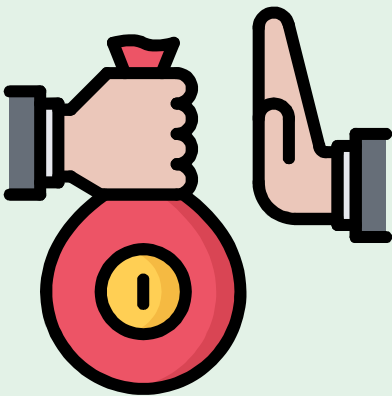




# Vigilance Bulletin

2019



भारतीय पटसन निगम लिमिटेड

(भारत सरकार की संस्था)

**THE JUTE CORPORATION OF INDIA LTD.**

(A Government of India Enterprise)





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**Shri A. K. Jolly**  
(Chairman-cum-Managing  
Director, JCI)

### From the Desk of CMD



**A**t the outset, I would like to take this opportunity to congratulate the Vigilance team of the Corporation for putting together this beautiful bulletin on vigilance issues, on the occasion of “Vigilance Awareness Week – 2019.” The theme of this year's Vigilance Awareness Week is “Integrity – a way of life.” In the present scenario, a more relevant theme could not have been thought of. It is high time that Integrity is espoused as a way of life and practiced in day to day life. In order to uproot corruption from the deep crevices of the society, Integrity indeed has to become a way of life, since that is the only way of living meaningfully and honourably. I hope that during this week the concept will be discussed and explained in detail, so that we all can adopt Integrity and follow the same in its true spirit throughout our lives.

I once again congratulate the vigilance team and extend my heartiest best wishes to conduct the Vigilance Awareness Week – 2019 successfully and meaningfully.

**The theme of this year's Vigilance Awareness Week is  
“Integrity – a way of life”**



**Shri A. Chakraborty**  
DGM - Pers. & Admin. (JCI) /  
In-charge Vigilance

## From the Desk of DGM (P&A) / In-charge Vigilance



Friends and Colleagues,

It gives me immense pleasure to have this opportunity to address you all on the occasion of “Vigilance Awareness Week – 2019.” The vigilance section of the Corporation has been successfully observing the Vigilance Awareness Week over the years with zeal and enthusiasm, despite its limited strength. This year the Central Vigilance Commission has chosen “**Integrity – a way of life**” as the theme for the Vigilance Awareness Week. The relevance of this theme is being felt in today's times like never before. In order to free our country of corruption from every section of the society, Integrity has to be ingrained in our personalities so that we do every job with utmost Integrity and Honesty.

I would like to conclude by saying that as charity begins at home, so does inculcating good habits. So we should resolve to teach our next generation the virtues of Integrity and Honesty and simultaneously practice the same ourselves to set examples before them. I hope the vigilance awareness week will be learning curve for all of us and I solicit a wholehearted participation of every employee of the Corporation in the various events of the Vigilance Awareness Week to make it successful in its true spirit.

## VIGILANCE AWARENESS WEEK

### — Background & its Importance —

Vigilance Awareness Week (VAW) is invariably observed by the Central Vigilance Commission (CVC) every year, as part of its concerted endeavour to promote probity, veracity and lucidity in public life in order to achieve a corruption free society. Observance of Vigilance Awareness Week would not be complete without a mention of Lt. Shri Vallabhbhai Patel, fondly called the 'Sardar' (Chief), an all-time great leader, freedom fighter, statesman, first Deputy Prime Minister & Home Minister of India. Vigilance Awareness Week is observed during the week in which 31st of October, the birthday of Sardar Vallabhbhai Patel falls. The observance of the Vigilance Awareness Week renews our commitment to achieve the goals of promoting integrity, transparency and accountability in public life. The Commission (CVC) also, therefore, lays greater emphasis on generation of awareness among the public life and the individuals in an effort to evolve a more proficient and sustainable means of fighting corruption.

It may be appreciated that creation of greater awareness among public and their participation in anti-corruption efforts would strengthen the resolve to eliminate corruption from the society. All the stakeholders need to participate for an all-round creation and spreading of

awareness among all sections of society to ensure corruption free environment.

The observance of the Vigilance Awareness Week commences with a pledge taken by public servants in the Ministries/ Departments/Central Public Sector Enterprises/Public Sector Banks and other Organizations. The organizations under-take activities relevant to the theme both within the Organization as well as to outreach to public/citizens during the Awareness Week.

In addition to these activities, there is also a concept of Integrity Pledge, for enlisting support and commitment of the citizens and corporates/entities/firms to prevent and combat corruption. The pledges, one for citizens and other for organizations, intend to affirm commitment to eradicate corruption and to uphold highest standards of ethical conduct, transparency and good governance. The pledges are available as e-pledges on the Commissions website in regional languages also. Citizens and organizations taking the Integrity pledge are provided a certificate acknowledging and appreciating their commitment to the cause of anti-corruption.

