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# Corporate **Anti-Bribery** Code

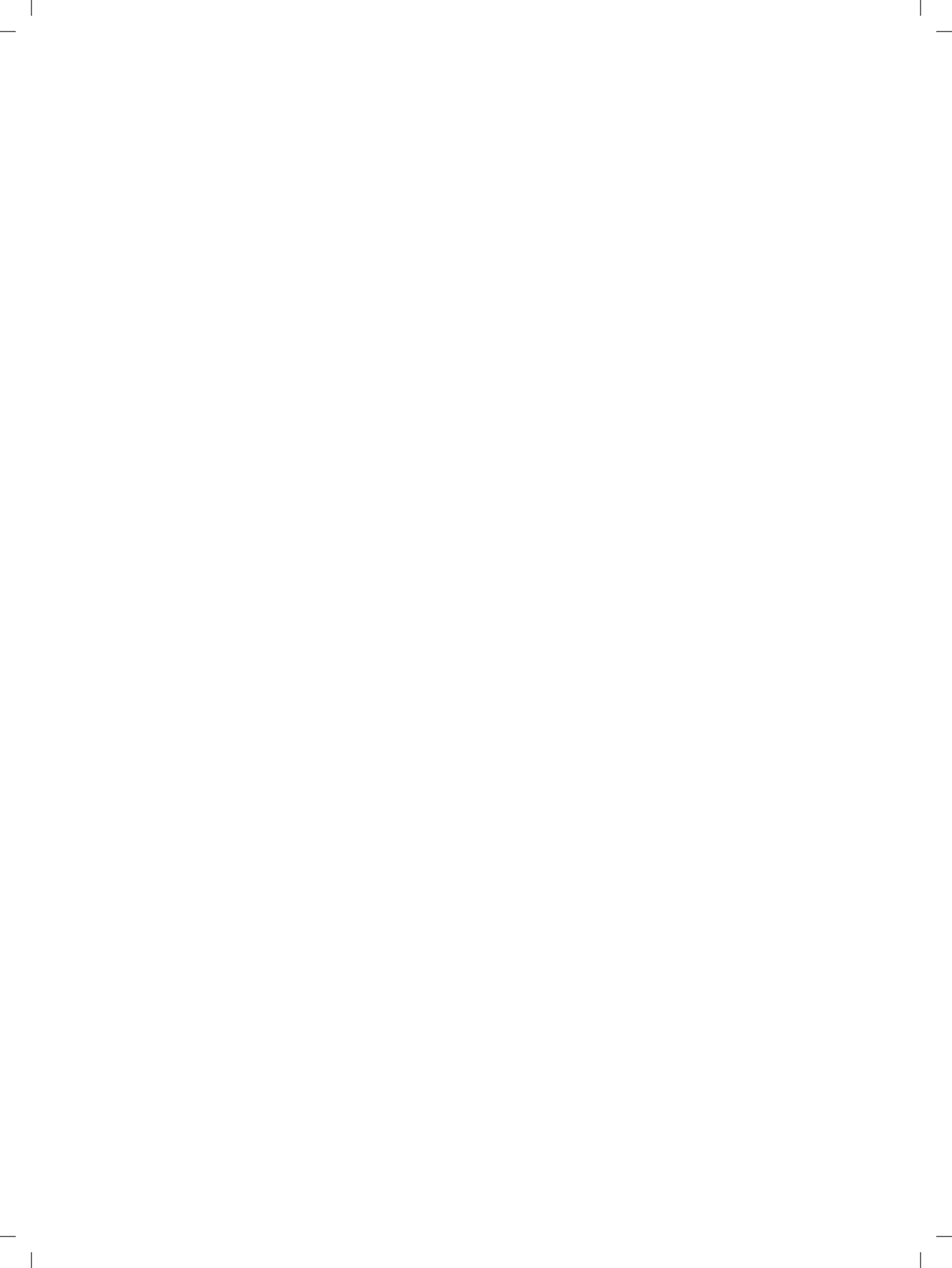


**THE INSTITUTE OF  
Company Secretaries of India**

**भारतीय कम्पनी सचिव संस्थान**

**IN PURSUIT OF PROFESSIONAL EXCELLENCE**

Statutory body under an Act of Parliament





प्रधान मंत्री  
Prime Minister

### Message

I am happy to learn that the Institute of Company Secretaries of India is releasing the Corporate Anti-Bribery Code on the occasion of its Golden Jubilee Year Celebrations on October 4, 2017 at Vigyan Bhawan, New Delhi.

Strengthened by the support of 125 crore Indians, India has become one of the bright spots in the global economy. Our country has seen economic development since independence, but due to corruption and leakages in the system, a large chunk of our population, particularly, people from the poor sections and in the remote geographical areas, have been excluded from this process.

