

Zero Tolerance to Corruption

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In a recent visit to Jharkhand, the Prime Minister said “*corruption and black money have destroyed Indian democracy. The fight against corruption and black money will continue.*” The Prime Minister gave away a few smart phones to *sakhimandals* (self help groups) in Jharkhand and said he was surprised by the answers he got from the villagers about the usages of smart phones. Smart Governance has given the roadmap for India’s fight against corruption.

Zero Tolerance to Corruption Approach

India’s “zero tolerance to corruption” approach, as well as “minimum government and maximum governance” approach resulted in simplification of the governance model in recent years. Some of the steps included abolition of the system of attestation/ authentication by Government servants for submission of certificates, abolition of personal interviews for recruitments to lower level posts and weeding out inefficient public servants and those of doubtful integrity above the age of 50 years, prematurely. Further the Government demonetized high value currency to eliminate black money and corruption. A Special Investigation Team was constituted to fight black money. Government also conducted online auctions of coal blocks. The

Government sought international cooperation in G-20 meetings on ending tax havens in Europe and other countries. In bilateral meetings with Swiss authorities India has said combating the menace of black money and tax evasion was a “shared priority” for both the countries.

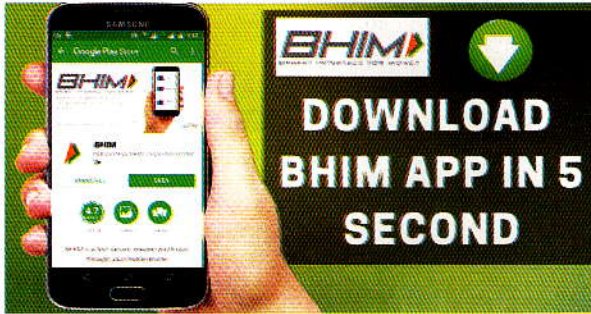
Frameworks to Fight Corruption

India’s fight against corruption is led by a robust and time tested institutional and legislative framework including the Prevention of Corruption Act, an independent Central Vigilance Commission, Comptroller and Auditor General, the Judges (Inquiry) Act, the Lok Pal and LokAyukta Act 2013, Whistle Blowers Protection Act 2011, Prevention of Money/Laundering Act, Benami Transactions (Prohibition) Act which cover a number of areas of criminalization and bribery. All civil servants are mandatorily required to declare their assets on an annual basis. The Elected Representatives are required to declare their assets every election cycle.

Making Governance Smarter

The Prime Minister in his Independence Day address on August 2014, announced the Pradhan Mantri Jan-Dhan Yojana as a National Mission on Financial Inclusion encompassing an integrated approach to bring about comprehensive financial inclusion of

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all the households of the country. He said that, “*the economic resources of the country should be utilized for the well-being of the poor. The change will commence from this point.*” India’s focus on “*making government smarter*” has been at the forefront of the Nation’s Fight against Corruption. The revolution in banking sector technology is a remarkable success story that has benefitted millions of Indians. The same quantum of subsidy could benefit, could be far more efficiently spent by a “Smarter Governance Model” than in a manual system.

The Jan DhanYojana provided universal and clear access to banking accounts with overdraft facility. The Jan Dhan Scheme provided the bankers with the necessary confidence to promote credit culture across the deprived population and resulted in significant increases in credit flows to the rural sector. In 2016, the Aadhaar Act was promulgated as a money bill to ensure targeted delivery of financial and other subsidies, benefits and services. The Act provided a legal backing to the Aadhaar-Unique Identification number project and provided for an efficient, transparent and targeted delivery of subsidies, benefits and services for all expenditures incurred from the consolidated fund of India to individuals, through assigning aadhaar identification numbers for matters connected therewith.

The third major step initiated by the Government in 2016 was the introduction of BHIM (Bharat Interface for Money) which is a mobile application developed by National Payments Corporation of India based on Unified Payment Interface (UPI). The BHIM application

facilitates e-payments directly through banks, promoted the drive towards cashless transactions, enabling the user to instantly transfer money between the bank accounts of any two parties and can be used on all mobile devices.

Collectively, the Jan DhanYojana, the Aadhaar Act and the BHIM Application have provided for a transparent government where subsidy flows reach the beneficiary in a timely and effective manner. The JAM (Jan Dhan-Aadhaar-Mobile) technology trinity enabled by payments through the Unified Payments Interface (UPI), has made mobile banking as simple as sending an email. Clearances using the National Electronics Transfer of Funds (NEFT), Real Time Gross Settlements (RTGS), Immediate Payment Service (IMPS) and Electronic Clearing System (ECS) are rapidly integrating into the mainstream banking sector activities.