The Commission also stresses that efforts may be made to reach out the school and



college students who have an important role to play in promoting integrity as well as in the eradication of corruption from the society. During the VAW, competitions and activities for the college and school students are also conducted by various organizations on a large scale reaching out to the towns/cities across the country. The Organisations are urged to come forward to conduct various activities such as lectures, panel discussions, debates, quiz, essay writing, slogans and posters competitions on moral values, ethics and good governance practices for inculcating greater awareness on corruption measures for ensuring active participation of students of colleges/schools including professional colleges/institutions/employees of the Organizations across the country.

As a part of the activities to be conducted within the organizations as well as the outreach activities for public/citizens, awareness programmes need to be organised for dissemination of awareness in society to sensitise citizens on the ill effects of corruption.

“**Integrity - A Way of Life**” had been chosen as the theme for Vigilance Awareness Week this year by the Commission. We need to eliminate corruption and encourage life that combines righteousness and honesty for take the economic growth to needy sections of the society. Though punishment and penal actions are effective deterrents to corruption, a lot more can be achieved by inspiring the young generation to lead a life with probity and honour.

- VIGILANCE DEPARTMENT -

*Happiness is when what you think, what you say, and what you do are in harmony — Mahatma Gandhi*

*The weak can never forgive. Forgiveness is an attribute of the strong — Mahatma Gandhi*

## V I G I L A N C E

— And It's Importance —

Originally, it was management expert Henry Fayol [1841-1925] a French mining engineer who developed theory of business administration embodying Fayol's 14 Principles of Management which propounded that 'Discipline must be upheld in organisations.' He listed out awareness and security which was later referred as '**Vigilance**'. Vigilance leads to security which in turn leads to survival itself. 'Vigilance' means – to be watchful, to be alert as to what is happening and what can happen in the administration.

Let us see why "**Vigilance**" is essential for a public office dealing with public money. All employees in an organisation are not corrupt. It would also be naive to think that all employees are honest. There are some individuals who indulge in unethical and unlawful activities for getting personal gains by abusing the status and power available to them by virtue of holding a particular post/desk/seat/position in an organisation. Such employees who compromise their integrity for personal gains not only lead to revenue leakages, losses and wastages of different types and profit decline; but also spread this scourge among other colleagues and stakeholders. This compromise of tainted employees damage and dent the image, goodwill and reputation of an organisation. This is not a mere myth but a hard undeniable and

irrefutable reality as is self-evident from thousands scams and scandals, big and small, we have seen, right from independence of India. Essentiality of vigilance helps in disciplining the tainted employees; cautioning the hedge-sitters to be careful; protecting the honest performers and achievers; increasing the transparency and fairness in transaction of business, ensuring accountability; reducing and eliminating losses of revenues by plugging loopholes in the system; promoting culture of honesty and integrity and ultimately striving for Zero-tolerance for corruption.

The word Vigilance means 'alertness or watchfulness.' This is, therefore, a mental state and hence should be applicable to the rank and file. Vigilance is essentially required in each and every unit of an organisation. It would be ideal that each and every employee should be his or her own vigilance officer. This is a pre-requisite for self-discipline; as all employees are trustee/fiduciary of public interests. But experience, supported by facts, shows that some employees are always found tainted who in activities prejudicial to the interest of the organisation. Therefore, each organisation in Government sectors has its own Vigilance Unit headed by the Chief Vigilance Officer appointed by CVC, as its extended arm to oversee the functioning of the



organisation as a whole. Broadly areas where vigilance is essential are where –

- Officials have ample opportunities to abuse their position for personal gains;
- Officials have high and wide discretionary powers;
- Rules, regulations, procedures and processes are complex and cumbersome;
- Accountability is low;
- Delay in decision making;
- Negotiation in contracts/agreements finalizations is galore;

- Individuals are known to be corrupt; and

- Extensive public dealings.

Vigilance Units are thus required to identify sensitive places/ points and green pastures providing opportunities for corruption and then target the same by their strenuous and sincere efforts to clean the governance system by introducing a comprehensive system.

**A. Chakraborty**  
DGM (P&A)

*Live as if you were to die tomorrow. Learn as if you were to live forever — Mahatma Gandhi*

*Freedom is not worth having if it does not include the freedom to make mistakes — Mahatma Gandhi*

*We need to find God, and he cannot be found in noise and restlessness. God is the friend of silence. See how nature - trees, flowers, grass- grows in silence; see the stars, the moon and the sun, how they move in silence... We need silence to be able to touch souls — Mother Teresa*

## C O R P O R A T E   G O V E R N A N C E

### ———— A Perspective in Present Corporate India ————

#### **Introduction:**

Corporate Governance is essentially all about how corporations are directed, managed, controlled and held accountable to their shareholders. In India, the question of Corporate Governance has come up mainly in the wake of economic liberalization and de-regularization of industry and business. With the rapid pace of globalization many companies have been forced to tap international financial markets and consequently to face greater competition than before. Both policymakers and business managers have become increasingly aware of the importance of improved standards of Corporate Governance. India has one of the best corporate governance laws but poor implementation together with socialistic policies of the pre-reform era has affected corporate governance. Concentrated ownership of shares, pyramiding and tunneling of funds among group companies mark the Indian corporate landscape.

