Anti-Corruption Conference of the ADB/OECD Anti-Corruption Initiative for Asia and the Pacific hosted by the Government of India, Shri Pradeep Kumar, Central Vigilance Commissioner, stated that with increasing globalization, international trade and financial flows, corruption had also acquired a transnational dimension. Cases of corruption can involve multi-jurisdictional investigation which has its own set of problems like, gathering of evidence across national boundaries, apprehending offenders who might have fled the country after committing the offence and also recovery or confiscation of the proceeds of corruption which might have been invested in another country. The solution lies in evolving an effective framework for cooperation in investigation and Mutual Legal Assistance.

The sophistication of financial transactions and the complexity of multi-jurisdictional crime require a multi-disciplinary approach in the investigation of such cases and collaboration of experts from various disciplines like legal, financial, taxation, forensic audit and information technology is vital.

The UN Convention Against Corruption provides a basic foundation for international cooperation to combat the global dimensions of corruption. The International Association of Anti-Corruption Authorities (IAACA) also provides a valuable platform for such cooperation. The Central Vigilance Commission of India is heading a Task Force on Knowledge Management as part of the initiative of the International Association of Anti-Corruption Authorities to facilitate sharing of information among countries.



At the Inaugural Ceremony of the Conference of the ADB/OECD Anti-Corruption Initiative for Asia and the Pacific held in September 2011

From The Editor's Desk



Corruption is an all-pervasive phenomenon which affects people from all walks of life. It stands in the way of good governance, sustainable development and the democratic process.

Educational institutions are realising the need for an anti-corruption drive in schools by targeting the impressionable minds of students. Recently, the Central Board of Secondary Education (CBSE) advised all its affiliated schools to develop awareness amongst its students by organising activities to bring home the pernicious effects of corruption and also to bring about awareness among students of their rights and duties in curbing corruption – social and economic. Schools have been asked to observe Vigilance Awareness Week every year as declared by the Central Vigilance Commission, with the objective of sensitizing students against corruption and also about the importance of vigilance.

In this issue, we have highlighted the efforts made by SAIL to instil amongst the students of schools run by the Bhilai Steel Plant, the importance of right values and ethics, through the formation of Ethics Clubs.

This issue also contains suggestions made by a particular University regarding how it is possible to bring about a corruption free society and how the Digital Dilemma among students can be regulated through an Internet Governance Plan.

The Commission held its Annual Zonal/Sectoral Review Meeting with the CMDs/Chief Executives and CVOs of the Heavy Industries and Mines sector on 4.10.2011 and the Coal Sector on 10.10.2011 respectively, in the Central Vigilance Commission.

Contribution of articles to Vigeye Vani by our stakeholders is always welcome. Such articles reflect the ground reality prevalent in organisations and how systemic improvements can be brought about, thus paving the way for subsequent implementation by other CVOs in the same sector.

Editor

Dr. Jaya Balachandran
Additional Secretary, CVC

Members of the Editorial Committee

Shri Prabhat Kumar, Director, CVC
Shri Surendra Mohan, Director, CVC

Designed By : Savreet Singh Khurana, Engineer, NIC

Conference on Building a Multidisciplinary Framework to Combat Corruption

1. The 7th Regional Anti-Corruption Conference of the ADB/OECD Anti-Corruption Initiative for Asia and the Pacific was hosted by the Government of India in New Delhi on 28-29th September 2011. Since corruption was widely perceived to involve various facets, sectors, organisations, etc., what was required as a solution was a multidisciplinary approach with a multidisciplinary framework for combating corruption.

2. The United National Convention against Corruption(UNCAC) and the Anti-Bribery Convention and other instruments of the Organisation for Economic Co-operation and Development(OECD) have addressed the problem of corruption from various angles like prevention in public and private sectors, detection and law enforcement. The Conference was organised to help governments, businesses and citizens in Asia-Pacific to find holistic approaches to the corruption problem. Some of the features of an effective Multidisciplinary Anti Corruption Framework relate to:-

- a) International co-operation in multijurisdictional corruption investigations;
- b) Measures to prevent and detect corruption in public procurement;
- c) Corporate compliance, internal controls and ethics measures to fight corruption; and
- d) Strong citizen contribution to such a framework.