Transparency and accountability provide the pillars for good governance, forming the foundation for economic transformation. Our government, since its inception, has taken several initiatives with the objective of curbing corruption and eliminating black money.

A corruption-free business environment alone can bring Ease of Doing Business and create a level playing field.

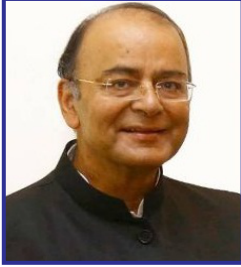
I am happy to know that the Institute of Company Secretaries of India, a premier institution, will be creating awareness within the private sector to adopt The Corporate Anti Bribery Code voluntarily and help in fighting corruption and malpractices in the corporate environment. I congratulate the Institute, its president Dr. Shyam Agrawal, Shri Gopal Krishna Agarwal and their teams for this initiative.

New Delhi

26 September, 2017

(Narendra Modi)





**Arun Jaitley**

Minister of Finance and Corporate Affairs  
India

23<sup>rd</sup> September, 2017

## Message

I am happy to know that the Institute of the Company Secretaries of India is coming with "Corporate Anti-Bribery Code" on the occasion of their Golden Jubilee year and extending their whole hearted support towards strengthening the movement of eradicating corruption.

Corruption is a prime enemy of development and of good governance. Keeping in view the adverse effect of corruption on the progress of our nation, the Government's New India, 2022 vision also aims at eradicating corruption in all its aspects. The victory against the corruption and bribery can only be achieved with the mutual efforts of the government and the people at large. There can be no compromise when it comes to corruption, we must fight against this menace and help in building a better society for the future. The Corporate Anti-Bribery Code would be another step in building the governance capacity of the corporate sector contributing to this vision.

I wish grand success to this Code.

  
(ARUN JAITLEY)

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**CS (Dr.) Shyam Agrawal**  
President, ICSI

## Message

स्वधर्ममपि चावेक्ष्य न विकम्पितुमर्हसि |  
धर्म्याद्धि युद्धाच्छ्रेयोऽन्यत्क्षत्रियस्य न विद्यते || 31||

*swa-dharmam api chāvekṣhya na vikampitum arhasi  
dharmyāddhi yuddhāch chhreyo 'nyat kṣhatriyasya na vidyate*

Chapter 2, Verse 31, Bhagvad Gita

**(Considering your duty as a warrior, you should not waver. Indeed, for a warrior, there is no better engagement than fighting for upholding of righteousness.)**

Above verse from Bhagvad Gita rightly points out an important component of one's Dharma, i.e., fighting for upholding of righteousness. A study by Transparency International, an anti-corruption global civil society organisation, reported on the basis of an extensive survey that though corruption in India is still prominent, yet, people in India are speaking up against corruption now, as according to the report, 63 per cent common Indian citizens felt most empowered to fight against corruption. This finding is proving that people in India are discharging their dharma in spirit as suggested in above shloka.

Our Hon'ble Prime Minister in his Independence Day speech too while celebrating India@70 also called for "Bharat Jodo" with a view to build New India by 2022, call an India free from corruption, terrorism, caste, communal differences and dirt. With a view to eradicate corruption from its core, people of the nation are called upon to leave the attitude of "Chalta hai" and to adopt the attitude of "Badal Sakta hai" for the inclusive growth of the nation by 2022.

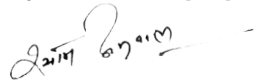
The Company Secretaries as Governance Professionals have a substantial role to play in establishing, promoting and sustaining transparent and accountable governance in the country and extend their contribution to New India of 2022. Keeping this in mind, the Institute has come up with a well-researched "Corporate Anti-Bribery Code".

I convey my deep gratitude to Mr. Gopal Krishna Agarwal, Council Member, Government Nominee, ICSI for his continuous support and guidance for this publication.

I am sure this code would supplement the government's initiative towards building a corruption free New India by 2022.

*"We must weed out corruption and build a strong system of governance and justice, where people can grow, trust, and prosper".*

New Delhi  
26 September, 2017

  
**CS (Dr.) Shyam Agrawal**





# 1

## PREFACE



### **Gopal Krishna Agarwal**

Government Nominee  
Central Council, ICSI

Indian economy is one of the fastest growing economies in the world. It is the seventh largest economy by Nominal Gross Domestic Product (NGDP) and the third largest by Purchasing Power Parity (PPP) (World Bank, 2015).

But the benefits of this growth are not evenly distributed. As per the recent Global Wealth Report, 2016, top 1% of our population has more than 58% of the total wealth of the country. In the concentration of wealth, India ranks 2nd only to Russia across globe. 96.2 % of our population has net worth of less than \$10,000 i.e., approximately Rs. 7,00,000. Pervasive corruption is the major cause of this skewed development.