#### **Significance:**

A corporation is a congregation of various stakeholders, namely customers, employees, investors, vendor partners, government and society. In this changed scenario an Indian corporation, as also a corporation elsewhere, should be fair and transparent to its stakeholders in all its transactions. This has become imperative in today's globalized business world where corporations need to access global

pools of capital, need to attract and retain the best human capital from various parts of the world, need to partner with vendors on mega collaborations and need to live in harmony with the community. Unless a corporation embraces and demonstrates ethical conduct, it will not be able to succeed. Corporations need to recognize that their growth requires the cooperation of all the stakeholders; and such cooperation is enhanced by the corporations adhering to the best Corporate Governance practices.

#### **Objectives:**

1. To know the evolution of corporate governance.
2. The Present paper is basically concerned with the Issues and Challenges for Corporate Governance in India.
3. The paper also analyses regulatory deficiencies in corporate governance.
4. To provide suggestions bases on study.

#### **Evolution of Corporate Governance in India:**

Corporate Governance was not in practice in India until early 1990s and no one would find much reference to this subject in book of law till then. In India, weakness in the system such as undesirable stock market practices, boards of directors without adequate fiduciary responsibilities, poor disclosure practices, lack of transparency and

chronic capitalism were all crying for reforms and improved governance. The fiscal crisis of 1991 and resulting need to approach the IMF induced the Government to adopt reformative actions for economic stabilization through liberalization. The momentum gathered albeit slowly once the economy was pushed open and the liberalization process got initiated in early 1990s. As a part of liberalization process, in 1999 the Government amended the Companies Act, 1956. Further amendments have followed subsequently in the year 2000, 2002 and 2003. The major corporate governance initiatives launched in India since the mid 1990s.

Security and Exchange Board of India (SEBI) and the Ministry of Corporate Affairs, Government of India (MCA) playing important roles.

#### **A. Committee on Corporate Governance**

Reforming the Corporate Governance in India since 1990s.

##### **1. Confederation of Indian Industries (CII):**

The Confederation of Indian Industries is set up a taskforce in 1995 under Rahul Bajaj, a reputed industrialist. In April 1998, the CII released the code called "Desirable Corporate Governance". It looked into various aspects of Corporate Governance and was

first to criticize nominee directors and suggested dilution of government stake in companies.

##### **2. Kumar Mangalam Birla Committee Report**

While the CII code was well received by corporate sector and some progressive companies also adopted it, it was felt that under Indian conditions a statutory rather than a voluntary code would be more meaningful. Consequently the second major initiative was undertaken by the Securities and Exchange Board of India (SEBI) which set up a committee under the chairmanship of Kumar Mangalam Birla in 1999 with the objective of promoting and raising of standards of good corporate governance. In early 2000 the SEBI Board accepted and ratified the key recommendations of this committee and these were incorporated into Clause - 49 of the Listing Agreement of the Stock Exchanges.

##### **3. Department of Corporate Affairs**

In May 2000, the Department of Corporate Affairs formed a broad based study group under the chairmanship of Dr. P. L. Sanjeev Reddy, Secretary of Department of

Corporate Affairs. The group was given the ambitious task of examining ways to “operationalise the concept of corporate excellence on a sustained basis” so as to “sharpen India's global competitive edge and to further develop corporate culture in the country”. In November 2000 the Task Force on Corporate Excellence set up by the group produced a report containing a range of recommendations for raising governance standards among all companies in India.

#### 4. **Naresh Chandra Committee Report**

A committee was appointed by Ministry of Finance and Company Affairs in August 2002 under the chairmanship of Naresh Chandra to examine and recommend inter alia amendments to the law involving the auditor-client relationships and the role of independent directors. The committee made recommendations in two key aspects of corporate governance: financial and non-financial disclosures: and independent auditing and board oversight of management.

#### 5. **Narayana Murthy Committee Report in 2002**

The SEBI constituted a committee under the chairmanship of

Narayana Murthy for reviewing implementation of the corporate governance code by listed companies and issue of revised clause 49. Some of the major recommendations of the committee primarily related to audit committees, audit reports, independent directors, related party transactions, risk management, directorships and director compensation, codes of conduct and financial disclosures.

After liberalization serious efforts have been made towards overhauling the system with SEBI formulating the Clause 49 of the Listing Agreements dealing with corporate governance. Clause 49 of the Listing Agreement to the Indian stock exchange comes into effect from 31 December 2005. It includes the following key requirements:

**Board Independence:** Boards of directors of listed companies must have a minimum number of independent directors.

**Audit Committees:** Listed companies must have audit committees of the board with a minimum of three directors, two-thirds of whom must be independent.

**Disclosure:** Listed companies must periodically make various

disclosures regarding financial and other matters to ensure transparency.