3. The Conference had small breakout sessions deliberating upon specialised areas of interest, such as effective international information-sharing in investigations; public procurement in high risk sectors, features of an effective corporate compliance programme and strengthening citizens' participation to increase integrity and transparency in government.

4. Apart from the member countries and economies of the ADB/OECD Anti-Corruption Initiative for Asia and the Pacific, leading global experts from all relevant disciplines, representing international organisations, leading enterprises and businesses associations, civil society and unilateral and donor organisations shared their experiences, at the conference.



Participants at the Anti-Corruption Conference held in September 2011 at New Delhi.

Results of Vigilance Investigation



S K Choudhary, CVO Kolkata Port Trust

- 1.** As per a complaint received as source information, Vessels coming for repair in Dry-Docks at the Port were not properly billed for the repair undertaken, It was alleged that there was a nexus between the Vessel user and Port officials. The bills were not raised as per the Tonnage of Vessels. Extension of time was granted but no accounting was done for extra charges for the period. Electric meters were manipulated and Vessels were charged much lower than what they had actually consumed. The final bill for the entire work was not coordinated and was prepared very late.
- 2.** The matter was investigated by the Vigilance Department. It was found that no recording of the quantum of repair was done at the time of commencement of repair. Less advance was deposited by the Vessel as a minor repair was projected. The quantum of repair was increased but advance was not deposited in time. Most of the electric meters were found unserviceable and billings were done on ad hoc basis. Officials responsible for the lapses were suitably advised to be careful in future. In order to streamline the system and to take the benefit of computerisation in KODS Dry Docks, the following systemic improvements were suggested:
 - a)** The Dry Dock Office on receipt of an application for Dry Docks Booking should enter all details in the computer, which would generate a registration number, to be given to the applicant company.
 - b)** The applicant company would thereafter approach the Superintendent of Collection with the registration number for payment. The collection office will put the registration number in the computer in order to fetch all particulars of the vessels. The ad-hoc bill would be generated in detail by the computer automatically and the same would be handed over to the applicant company for payment.
 - c)** On receipt of the Dry Dock Charge, Electrical Charge and other charges payment entry should be made in the computer by Collection Office in order to have on-line confirmation available with the Dry Dock Office/ Electrical Office of Mechanical Engineering Department.
 - d)** If there was any extension of time, new service etc. given by the Port Authorities, the same would be entered in the computer by the Dry Dock Office and the applicant company would be advised to make further payment to the Superintendent Collection Office.
 - e)** The Collection Office would accept the ad-hoc payment and make necessary entry into the computer for on-line availability of information regarding payment with the Dry Dock Office/Electrical Office.
 - f)** The process under (d) and (e) above would continue till the final un-docking date was decided.
 - g)** When the final un-docking date was decided the said particulars along with other services, if any, would be entered by the Dry Dock Office in the computer with advice to the applicant company to approach Collection office for making the payment.
 - h)** After the Vessel sailed out of the Dry Dock and on receipt of the said information online from the Dry Dock Office, the collection office would generate a final bill furnishing break -up of all services, rate and charges etc. and issue a demand notice if there was any dues or issue a refund intimation if there was excess payment and inform the applicant company for necessary payment/getting refund.
 - i)** All electrical meters of the Dry Docks should be changed to Digital Meters to ensure transparency and proper reading.
- 3.** Both the Operational and Administration Departments have accepted the above proposal and have developed a module to implement the measures suggested, thus paving the way for a minimal corruption-prone situation.