Curbing corruption and elimination of black money is one of the important mandates of present government. Prime Minister has put in lot of efforts to fight this menace, starting from setting up of a Special Investigation Team (SIT), Foreign Assets Declaration Scheme, renegotiation of bilateral treaties on Double Taxation Avoidance Agreement (DTAA) with Mauritius, Cyprus and Singapore, Income Disclosure Scheme (IDS) I & II, Benami Transactions (Prohibition) Amendment Act (2016), Demonetisation, deregistration of Shell Companies and Goods and Services Tax (GST).

Presently, India has various anti-corruption legislations, namely, Indian Penal Code, 1860 (IPC), Prevention of Corruption Act, 1988, Prevention of Money Laundering Act, 2002 (PMLA), Right to Information Act, 2005 (RTI) and Foreign Contribution Regulation Act, 2010 (FCRA) etc. It also has Double Taxation Avoidance Agreements with various countries under the Income Tax Act, 1961 dealing with exchange of information on tax evaders and tax havens.

We also have number of anti-corruption institutions in India. Central Vigilance Commission (CVC) and Central Bureau of Investigation (CBI) are working at Central Government level, whereas State Vigilance Commission and Lokayuktas are functional at the state level. Further, Serious Fraud Investigation Office (SFIO) and Financial Intelligence Units (FIU) are looking into financial and economic aspects of corrupt practices. In addition, there are various agencies like Enforcement Directorate (ED) and Central Board of Direct Taxes (CBDT) under the revenue department of Ministry of Finance.

The main legislation 'Prevention of Corruption Act, 1988' dealing with corruption at present does not provide a definition of 'Corruption'. Also in any corrupt transaction, there are two parties: the bribe-giver and the bribe-taker, but as per Section 24 of the Act, a statement made by a bribe-giver in any proceeding against a public servant for an offence, shall not subject him to prosecution under Section 12. This Act does not contain any provision directly dealing with the offence of giving bribe.

Though the Companies Act, 2013 contains provisions against fraud by companies and their directors and officers, the offence of corruption or bribery is not specified. Even in the Whistle Blowers Protection Act, 2014, provisions of incentives for whistle blowing are not incorporated.

In our analysis of global anti-corruption trends recommended under OECD guidelines, G20 initiatives, UNCAC conventions all these global initiatives have specific recommendations to check bribery and corruption in private sector. In the gap analysis of anti-corruption legislation in India by Transparency International, we find that majority of these gaps are being filled by the current Government.

In international arena, the Foreign Corrupt Practices Act, 1977 (FCPA) of United States of America, says that individuals and firms may also be penalised if they order, authorise or assist someone else to violate the anti-bribery provisions or they conspire to violate those provisions. The FCPA prohibits corrupt payments through intermediaries. Similarly, the United Kingdom Bribery Act deals with bribery in both, public and private sectors. The Act mandates corporate and other business entities to

formulate and adopt anti-bribery policies in accordance with its requirements. There are provisions for severe penalties for non-compliance. But the Act provides protection to senior management if they have Anti-Bribery Policy in place. It is only a matter of time that India will have a specific legislation (Act) to deal with bribery in the private sector.

We all know that corruption is severe impediment to economic growth, it threatens the integrity of markets, undermines fair competition, distorts resource allocation, destroys public trust and undermines the rule of law. The fact, that the private sector in general is the victim of corruption than a beneficiary is largely ignored. Therefore, it is in the interest of the development process to proactively engage private sector in the implementation of innovative and cooperative practices in support of a clean business environment.

Private sector, at times has taken strong initiatives in the area of clean business. In line with this, private sector took up the initiative of implementation of Corporate Governance. The Institute of Company Secretaries of India (ICSI) has always supported the corporate sector towards improving business ecosystem. Earlier Institute's recommendations formed the basis of 'Corporate Governance Voluntary Guidelines 2009' issued by the Ministry of Corporate Affairs and made mandatory in Companies Act, 2013. Further, the Institute issued the Secretarial Standards to standardise the secretarial practices prevalent in the corporate sector. Later on, compliance with some Secretarial Standards was made mandatory under the Companies Act, 2013.

At present, ICSI took up a survey of the corporate sector and found that due to want of clear-cut guidelines, the private sector lacks a well-formulated policy to check corruption and control the supply side of bribery emanating in their organisations. The detailed survey report and the analytical observations form part of this book.

In this backdrop, ICSI is recommending 'Corporate Anti-Bribery Code' (The Code), to be adopted voluntarily by the private sector, tackling the supply side of bribery in this sector. This Code is an important institutional initiative in curbing corruption in India. Our effort is to create awareness and pursue private sector to adopt Corporate Anti-Bribery Code voluntarily.