#### 6. **J. J. Irani Committee Report**

The Companies Act 1956 was enacted on the recommendations of the Bhaba Committee set up in 1950 with the object to consolidate the existing corporate laws and to provide a new basis for corporate operation in independent India. With enactment of this legislation in 1956 the Companies Act 1913 was repealed. The need for streamlining this Act was felt from time to time as the corporate sector grew in pace with the Indian economy and as many as 24 amendments have taken place since 1956. The major amendments to the Act were made through Companies (Amendment) Act 1998 after considering the recommendations of Sacchar Committee followed by further amendments in 1999, 2000, 2002 and finally in 2003 through the Companies (Amendment) Bill 2003 pursuant to the report of R. D. Joshi Committee. After a hesitant beginning in 1980, India took up its economic reforms programme in 1990s and a need was felt for a comprehensive review of the Companies Act 1956. The

Government therefore took a fresh initiative in this regard and constituted a committee in December 2004 under the chairmanship of Dr. J. J. Irani with the task of advising the government on the proposed revisions to the Companies Act 1956.

#### 7. **Central Coordination and Monitoring Committee**

A high powered Central Coordination and Monitoring Committee (CCMC) co-chaired by Secretary, Department of Corporate Affairs' and Chairman, SEBI was set up by the Department of Corporate Affairs to monitor the action taken against the vanishing companies and unscrupulous promoters who misused the funds raised from the public. It was decided by this committee that seven Task Forces be set up at Mumbai, Delhi, Chennai, Kolkata, Ahmedabad, Bangalore and Hyderabad.

#### 8. **National Foundation of Corporate Governance**

Recently the Ministry of Company Affairs has set up National Foundation for Corporate Governance (NFCG) in association with Confederation of Indian Industry (CII), Institute of Company Secretaries of India (ICSI) and Institute of Chartered Accountants of India (ICAI).

9. **Voluntary Guidelines issued by Ministry of Corporate Affairs**

Voluntary Guidelines on Corporate Governance were issued by the Ministry of Corporate Affairs in December 2009. Few guidelines are worth mentioning.

The offices of chairman of the board and chief executive officer should be separate. The companies may have a Nomination Committee comprised of a majority of Independent Directors, including its Chairman. Independent Directors should not be paid with stock options or profit-based commission. The Board should provide training for the directors. The Audit Committee should be composed of at least three members, with Independent Directors in the majority and an Independent Director as the chairperson. The audit partner should be rotated every three years; the firm should be rotated every five years. The Committee may appoint an internal auditor.

10. **Ownership structure**

There are two sets of issues pertaining to the ownership structure of the listed companies in India. First, there is high concentration of ownership, which gives particular individuals

or families actual or effective control of most companies, even publicly traded companies. Second, a large number of companies in India are grouped together under the common control of a single shareholder or family.

11. **Establishment of the NSE Centre for Excellence in Corporate Governance**

To encourage best standards of corporate governance among the Indian corporates and to keep them abreast of the emerging and existing issues, the NSE set up in December, 2012, a Centre for Excellence in Corporate Governance (NSE CECG). This is an independent expert advisory body comprising eminent domain experts, academics and practitioners.

12. **Corporate Governance provisions in the Companies Act, 2013**

The enactment of the companies Act 2013 was major development in corporate governance in 2013. The new Act replaces the Companies Act, 1956 and aims to improve corporate governance standards, simplify regulations and enhance the interests of minority shareholders.

- i. *Board of Directors (Clause 166)*: The new Act provides that the company can have a maximum of 15 directors on the Board;
- ii. *Independent Director (Clause 149)*: The concept of independent directors (IDs) has been introduced for the first time in the Company Law in India.
- iii. *Related Party Transactions (RPT) (Clause 188)*: The new Act requires that no company should enter into RPT contracts pertaining to sale, purchase or supply of any goods or materials
- iv. *Corporate Social Responsibility (CSR) (Clause 135)*: The new Act has mandated the profit making companies to spend on CSR related activities
- v. *Auditors (Clause 139)*: A listed company cannot appoint or reappoint (a) an individual as auditor for more than one term of five consecutive years,
- vi. *Disclosure and Reporting (Clause 92)*: In the new Act, there is significant transformation in non-financial annual disclosures and reporting by companies as compared to the earlier format in the Companies Act, 1956.
- vii. *Class action suits (Clause 245)*: For the first time, a provision has been made for class action under which the order passed by the Tribunal shall be binding on all the stakeholders including the company and all its members, depositors and auditors.

**Avik Saha**  
Company Secretary, JCI

*Where can we go to find God if we cannot see Him in our own hearts and in every living being – Swami Vivekananda*

*Glory lies in the attempt to reach one's goal and not in reaching it – Mahatma Gandhi*







## INTEGRITY

### — A Way of Life —

**Y**ou're a government employee and you hear of plans for a new shopping centre and airport development. The price of property in the area is likely to increase sharply once public announcement is made. Should you tell your friend who owns property in the area and is planning to sell? Should you buy property yourself?

You've been really struggling in a class you need to pass to graduate. You studied hard for the final, but still aren't feeling confident about it. Your friend took the test earlier in the day and offers to tell you exactly what was on it. Should you let him?

Your ex-girlfriend comes into town and wants to have a casual, friendly lunch. Do you tell your wife?

What would you do in the above scenarios? How long would it take you to decide? Integrity is one of those abstract qualities that we all wish to possess, but often find difficult to apply when it comes to real situations and practical dilemmas. What will we do when faced with questions like those above?