Role of Third Party Entities [TPEs] in Fraud Cases

Prabhat Agarwal, CVO, Small Industries Development Bank of India

1. The Reserve Bank of India [RBI], after an analysis of fraud cases in the financial sector, especially pertaining to retail loans, observed that in most of these cases, the role played by Third Parties Entities [TPEs] such as builders, warehouse owners, dealers, travel agents etc. was questionable. Similarly, advice tendered by Chartered Accountants, Valuers, Architects, Advocates etc. plays an important role in ascertaining the progress of house construction, project implementation, infusion of funds, validity/ marketability of the title of the properties etc. RBI observed that these professionals seem to have colluded with fraudsters by giving fake/ questionable certificates.
2. Accordingly, RBI in March 2009, advised Banks to report to the Indian Banks' Association [IBA], the details of TPEs [including professionals] involved in fraud. Before reporting to IBA, the Banks were advised to satisfy themselves about the involvement of third parties concerned and also provide them with an opportunity of being heard. On the basis of reporting of such TPEs by Banks, IBA prepares caution lists of TPEs and circulates the same among the banks, which they could use while dealing with such entities.
3. Even though, most of the Banks and Financial Institutions [FI] have put the above system in place as per the directives of RBI and IBA, there are procedures which need further strengthening . A few suggestions in this regard are as follows:-
 - a) When a borrower approaches a Bank with certificates/ documents issued / certified/ audited by a certain TPE, the dealing official should obtain a written confirmation from the said TPE about his having issued the said certificate.
 - b) Simultaneously, the TPE should be told that if his certification is found to be incorrect, subsequently, the Bank would take necessary action, including reporting of his name to IBA.
 - c) The details of the CA need to be verified from the website of the Institute of the Chartered Accountants of India [ICAI], apart from an independent check with the auditors concerned regarding their genuineness.
 - d) As far as possible, the Banks should engage the services of the TPEs directly, rather than depending upon the opinion/ certifications provided by the TPEs engaged by the borrowers.
 - e) In the case of a qualified, ambiguous or incomplete report, the same may not be relied upon until a clear report is submitted by the said TPE.
 - f) In the case of valuation reports, all the three values i.e. market value, realizable value and distress sale value of the property should be mentioned in the report after proper "on site" evaluation of the identified land, building, equipment, etc.
 - g) A complete list of caution listed TPEs, duly updated should be available through an IT driven process to all the users in the FI & must be essentially referred to before accepting any document/ certification/ report of a TPE.
4. A suitable mechanism can be adopted in spirit by organizations other than Banks/ FIs, who also depend upon the opinion of external TPEs for decision-making. While the above steps may not stop perpetration of fraud by unscrupulous borrowers/ TPEs, they would go a long way in minimising/reducing such incidents. Further, they would also enable early detection of such fraud.

ETHICS IN SAIL



C B Paliwal, CVO, SAIL

1. No amount of rules, regulations or systems can deter a corrupt mind from corruption in the true sense. The most effective deterrent has surprisingly proved to be not the knowledge of punitive consequence but the principles / values of the individual. Therefore, a need was felt to ingrain an innate aversion in the minds of individuals against unfair means right at the initial stage i.e. at the school level. Discussions were held with the members of the Education Department of Bhilai Steel Plant, the largest steel plant of SAIL. It was decided to take the practice of ethical values from the confinement of text books to a co-curricular activity wherein children could imbibe values involuntarily. The idea to form Ethics Clubs thus took shape.

2. Concept of Ethics Club (EC)

ECs have been formed in the seven schools of Bhilai Steel Plant. Membership to the club is voluntary for the students in the age group of 11 to 16 years. The members of the club are named Young Champions of Ethics (YCEs). They learn distinct values through various activities, games and small group discussions, so that these values are incorporated inherently and get manifested through ethical conduct and behavior. Twelve core values have been adopted for this purpose. The motto of the club is 'living a life of values' so that every member becomes a role model in this regard. This helps YCEs in becoming 'value messengers' in society. These children impact their classmates and friends in school, members of the family, friends in the neighbourhood and other segments of society. A total of 25 EC sessions are conducted throughout the year and would include discussions on the two values allotted to each of the six groups of ten YCEs each in an EC. The EC manual describes in detail the content of the 25 sessions to be conducted in a year which also include quizzes, outdoor excursions, small group discussions, role play and projects to learn as well as spread the twelve core ethical values.

3. In order to involve the employees of Bhilai Steel Plant, a platform has been created where interested employees can interact with the members of the Ethics Club under the 'Ethics Club Buddy' programme, the aim of which is to create a bridge between generations to discuss and debate on ethical issues.

4. The EC model of Bhilai has been adopted by other Steel Plants as well. This would be SAIL's contribution towards soothing the turbulence that corruption has thrown our society into.



Children taking the Oath of 'Ethics Club' in a school of Bhilai Steel Plant

Towards a Corruption free society

Anumeha Verma, Executive - Corporate Communications, Jain University

1. The nation has recently witnessed a tidal wave of anger amongst its citizens against corruption. It is the tragedy of our times that corruption has become such a common factor in our day to day life that we accept it as easily as we accept our daily beverage.