The Code is a document with nine clauses for implementation and guideline instructions including model policies on Gift, hospitality and expenses, Purchase procurement policy and Guidelines for whistle-blower mechanism. The Code outlines a systematic approach for the corporate entity to prevent bribery and counter 'Facilitation Payments', including third party gratification.

The objective of The Code is *to ensure that neither the company nor any of its employees, directors or authorised representatives indulge in bribery in any of their actions taken for and on behalf of the company in the course of economic, financial or commercial activities of any kind.* The scope of the Code is well laid out. The Code defines Bribery, Facilitation Payments and Foreign Public Officials.

We are happy to bring out this book giving the background of The Code, outlining legislations dealing with anti-corruption measures and the institutional framework in India. We have dealt in detail with the international trends and practices on anti-bribery under UNCAC, OECD, G20, etc. We have analysed three important legislations of the United States of America, the United Kingdom and China. In addition, we have incorporated recent and proposed initiatives of the Indian Government in eliminating corruption. The last chapter contains the detailed survey report, bringing out various aspects of this specific subject.

The Code would not have been possible without the active cooperation on our President CS (Dr.) Shyam Agrawal and Council Members. I would like to acknowledge the contribution of my coauthor Shri Anil Sharma, Advocate Sambhrant Krishna and Professor N N Sharma for vetting and Smt Sonia Baijal and her team for content, design, research and editorial inputs. All of them have together put in lot of efforts to complete the document.

I am highly enthused by the encouragement received from the Honourable Prime Minister and Finance Minister of India; appreciating our work and its far reaching impact in the fight against corruption.

It is our belief that The Code will help the private sector to establish anti-bribery mechanism in their organisations. They will be able to create awareness and train

human resources for its implementation, so that ethical practices get well entrenched in the system. Generally, the process of voluntary adaptation and preparation before a law is enacted and enforced is always good for the country and the stakeholders. This process helps in a better understanding and implementation of any law.

With warm wishes



**Gopal Krishna Agarwal**

Government Nominee, Central Council, ICSI

4<sup>th</sup> October 2017

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## The Code

### *Objective*

To ensure that neither the company nor any of its employees, directors or authorised representatives indulge in bribery in any of their actions taken for and on behalf of the company in the course of economic, financial or commercial activities of any kind.

### *Scope*

The Code shall be applicable to the company and its

- (i) Board of Directors,
- (ii) Employees (full time or part-time or employed through any third party contract),
- (iii) Agents, Associates, Consultants, Advisors, Representatives and Intermediaries, and
- (iv) Contractors, Sub-contractors and Suppliers of goods and/or services.

### *Definitions*

For the purpose of The Code, unless the context otherwise requires,

- (i) 'Bribery' includes giving or receiving bribe and third party gratification. The act of giving bribe is when committed intentionally in the course of economic, financial or commercial activities and when it is established that there is a promise, offering or giving, directly or indirectly, of an undue advantage to any person who directs or works, in any capacity, for a commercial entity, for the person himself or for another person, in order that he in breach of his duties, act or refrain from acting.

The act of receiving bribe is when committed intentionally in the course of economic, financial or commercial activities and when it is established that there is solicitation or acceptance, directly or indirectly, of an undue advantage by any person who directs or works,

in any capacity, for a commercial entity, for the person himself or for another person, in order that he in breach of his duties, act or refrain from acting.

- (ii) 'Facilitation payment' means a payment made to government or private official that acts as an incentive for the official to complete some action or process expeditiously to the benefit of the party making the payment.
- (iii) 'Foreign public official' means any person holding a legislative, executive, administrative or judicial office of a foreign country, whether appointed or elected, whether permanent or temporary, whether paid or unpaid and includes a person who performs a public function or provides service for a foreign country.
- (iv) Words and expressions used and not defined in this Code shall have the meaning assigned to them in their respective Acts.

#### **Clause 1 : Adherence to Anti-Corruption Laws**

The company shall follow all anti-corruption laws applicable in India.

#### **Clause 2 : Bribery in Private Sector**

The company or its employees, directors, agents, associates, consultants, advisors, representatives or intermediaries shall not involve in bribery.

#### **Clause 3 : Facilitation Payments**

No facilitation payment shall be made by the company either directly or through its employees, directors, agents, associates, consultants, advisors, representatives or intermediaries.

#### **Clause 4 : Bribery to Foreign Public Officials**

The company, either directly or through its employees, directors, agents, associates, consultants, advisors, representatives or intermediaries in the conduct of international business shall not offer, promise or give any undue pecuniary or other advantage, to a foreign public official, for that official or for a third party, in order that the official acts or refrains from acting in relation to the performance of official duties, in order to obtain or retain business or other improper advantage.

### **Clause 5 : Policy for Gifts, Hospitality & Expenses**

The company shall follow a Policy for gifts, hospitality and expenses as approved by its Board.