The word integrity is related to the roots of words like "integrate" and "entire." In Spanish it is rendered "integro," meaning whole. Integrity thus implies the state of being complete, undivided, intact, and unbroken. Such a state contrasts with one that is scattered, fragmented, and

incomplete. In writing this article, I was struck by the way in which integrity pulls together so many of the other things we have discussed on the Art of Manliness. Integrity is really the bond that holds a man's other virtues together; it is the mark of a man who has successfully integrated all good principles. His life is a unified whole.

### WHY LIVE WITH INTEGRITY

#### It's Easier

It may not seem like it at first blush, but living with integrity is easier than living a deceitful life. While making unethical decisions is often easier in the short term, it eventually takes its toll. There's no real happiness to be found in struggling to remember your lies, living in fear of getting caught, and not feeling like you truly earned your reward. It's empty and stressful. Bernie Madoff may have lived high on the hog, but did he really enjoy his wealth knowing that one day his house of cards would collapse? Living with integrity brings wholeness and peace. Your conscience can rest easy, and you can look at yourself in the mirror with pride.

#### It Builds Trust

A man of integrity is a man others can count on. They know he will do what he says he will do. He is promoted at work because he can be trusted with greater responsibility. His wife knows that when



he says he's working late, he really is. His friends feel comfortable opening up to him and turning to him in times of crisis. When you choose to live with integrity, all of your relationships will be healthier, stronger, and more satisfying.

### **It Serves as a Basis for Value Judgments**

The questions given above raise some sticky issues. Every day we are faced with similar dilemmas. A commitment to live a life of integrity allows you clarity when you have to make hard choices. You won't be at war with yourself over which path to choose. Instead, you'll experience the confidence that comes with having every aspect of your life knit together in a unity of purpose.

### **PRACTICING INTEGRITY**

Living a life of integrity is a daily process that's doesn't end until your life does. Here are some ways to develop integrity:

**Decide now, not later.** Many men have not thought through their personal value system. They're not sure who they are or what they stand for, and they wait until the breaking of a crisis to make their decision. At that point, it's too late. Faced then with great pressure, you will be more prone to take the route which is easier in that moment. Decide now what you will and will not compromise on. Then, when faced with ethical choices, the decision will have already been made.

**Quit the rationalizations.** There's always a million reasons to compromise your integrity. You hear them on the news every day as corporate bigwigs struggle to justify their fat bonus checks. You can always come up with justifications that seemingly make good sense and let you sleep better at night. But at the end of the day, when you place your rationalizations on a scale next to integrity, you'll realize you sold out something priceless for a measly pittance. There's nothing more valuable than your good name and the ability to look at yourself in the mirror each day with a clear conscience.

**Don't take the first step.** When a great man falls from grace, we often wonder how he could have ever messed up so royally. The truth is that he didn't wake up one day and decide to commit an egregious blunder. It started with a little fudging here, a tiny bit of lying there. From there he just kept on sliding down the slippery slope of compromise. Don't compromise on the little things, and you won't on the bigger ones.

Don't justify the means for the end. This is probably the most popular rationalization for breaking with your integrity. In reality, the journey towards an accomplishment or decision is just as important as the destination itself. Even if you are richly rewarded at the end, if you cannot look back on the means used to

get there with anything but shame, your victory will be hollow indeed.

Take personal responsibility for your life. At the heart of integrity is the ability to own up to the fact that you are in control of your life. You are responsible for both your successes and your failures. Nobody else but you.

### **LIVING A LIFE OF INTEGRITY**

Integrity is a value that we should strive for in all areas of your life. Here are some of the areas and situations where it should always be applied:

#### **Integrity Within Yourself**

I once read an acquaintance's blog in which he wrote of running into someone at a bar and struggling to remember what story he had told her about himself. Apparently, he enjoys telling people that he meets at bars and such that he is different people—a pilot, a doctor, a soldier, etc. He said that it sometimes gets hard to remember who he told what.

While this is an extreme example, how many men do you know who act like social chameleons; they are a different guy with you, a different guy at home, a different guy at work, a different guy when traveling, etc. Instead of being a single self, they live as multiple selves, transforming into who they think each group wants them to be. William James, the philosopher and psychologist, said

that men have “as many different social selves as there are distinct groups of persons about whose opinion he cares.”

Even if you aren't outright lying like my acquaintance, turning on some alternate persona in different situations can be exhausting. You end up feeling fragmented and confused as to who you really are. No relationship should require you to pretend to be someone you're not. If people don't like who you really are, why would you want to be friends with them in the first place?

The first step towards integrity is being honest with yourself. Be who are. Say what you mean. Do what you say you will do. Don't just walk the walk; talk the talk.

#### **Integrity at Work**

**Put in 40 hours of work for 40 hours of pay.** You're getting paid to do a job, not goof around. There are of course exceptions; you may be done with one project and have nothing to do until you get your next assignment. But if you're supposed to be working on something, you shouldn't be watching March Madness games.

Don't take credit for others' success. Never take someone's idea and pitch it as your own. And don't jump on a wagon at the end of a successful ride that you didn't contribute to.