Focus on Preventive Vigilance

The Central Vigilance Commission (CVC) traces its origins to the

recommendations of the Committee on Prevention of Corruption, headed by Shri K. Santhanam, Member of Parliament. The Santhanam committee identified 4 major causes of corruption namely, administrative delays, government taking upon themselves more than what they could manage by way of regulatory functions, scope for personal discretion in the exercise of powers by different public servants and cumbersome procedures. Based on the recommendations of the Santhanam committee, the Central Vigilance Commission was established in 1964 by a Government of India resolution as an apex body for prevention of corruption in Central Government Institutions. In 1997, following the directions given by the Supreme Court of India in the Jain Hawala Case, statutory status was conferred on the Vigilance Commission. The Central Vigilance Commission Act 2003 provides for constitution of a Central Vigilance Commission to inquire or to cause inquiries to be conducted into offences alleged to have been committed under the Prevention of Corruption Act, 1988 by public servants and corporations.

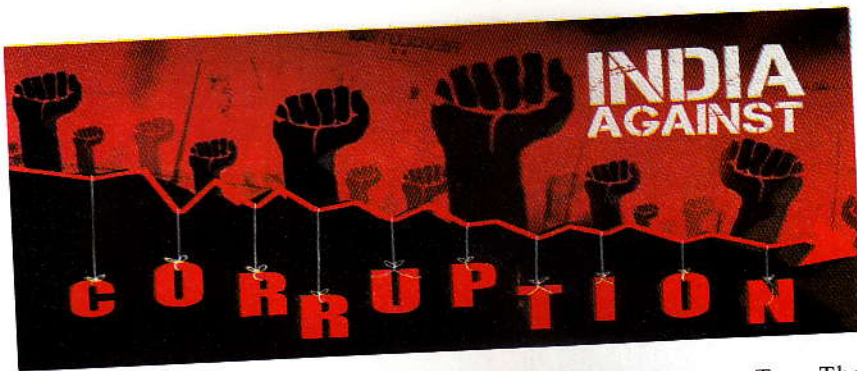
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All India

AADHAAR

New Paradigms in Financial Inclusion for New India
Jan Dhan se Direct Benefit Transfer

Direct Benefit Transfer (DBT) - Bringing transparency through Aadhaar

- Aadhaar to identify and remove fake and duplicate beneficiaries
- 82.9% DBT beneficiaries seeded with Aadhaar
- 34.53 crore beneficiaries seeded with Aadhaar
- ₹68,815 crore of funds transferred using Aadhaar Bridge Payment



The CVC has endeavored to ensure transparency, objectivity and accountability into the public administration. Several preventive vigilance measures have been introduced by the CVC. Measures like Government E-Market (GEM) have helped improve the accountability and integrity in public procurement by encouraging e-tendering and e-procurement. The Commission has sought to promote ethics through education of students and youth, observance of vigilance awareness weeks, process simplification to reduce discretion and interface with public servants, focus on training and skill development and awarding exemplary punishment in all cases of proven misconduct to create deterrence. The CVC has sought to create a people's movement against corruption through an e-pledge to be voluntarily taken by the citizens and organizations. An integrity index for organizations has been developed for enabling transparency, efficiency and citizen centric governance.

Strengthening Audit and Accounting

The Comptroller and Auditor General of India is an important institution in India's fight against corruption. Since 2014, the C& AG adapted to the Government's reforms in financial governance in the organization's accounting and auditing practices. Some of the big changes introduced in financial governance are amalgamation of the Railways and General budgets, the merger of plan and non-plan expenditures, opening up of a number of sectors for foreign direct investment and the introduction

of Goods and Services Tax. The urban local bodies and Panchayati Raj Institutions that constitute the third tier of Government receive close to Rs. 14 lakh crores annually, but suffer from poor governance systems, weak financial management and poor accountability. Looking at the enormity of the flow of funds to urban and rural local bodies, their numbers and the geographic spread, the C& AG has identified their audit as a critical area that must be clearly understood from the perspective of materiality and risk and addressed accordingly. The C& AG has recognized the changing paradigms in revenue administration, including the challenges posed by

shadow economy and black money, transfer pricing, accommodation bills etc. and the need to manage large volumes of digital information that will emerge from increasing automation of tax filing, assessment and recovery procedures.