### **Clause 6 : Whistle Blower Mechanism**

The company shall set up a Whistle Blower Mechanism as approved by its Board to enable its employees or others to raise concerns and report violation(s) of The Code.

### **Clause 7 : Anti-Bribery Training and Awareness Programmes**

The company shall put in place an annual Corporate Anti-Bribery Code awareness-cum-training program as approved by its Board for all its employees, agents, associates, advisors, representatives, intermediaries, consultants, contractors, sub-contractors and suppliers.

### **Clause 8 : Monitoring Mechanism for Anti-Bribery Code**

The company shall set up a mechanism as approved by its Board for regular monitoring of its Anti-Bribery Code.

### **Clause 9 : Sanctions for Non-Compliance**

Any non-compliance of The Code is subject to disciplinary mechanism. The company shall set up disciplinary mechanism as approved by its Board, for non-compliance of any part of the Corporate Anti-Bribery Code.

The disciplinary mechanism shall include :

- Nature of offence
- Penalty of the offence
- Competent Authority

## **Guiding Instructions for Implementation of The Code**

1. Corporate Anti-Bribery Code is to be adopted voluntarily.
2. The Code shall be approved by the Board of Directors of the company. Any change in The Code shall be made with the approval of the Board of the Company.
3. The Code shall be communicated to all the existing employees, management and Board members.

4. All the existing employees, management and Board members shall confirm in writing that they shall unconditionally follow The Code in its entirety throughout their employment/ association with the company.
5. All the new appointees shall be required to confirm in writing, at the time of their induction in the company that they shall be bound by The Code.
6. All the agents, associates, consultants, advisors, all the contractors, sub-contractors and suppliers of goods and/or services, representatives and intermediaries engaged by the company shall also be required to follow The Code while carrying on their assignments for and on behalf of the company at any time during their association with the company. It shall also be made a mandatory condition while confirming their appointment.
7. Anti-Bribery Code of the company shall be put on the company's website. Any change in The Code shall be immediately updated.
8. The Annual Report of the Board shall contain an assertion that the company has an Anti-Bribery Code and the same is being followed by all the employees, agents, associates, advisors, consultants, contractors, sub-contractors and intermediaries as well as members of the Board of the company. Any incidence of bribery noticed or reported and action taken by the Board shall also be reported.
9. With a view to facilitate the companies, the following model suggested policies which may be adopted by Board of Directors of the company are annexed to The Code:
  - a. Model Policy on Gifts, Hospitality & Expenses (Annexure A),
  - b. Model Policy on Purchases through Suppliers and other Service Providers (Annexure B), and
  - c. Guidelines for Whistle Blower Policy (Annexure C)
10. ***Disclaimer*** : Due care and diligence is taken in developing the Corporate Anti-Bribery Code. This Code does not seek to substitute or supplant any existing laws. If any of the parameters of this Code are or become inconsistent with the applicable laws, provisions of related applicable laws shall prevail.

## **MODEL POLICY ON GIFTS, HOSPITALITY & EXPENSES**

### **A. Receipt of Gifts and Hospitality**

1. When offered a business courtesy, employees should determine whether it is appropriate to accept the courtesy on behalf of the company after considering why it is being extended and possible repercussions of acceptance.
2. An employee can accept a gift and business courtesy:
  - When the courtesy is usually associated with customary business practices;
  - Promotes successful working relationships and goodwill with persons or firms with whom the company maintains or may establish a business relationship. Such courtesies include infrequent business meals and entertainment that are shared with the person who has offered to pay for the meal or entertainment. However, employees are expected to use good judgment and decline invitation for meals and entertainment that are inappropriately lavish or excessive and are of such nature or magnitude that cannot be reciprocated;
  - Conforms to the reasonable and ethical practices of the marketplace, such as flowers, fruits baskets, and other modest presents, that commemorate a special occasion;
  - Does not create conflict of interest or divided loyalty, such as placing the interests of the person or firm that offered the courtesy above the interests of the company, including the company's interest in conducting business fairly and impartially;
  - Does not create the appearance of an improper attempt to influence business decisions, such as accepting courtesies or

- entertainment from a supplier whose contract is expiring in the near future; and
  - Novelty advertising, or promotional items of nominal value, such as calendars, pens and mugs may generally be retained.
3. Employees shall neither seek nor accept for themselves or others any gifts, favours, business courtesies or entertainment without a legitimate business purpose, or loans (other than conventional loans at market rates from lending institutions) from any person or business organization that does or seeks to do business with, or is a competitor of the company.
4. The following actions of an employee shall be completely unacceptable:
- Asking for a business courtesy.
  - Accepting a business courtesy when :
    - An attempt is being made by the donor to offer the courtesy in exchange for or to influence, favorable action by the company.
    - An attempt is being made to motivate an employee to do anything that is prohibited by law, regulations, or company's policy.
    - An attempt is being made to gain an unfair competitive advantage by improperly influencing an employee's discretionary decisions.
  - Using a company position as a means of obtaining business courtesies, such as personal discounts (on products, services, or other items). Employees may accept company approved discounts or discounts available to all employees of the company.
  - Accepting offers of expense-paid trips for pleasure from persons or firms with whom company maintains or may establish a business relationship.
  - Accepting a gift in cash or cash equivalents of any amount.