**Be transparent.** Make your deals as transparent as possible. Don't leave out

things that the other party is going to hate you for later when they figure out what they really signed.

Don't steal supplies. Yeah, the corporation you work for doesn't pay you enough. And yeah, no one is going to miss that box of paperclips. But it's still stealing, buddy.

**Avoid situations where you'll have a conflict of interest.** If you're caught in something that prevents you from making completely honest decisions, get out.

If you are pressurized to make unethical decisions, walk away. It's not true every man has a price; a man of integrity prizes his character above monetary security. Is it possible to make it in your career field while having true integrity? Yes, but only if you're the best at what you do. You'll always need to be a cut above the guys who take shortcuts to get ahead.

### **Integrity in Your Romantic Relationships**

**Be an open book.** Don't keep secrets from your significant other. Even if the secrets don't affect her, if she finds out you've been keeping stuff from her, it will erode the trust between you.

**Avoid emotional cheating.** Having integrity in regards to physical cheating is a given. Harder is avoiding emotional cheating, a straying that seems more

innocuous at first, but easily leads to the corporeal variety. If you find yourself sharing more of your thoughts and feelings with a female friend or co-worker than you do with your wife, it's time to take a big step back.

**End a relationship when you know it's over.** If you're dating someone and have reached the point where you know you two don't have a future together, don't keep dragging her along because you're afraid to end things. Break up with her like a man.

### **Integrity with your Friendships**

**Keep your promises.** Always, always follow-through with the things you have said you will do. A man's word is his bond. If you tell your friend that you'll hang out with him, and then the girl you like invites you over—too bad. You already made other plans.

**Don't talk smack about other people.** Saying something behind someone's back that you wouldn't say to their face shows a distinct lack of integrity.

Be the vault. When friend trusts you with confidential information, lock those secrets away. Nothing erodes a friendship faster than a breach of trust in the secret department.

**P. S. Routray**  
Vigilance Officer (JCI)

## ANTI CORRUPTION EFFORTS

### In India

Corruption is an issue which adversely affects India's economy of central, state and local government agencies. Not only has it held the economy back from reaching new heights, but rampant corruption has stunted the country's development. A study conducted by Transparency International in 2005 recorded that more than 62% of Indians had at some point or another paid a bribe to a public official to get a job done. In 2008, another report showed that about 50% of Indians had first-hand experience of paying bribes or using contacts to get services performed by public offices, however, in 2018 their Corruption Perception Index ranked the country 78th place out of 180, reflecting steady decline in perception of corruption among people.

The largest contributors to corruption are entitlement programs and social spending schemes enacted by the Indian government. Examples include the 'Mahatma Gandhi National Rural Employment Guarantee Act' and the 'National Rural Health Mission.' Other areas of corruption include India's trucking industry which is forced to pay billions of rupees in bribes annually to numerous regulatory and police stops on interstate highways.

The media has widely published allegations of corrupt Indian citizens

stashing millions of rupees in Swiss banks. Swiss authorities denied these allegations, which were later proven in 2015–2016. The Indian media is largely controlled by extremely corrupt politicians and industrialists who play a major role by misleading the public with incorrect information and use the media for mudslinging at political and business opponents.

The causes of corruption in India include excessive regulations, complicated tax and licensing systems, numerous government departments with opaque bureaucracy and discretionary powers, monopoly of government controlled institutions on certain goods and services delivery, and the lack of transparent laws and processes. There are significant variations in the level of corruption and in the government's efforts to reduce corruption across different areas of India.

#### Impact of corruption

- Loss of credibility
- Economic loss
- Lower corruption, higher growth rates

#### ANTI-CORRUPTION EFFORTS

##### Right to Information Act

The 2005, Right to Information Act, required government officials to provide information requested by citizens or face punitive action, as well as the

computerization of services and the establishment of vigilance commissions. This is considerably reduced corruption and opened up avenues to redress grievances.

### **Right to public legislation**

Right to Public Services legislation, which has been enacted in 19 states of India, guarantee time bound delivery of services for various public services rendered by the government to citizen and provides mechanisms for punishing the errant public servant who is deficient in providing the service stipulated under the statute. Right to Service legislation is meant to reduce corruption among the government officials and to increase transparency and public accountability.

### **Anti-corruption laws in India**

Public servants in India can be imprisoned for several years and penalized for corruption under the:

- Indian Penal Code, 1860
- Prosecution section of Income Tax Act, 1961
- The Prevention of Corruption Act, 1988
- The Benami Transactions (Prohibition) Act, 1988 to prohibit benami transactions.

- Prevention of Money Laundering Act, 2002

Punishment for bribery in India can range from six months to seven years of imprisonment.

India is also a signatory to the United Nations Convention against Corruption since 2005 (ratified 2011). The Convention covers a wide range of acts of corruption and also proposes certain preventive policies.