The future generation is being brought up with an easy acceptance of corruption. But, it is this generation that can establish a mechanism free of Machiavellian overtones and selfish shades that benefit a few. India today holds the privilege of being the youngest nation in terms of the age of her population. That automatically translates into a nation with a population at its most impressionable age.

2. Educational institutions can be a catalyst in bringing about change. Since an Institution can be a platform for imbibing values, that can lead towards a corruption free society, several initiatives have been taken by the students of Jain University in this regard. One interesting step that the students took was using R K Laxman's cartoon the 'Common Man.' A student projecting himself as the common man visited various public places in Bangalore along with a group of other students. They encouraged people to talk about the issues plaguing them and their surroundings. The students also went a step further and accompanied the aggrieved to related offices and brought their issues to the notice of the concerned authorities.

Mukha Mukhi, a talk show of Radio Active, the community radio station of Jain University brings together the general public, authorities and other stakeholders in society together with the aim of finding amicable solutions to corrupt practices.

3. Awareness camps such as those on Right to Information organized by students for people living in far flung areas or even in urban locales can make people aware of their rights. This can go a long way in putting the corrupt on the defensive because lack of questioning corrupt practices has proved to be a form of encouragement. Perhaps, it is time to seek reasonable explanations on issues that have been hitherto left unquestioned.

The Digital Dilemma

M. S. Santhosh, Registrar, Jain University

1. In 1990 the World Wide Web (WWW) entered our lives surreptitiously. As is customary with every new technology, it is the young generation that is its primary user. So too, with the usage of Internet.

2. The country has only 8.4 per cent of internet penetration. However 8.4 per cent of a population of 1.6 billion is quite a number, making the country the fourth largest in terms of Internet users. Internet is an invaluable source of information not to mention networking at personal and professional levels.

3. However there is a need for some form of governance in the world ruled by hypertexts and IP addresses. What we need today are forums that can educate our youth on the significance of constructive Internet governance.

4. What students and young professionals today need to do is to build a culture that accepts the responsibility of using the medium where information travels in a matter of seconds.

5. Coming up with an **Internet Governance Plan** that neither inhibits freedom of expression nor becomes a weapon for destroying the very fabric of society has become a pressing need. All we can hope is that our youth are up to this challenge.

Initial thoughts on joining the Coal Sector

Deepak Srivastava, CVO, Mahanadi Coalfields Limited.

1. It became clear from day one of my joining the Coal Sector that it would be a great challenge to work in the sector. It is understood that in this sector around 30% of employees are under the Vigilance scanner. This is a matter of grave concern. The challenge would be to address key concerns or factors responsible for the high magnitude of corruption prevalent in the sector.

Coal mining is a dynamic process with variables changing on a day to day & site to site basis. The Vigilance Department has to be constantly alert in tracking, preventing and ultimately minimizing or preventing the potential areas of corruption where the stakes are very high. Though efforts are being made to erase the stain on the coal sector accumulated from many years and though there is an improvement in checking corruption, yet stemming grand corruption, for which the coal sector is widely known, requires serious thinking in terms of strengthening the institutional mechanisms in vogue, so as to enable the discharge of vigilance duty in a fearless and fair manner.

2. There is a need to ensure protection to CVOs working in critical areas where they are vulnerable and prone to bodily harm from disgruntled elements. Also appointing staff on deputation basis is required in the interest of efficient functioning of the Vigilance Department.

CVOs in the coal sector should be provided the services of a full-fledged investigative wing comprising of police officers of atleast Dy. SP rank with minimum two head Constables on deputation basis. This sort of protective staff along with the existing managerial support with expertise in various coal mining areas would give the much required moral support to the CVO in the discharge of his preventive and punishing duties in a fearless manner.

Disclaimer:- The views expressed by the author are his own.



❖ *“Happiness is when what you think, what you say and what you do are in harmony.”*

❖ *“An ounce of practice is worth more than tons of preaching.”*
--Mahatma Gandhi

CENTRAL VIGILANCE COMMISSION
Satarkta Bhawan, Block-A, GPO Complex
INA, New Delhi-110023

Visit us at : www.cvc.nic.in,

www.cvc.gov.in

**Read the online copy of Vigeye Vani on
the CVC Website.**