5. If it is not appropriate to accept or retain a courtesy, the employee should either politely refuse the business courtesy at the time it is offered or follow the following guidelines for disposition:
  - Return it to the donor with a polite explanation that company's policy prohibits retention of the business courtesy.
  - Promptly forward the courtesy to the department dealing with community welfare and charities for appropriate disposition.
  - Retain the courtesy of displaying items with prior approval.
  - Retain the courtesy for personal use after prior approval or after paying the company an amount equal to the fair value of the business courtesy.

## **B. Gifts, Hospitality and Expenses**

1. Employees may offer business courtesies to customers, provided the following four conditions are met:
  - The business courtesy does not violate any law or regulation or policy of the company;
  - The business courtesy is customary and consistent with the business practices of the marketplace in which it is offered;
  - Approval at an appropriate level is obtained; and
  - The business courtesy is properly reflected on the books and records of the company.
2. An employee should never use personal funds or resources to do something that cannot be done with company's resources.
3. If any doubt exists as to the impact of an offer of a business courtesy on the reputation of the company or of those involved, the business courtesy shall not be offered.

## **MODEL POLICY ON PURCHASES THROUGH SUPPLIERS AND OTHER SERVICE PROVIDERS**

1. A supplier's or potential supplier's proprietary information and resources must be protected by employees in accordance with inside information policy of the company. Employees are responsible for complying with supplier-imposed limitations governing use of supplier information, including such items as documents and computer software.
2. Company's proprietary or sensitive information must not be disclosed to a supplier or potential supplier unless disclosure is authorized and in accordance with inside information policy of the company.
3. Purchase decisions must be made purely on the basis of quality, service, price, delivery, best value or other similar factors. Extraneous or personal interest/advantage shall not be criteria for arriving at purchase decision.
4. All company employees, contract labour, consultants, representatives, agents and others acting for the company are prohibited from soliciting, accepting, or attempting to accept any bribe including, directly or indirectly, the amount of any bribe in the price charged under a contract, either as prime contractor or sub-contractor.
5. Suppliers/service providers shall be required to ensure that their actions in no way contravene any provisions of company's business ethics policies. The overarching principle that the supplier/vendor ought to keep in mind is that their actions should not result in any direct or indirect personal advantage or gain for any employee or his relatives. Any supplier or vendor found to be violating any of the such policies shall subject himself to the possibility of termination of his contract and the payment of liquidated damages.
6. All the payments made or commissions paid in connection with the company's purchases of goods and services shall:
  - be supported by documentation that is complete and clearly defines the nature and purpose of the transaction;



- be consistent with trade practices and in conformity with applicable laws;
  - bear a reasonable relationship to the value of goods delivered or services rendered; and
  - be directly to the company and not to individual officers, employees or agents of such entity or a related business entity.
7. Commission, rebate, credits, waivers, discounts or allowances that are paid or granted by the company may in conformity with normal standard procedures need not be documented in a written agreement.

## GUIDELINES FOR WHISTLE BLOWER POLICY

### 1. Scope

The company may establish a Mechanism for Whistle Blower as approved by the Board of Directors to report to the Competent Authority the concerns about unethical behavior, active or passive bribery, actual or suspected fraud, or violation of the company's code of conduct.

All employees and directors of the company shall be eligible to make desired disclosures, relating to the company, under the mechanism.

This Mechanism could also provide for adequate safeguards against victimization of the Whistle Blower who avails the mechanism, and also provides for a direct access to the Board of Directors in exceptional cases.

*The policy will neither protect Whistle Blower for false allegations made by him knowing it to be false or with a mala fide intention, nor it will be allowed to be a route for taking up personal grievances.*

*Anonymous or pseudonymous complaints shall not be entertained.*

The Policy should be in compliance and in line with any statutory requirements, if applicable.

### 2. Guiding Principles

To ensure that this Policy is adhered to and to assure that the unethical behavior, active or passive bribery, actual or suspected fraud, or violation of the company's code of conduct will be acted upon seriously and stringently the following principles shall be followed:

- Ensure complete confidentiality.
- Ensure that the Whistle Blower is not victimized for disclosures.
- Treat victimization as a serious matter.
- Do not attempt to conceal evidence of the unethical behavior, active or passive bribery, actual or suspected fraud, or violation of the company's code of conduct.