- **The Lokpal and Lokayuktas Act, 2013** which came into force from 16 January 2014, seeks to provide for the establishment of the institution of Lokpal to inquire into allegations of corruption against certain public functionaries in India.
- **Whistle Blowers Protection Act, 2011** which provides a mechanism to investigate alleged corruption and misuse of power by public servants and also protect anyone who exposes alleged wrongdoing in government bodies, projects and offices, has received the assent of the President of India on 9th May 2014, and (as of 2 August) is pending for notification by the Central Government.
- **The Prevention of Money Laundering Act, 2002** provides that the properties of corrupt public servants shall be confiscated. However, the

Government is considering incorporating provisions for confiscation or forfeiture of the property of corrupt public servants into the Prevention of Corruption Act, 1988 to make it more self-contained and comprehensive.

- **The Companies Act, 2013**, contains certain provisions to regulate frauds by corporations including increased penalties for frauds, giving more powers to the Serious Fraud Investigation Office, mandatory responsibility of auditors to reveal frauds, and increased responsibilities of independent directors.] The Companies Act, 2013 also provides for mandatory vigil mechanisms which allow directors and employees to report concerns and whistle-blower protection mechanism for every listed company and any other companies which accepts deposits from public or has taken loans more than 50 crore rupees from banks and financial institutions. This intended to avoid accounting scandals such as the Satyam scandal which have plagued India. It replaces The Companies Act, 1956 which was proven outmoded in terms of handling 21st century problems.
- A committee headed by the Chairman of Central Board of Direct Taxes (CBDT), has been constituted to

examine ways to strengthen laws to curb generation of black money in India, its illegal transfer abroad, and its recovery. "The Committee shall examine the existing legal and administrative framework to deal with the menace of generation of black money through illegal means including inter-alia the following:

1. Declaring wealth generated illegally as national asset;
  2. Enacting/amending laws to confiscate and recover such assets; and
  3. Providing for exemplary punishment against its perpetrators."
- In 2015, Parliament passed the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Bill, 2015 to curb and impose penalties on black money hoarded abroad. The Act has received the assent of the President of India on 26th May 2015. It came into effect from 1st July 2015.
  - At present there are no legal provisions to check graft in the private sector in India. Government has proposed amendments in existing acts and certain new bills for checking corruption in private sector. Big-ticket corruption is mainly witnessed in the operations of large commercial or



corporate entities. In order to prevent bribery on supply side, it is proposed that key managerial personnel of companies' and also the company shall be held liable for offering bribes to gain undue benefits.

### Civic anti-corruption organizations

A variety of organizations have been created in India to actively fight against corrupt government and business practices. Notable organizations include:

- **Bharat Swabhiman Trust**, established by Ramdev, has campaigned against black money and corruption for a decade.
- **5th Pillar** is most known for the creation of the zero rupee note, a valueless note designed to be given to corrupt officials when they request bribes.
- **India Against Corruption** was a popular movement active during 2011-12 that received much media attention. Among its prominent public faces were Arvind Kejriwal, Kiran Bedi

and Anna Hazare. Kejriwal went on to form the Aam Aadmi Party and Hazare established Jan Tantra Morcha.

- **Jaago Re! One Billion Votes** was an organization founded by Tata Tea and Janaagraha to increase youth voter registration. They have since expanded their work to include other social issues, including corruption.
- **Association for Social Transparency, Rights and Action (ASTRA)** is an NGO focused on grass-roots work to fight corruption in Karnataka.
- **The Lok Satta Movement**, has transformed itself from a civil organization to a full-fledged political party, the Lok Satta Party. The party has fielded candidates in Andhra Pradesh, Tamil Nadu, and Bangalore. In 2009, it obtained its first elected post, when Jayaprakash Narayan won the election for the Kukatpally Assembly Constituency in Andhra Pradesh.

- VIGILANCE DEPARTMENT -

*Truth can be stated in a thousand different ways, yet each one can be true — Swami Vivekananda*

## DETERMINATION OF VIGILANCE ANGLE

### In Public Sector Enterprises

As in other organisations, vigilance activity in PSE's should form an integral part of the managerial function. The major purpose of such activity is not to reduce but to enhance the level of managerial efficiency and effectiveness in the organisation. Commercial risk taking forms part of business. Therefore, every loss caused to the organisation either in pecuniary or non-pecuniary terms, need not necessarily become the subject matter of a vigilance enquiry. It would be quite unfair to use the benefit of the hindsight to question the technical merits of managerial decisions from the vigilance point of view. At the same time, it would be unfair to ignore motivated or reckless decisions, which have caused damage to the interests of the organisation. Therefore, a distinction has to be drawn between a business loss which have arisen as a consequence of a bona-fide commercial/operational decision, and an extraordinary loss which has occurred due to any mala-fide, motivated or reckless performance of duties. While the former has to be accepted as a normal part of business and ignored from the vigilance point of view, the latter has to be viewed adversely and dealt with under extant disciplinary procedures.

Whether a person of common prudence, working within the ambit of the prescribed rules, regulations and instruction, would have taken the decision in the

prevailing circumstances in the commercial/operational interests of the organisation is one possible criterion for determining the bona fides of the cases. A positive response to this question may indicate the existence of bona fides. A negative reply, on the other hand, might indicate their absence. It follows that vigilance investigation on a complaint would not be called for on the basis of a mere difference of opinion/perception or an error of judgement unconditionally or lack of efficiency or failure to attain exemplary devotion in the performance of duties. Such failures may be a matter of serious concern to the organisation but not from the vigilance point of view. They have to be dealt separately.