Transparency in Governance

The Right to Information (RTI) Act 2005 is a rights based law that has deepened India's democracy and created a durable stake for citizens in the administration of the Nation. The Prime Minister has said that the implementation of the RTI Act should not be limited to a citizen's right to know but also cover the right to question. The process of accessing information should be transparent, timely and trouble free. After a decade of implementation, the power and usefulness of the RTI is being felt across the Nation. The RTI Act has led to improvements in governance. By sharing information, the citizens have become part of the decision making process, which leads to creation of trust between citizens and Government.

Transparent public procurement With GeM

Facilitating Ease of Doing Business

No involvement of middlemen

Lower average prices, More saving to the Govt.

Products	98,964
Sellers	23,490
Buyer Organizations	7,621

Figures as on 23 Aug 2017

The Lok Pal and LokAyuka Act 2013

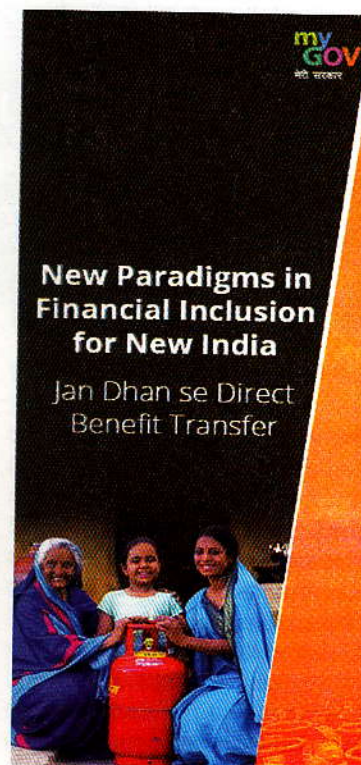
The Lokpal and LokAyukta Act 2013 amended some provisions of the CVC Act, 2003 wherein the Central Vigilance Commission was empowered to conduct preliminary enquiry into the complaints referred by Lokpal in respect of officers and officials of Group B, C and D, besides Group A officers for which a Directorate of Inquiry will be set up in the Commission. The preliminary inquiry reports in such matters referred by the Lokpal in respect of Group A and B officers are required to be sent to the Lokpal by the Commission. The Commission has also been mandated to cause further investigation into such Lokpal references in respect of Group C and D officials and decide on further course of action against them.

Prevention of Corruption

The Prevention of Corruption Act is an Act to consolidate and amend the law relating to the prevention of corruption. The law provides for punishments for taking gratification other than legal remuneration in respect of official acts. The investigative powers have been given to the CBI and State Police Authorities. Government has said that accountability standards for public servants have to be kept at realistic levels so that officers do not hesitate in taking honest decisions. Government has proposed an Amendment Bill to the Prevention of Corruption Act to replace the definition of criminal misconduct that requires the intention to acquire assets disproportionate to one's income also needs to be proved in addition to the possession of such assets, thereby raising the threshold to establish the offence of having disproportionate assets.

Safe Guards for Whistle Blowers

In order to give statutory protection to whistle blowers in the country, the Public Interest Disclosures and Protection to Persons making the



Direct Benefit Transfer (DBT) – Covering more schemes, reaching more people

Increased no. of schemes under DBT



Increased no. of Beneficiaries



Disclosures Bill, 2011 was introduced in the Lok Sabha in August, 2010. The Bill was passed by the Lok Sabha, in December, 2011, as the Whistle Blowers Protection Bill, 2011 and was passed by the Rajya Sabha in February 2014. The Bill has received the assent of the President on May 9, 2014. Further amendments 21 were made to the Act in 2015. This was done with a view to incorporate necessary provisions aimed at strengthening safeguards against disclosures which may prejudicially affect the sovereignty and integrity of the country, security of the State, etc. The amendments addressed concerns relating to national security and strengthened the safeguards against disclosures which may prejudicially affect the sovereignty and integrity of the country.

Crackdown on Benami Transactions

Though the Benami Transactions (Prohibition) Act, 1988 has been on the statute book for 28 years, the same could not be made operational because of certain inherent defects. With a view to providing effective regime for prohibition of benami

transactions, the said Act was amended through the Benami Transactions (Prohibition) Amended Act, 2016. The amended law empowers the Income Tax authorities to provisionally attach benami properties which can eventually be confiscated. Besides, if a person is found guilty of offence of benami transaction by the competent court, he shall be punishable with rigorous imprisonment for a term not less than one year but which may extend to 7 years and shall also be liable to a fine which may extend to 25 per cent of the fair market value of the property. The Benami Transactions (Prohibition) Amendment Act, 2016 came into effect from November 1, 2016. Several benami transactions have been identified since the coming into effect of the amended law.

To conclude, it may be said that India continues the fight against corruption and black money. These efforts led by the focus on smart governance are yielding positive results. □

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