- Take disciplinary action, if anyone destroys or conceals evidence of the unethical behavior, active or passive bribery, actual or suspected fraud, or violation of the company's code of conduct.
- Follow Principles of Natural Justice in such cases.
- Ensure that the Whistle Blower's role is that of a reporting party with reliable information.
- Ensure that the Whistle Blower does not have any right to conduct any investigations on his own or to participate in investigations.
- The Whistle Blower should bring to the attention of the Competent Authority at the earliest any improper activity or practice.
- The Whistle Blower should report matters which are factual and not speculative or in the nature of a conclusion and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.

### **3. Procedure**

- Once any disclosure has been communicated by a Whistle Blower, the Competent Authority to whom the disclosure has been made, shall pursue the matter as per the investigation mechanism established by the company. Investigation mechanism of the company should have provision for third party investigation, if so required.
- The entire process of enquiry and investigation should be subject to a defined time frame.

### **4. Action**

If the Competent Authority is of the opinion that the investigation is disclosing the existence of any unethical behavior, active or passive bribery, actual or suspected fraud, or violation of the company's code of conduct which is an offence punishable under the law, the Competent Authority may direct the concerned authority to take disciplinary and appropriate action as prescribed by the company.

### **5. Amendment**

No amendment or modification in the Policy shall take effect unless the same is approved by the Board of Directors of the company.

# 3

## Background

### 3.1 Historical Perspective of Corruption

रमन्ताँ पुण्या लक्ष्मीर्याः पापीस्ता अनीनशम्  
—अथर्ववेद 7.115.4

*The wealth earned through pious means flourishes; those who earn through dishonest means are destroyed. — Atharva-veda*

Corruption is an important manifestation of the failure of ethics. The word 'corrupt' is derived from the Latin word corruptus, meaning 'to break or destroy'. The word 'ethics' is derived from the original Greek term ethikos, meaning 'arising from habit'. It is unfortunate that corruption has, for many, become a matter of habit, ranging from grand corruption involving persons in high places to retail corruption touching the everyday life of common people<sup>1</sup>. Corruption has been an age-old phenomenon, a deep-rooted evil and a universal malady afflicting each and every society in one form or another, at one time or the other.<sup>2</sup>

Corruption has been discussed at length in our holy scriptures, like Rig-veda, Sama-veda and Yajur-veda.

**Rig-veda** cautioned corrupt officials stating, 'the corrupt people face gloom and misery through their children as they sow the seed of evil in the family'.

**Sama-veda** refers to sources of the entry of this evil of corruption in the human body.

**Yajur-veda** advises the King and the elected President to ensure that low character and evil minded corrupt people should not be allowed to mix with individuals following divine profession.

**Bhagavad Gita** says that when the desires are not fulfilled, anger arises and this anger is the beginning of the all kind of criminal activities including corruption.

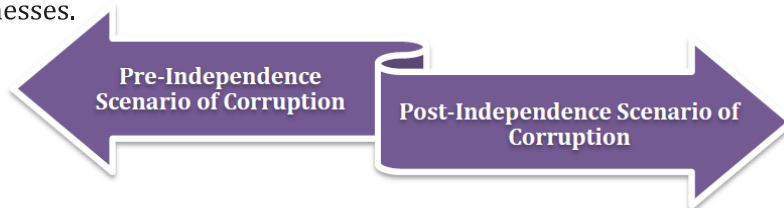
1. Second Administrative Reform Commission (Fourth Report)

2. Padhy, K. S. Corruption in Politics : A Case Study, New Delhi : B R Publishing Corporation, 1986

In Buddhism, the Eightfold path (Astangika-marga) is Right Understanding, Right Intent, Right Speech, Right Action, Right Livelihood, Right Effort, Right Mindfulness, and Right Concentration also expounds human being to be corruption free. Buddhism also preaches human being to be transparent and corruption free in his activities; Astangika-marga of Gautama Buddha is a unique code of conduct pertaining to prevention of corrupt activities.

Political Philosopher Kautilya in his Arthashastra suggested strong action against corrupt and incompetent officials. Those who have amassed money wrongfully shall be made to pay back, they shall then be transferred to other jobs where they will not be tempted to misappropriate.

So we see that corruption is an old age evil and all our scriptures and thinkers have been putting emphasis on curbing this menace in administration and businesses.