Administrative misconduct, such as, unpunctuality, drunken behaviour at work, insubordination, etc. would again be left to the disciplinary authority to deal with in an appropriate manner. If the lapse is without a vigilance angle, is evident, it becomes necessary to determine through an impartial as to what went wrong and who is accountable.

#### **What is Vigilance Angle?**

The nation expects its servants to maintain the highest standards of probity and uprightness in their public dealings in and out of the office. Any deviation on the part of a public servant from this straight and narrow path, motivated by

greed and self-interest, would invite a vigilance enquiry against him/her.

Thus, the Central Vigilance Commission has outlined, as below, cases with an obvious vigilance angle:

**“Vigilance Angle”** is obvious in the following acts –

- i. Demanding and/or accepting gratification other than legal remuneration for an official act or for favouring a particular person or party to the exclusion of others.
- ii. Obtaining valuables, without consideration or with inadequate consideration from a person with whom he has or is likely to have official dealings at his own level or his subordinates where he can exert influence.
- iii. Obtaining for himself or for any other person any valuable thing or pecuniary advantage by corrupt or illegal means or by abusing his position as a servant.
- iv. Possession of assets disproportionate to his known sources of income.
- v. Cases of misappropriation, forgery or cheating or other similar criminal offences.

Any undue/unjustified delay in the disposal of a case, perceived after considering all the relevant factors,

would reinforce the conclusion as to the presence of vigilance angle in a case.

This is not an exhaustive list. CVC has mentioned other irregularities where circumstances will to be weighed carefully to take view whether the officer's integrity is in doubt. These include cases of gross or wilful negligence; recklessness indecision making; blatant violations of systems and procedures; exercise of discretion in excess, where no ostensible public interest is evident; failure to keep the controlling authority/superiors informed in time. In these cases, the Disciplinary Authority and the Chief Vigilance Officer should carefully study the case and conclude whether there is reasonable ground to doubt the integrity of the officer.

Thus, the CVC gives its advice only in such cases in which there is vigilance angle. In other cases where it concludes that the lapses do not attract vigilance angle, however, it does not imply that the concerned official is not liable to face the consequences of his action. Necessary disciplinary action will be taken by the concerned disciplinary authority under conduct/ disciplinary rules, as deemed appropriate. The cases are not to be referred to CVC for any further advice.

**P. S. Routray**  
Vigilance Officer (JCI)

## ———— I N T E G R I T Y : ————

### A Fundamental Requirement in Public Life

Samual Johnson, a great English writer of 18th century wrote somewhere that “Integrity without knowledge is weak and useless, and knowledge without integrity is dangerous and dreadful.”

Every Year, on the vigilance awareness day, all public servants pledge solemnly “we shall continuously strive to bring integrity and transparency in all spheres of our activities. We also pledge that we shall work unstintingly for eradication of corruption in all spheres of life.” Integrity in public life is an essential component in establishing trust between citizens and their governments. Promoting a culture of integrity requires coherent efforts to define expected standards of conduct, provide guidance and incentives, as well as monitor them in daily practice to ensure compliance. It also calls for proactive efforts of governments to anticipate risks to integrity, identify sources of corruption and apply tailored countermeasures and transparency is increasingly used as an instrument to foster accountability and control in relation to government functioning and processes to reinforce public trust. Governments can map out risks to integrity in relation to specific government activities or positions with a view to strengthening the organisational resilience in response to integrity violations.

Integrity in public life is a fundamental requirements to own public trust and it plays a significant role towards good governance. Both central and state governments must ensure high standards

of conduct in the public service and have to build up policy guidelines to achieve the desired level of development. They have also to modernize their legal, regulatory and procedural frameworks to promote integrity and prevent corruption.

Integrity is the main pillar in good governance, as openness, sincerity is the other essential principle character of the good governance through an effective leadership, openness among others consist integrity in it because through openness, we build our personal integrity which implies that our strong internal guiding principles that does not compromise. Efforts to promote sustainable and equitable development get weakened if integrity is not enhanced and corruption level is not reduced. The progress of public participation in India is very slow and not significant mainly because of sizeable sections of population in the country are illiterate and live below the poverty line. They do not even know that what constitutes corruption and how eradication of the same would improve their livelihood. In order to improve their livelihood government need to promote high ethical and moral standards in the public sector so that officials adhere to set of core values comprising courageous, integrity and accountability, transparency, impartiality and result oriented. Being a Government Employee/PSU Employee we need to work within the confines of laid down rules and regulation. Jai Hind !!!

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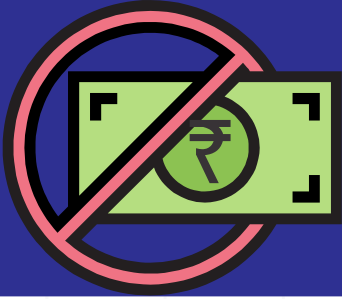
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