### **3.2 Pre-Independence Scenario of Corruption**

In the 17th century, during India's colonial era, corruption had become a serious issue. The British Parliament witnessed numerous debates on bribery and corruption, particularly in the East India Company. During the eighteenth and nineteenth century of British colonial rule, Lord Cornwallis and Lord Warren Hastings implemented the policy to prohibit servants from receiving presents with the sole purpose to decrease corruption.<sup>3</sup>

In the pre-independence period, the Indian Penal Code, 1860 (IPC) and Delhi Special Police Establishment Act, 1946, were the main tool to combat corruption in public life. In addition to these laws, Indian Police Act, 1861, Indian Evidence Act, 1872, Indian Telegraph Act, 1855 were enforced by the British India to bring transparency and accountability in the administration.

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3. ANACLETUS. "Corruption: An Overview"  
[http://shodhganga.inflibnet.ac.in/bitstream/10603/74300/12/12\\_chapter%203.pdf](http://shodhganga.inflibnet.ac.in/bitstream/10603/74300/12/12_chapter%203.pdf)

### 3.3 Post-Independence Scenario of Corruption

The history of political corruption in post-Independence India began with the Jeep scandal in 1948. The other notable scandals include the Mudgal Case (1951), Mundra Deals (1957-58), Malaviya-Sirajuddin Scandal (1963) and the famous Bofors Deal (1987).

To curb corruption, various steps were taken by the Government, such as the Prevention of Corruption Act, 1947; setting up of Committees/ Commissions such as Bakshi Tek Chand Committee (1949) to review the working of Prevention of Corruption Act, 1947; The Railway Corruption Inquiry Committee (1953); Vivan Bose Commission (1956) and Santhanam Committee (1962) to examine the problem of corruption<sup>4</sup>.

In the post-liberalisation period, corruption became a pervasive aspect of modern India due to proliferation of economic activities. Ever since the Harshad Mehta scandal came to light in 1991, the number and magnitude of sums involved in corrupt deals has registered a quantum jump. The Fodder scam, the UTI scam, the Global Trust scam, the Telgi Stamp Paper scam, the IPO scam, the Satyam scam, 2G scam, the Commonwealth Games (CWG) scam - the aforesaid list is only indicative and by no means exhaustive; all these frauds involve gigantic amounts.<sup>5</sup> Despite several laws to fight corruption, it still remains one of the biggest menace the Indian society is facing.

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4. K. Santhanam Committee Report on Prevention of Corruption

5. Guideline for Prevention of Bribery in Private/NGO Sector:-Authors -Gopal K Agarwal & Anil Sharma

# 4

## ANTI-CORRUPTION MEASURES : LEGISLATIONS AND INSTITUTIONS IN INDIA

### 4.1 Legislations Addressing Anti-Corruption Measures

**Prevention of Corruption Act, 1988**

**Indian Penal Code, 1860**

**Prevention of Money Laundering  
Act, 2002**

**The Benami Transactions  
(Prohibition) Act, 1988**

**Right to Information Act, 2005**

**Foreign Contribution (Regulation)  
Act, 2010**

**Income Tax Act, 1961**

**Companies Act, 2013**

**Competition Act, 2002**

**Whistle Blowers Protection Act, 2014**

### 4.1.1 Prevention of Corruption Act, 1988

**Prevention of Corruption Act, 1988 was enacted to combat corruption in government agencies and public sector businesses in India**

Prevention of Corruption Act, 1988 was enacted to combat corruption in government agencies and public sector businesses in India. The first direct and consolidated law introduced on the subject of corruption was the Prevention of Corruption Act, 1947, which was enacted in independent India to supplement the provisions of the Indian Penal Code (IPC). The scope of the Prevention of Corruption Act, 1947 was considered too narrow and the Parliament enacted the Prevention of Corruption Act, 1988.<sup>6</sup>

The Prevention of Corruption Act, 1988 widened the definition of 'public servant' to include employees of Universities, Public Service Commission and Banks. The Act lists offences of bribery and other related offences and their penalties. These offences broadly cover acceptance of illegal gratification as a motive or reward for doing or for bearing to do any official act, or favouring or disfavoured any person; obtaining a valuable thing without consideration or inadequate consideration; and criminal misconduct involving receiving gratification, misappropriation, obtaining any pecuniary advantage to any person without any public interest, or being in possession of pecuniary resources or property disproportionate to one's known sources of income. Attempts to commit such offences and abetment are also listed as offences under the Act.

The Prevention of Corruption Act provides that previous sanction of the competent authority is necessary before a court takes cognizance of certain

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6. Law Commission of India Report No.254



offences under the Act with the objective to prevent harassment to honest public servants through malicious or vexatious complaints.

The Prevention of Corruption Act does not provide a definition of 'corruption'. In any corrupt transaction, there are two parties — the bribe-giver and the bribe-taker. The Act at present does not contain any provision to deal directly with active domestic bribery, that is, the offence of giving bribe. Experience has shown that in a vast majority of cases, the bribe-giver gets scot free by taking resort to the provisions of Section 24 and it becomes increasingly difficult to tackle consensual bribery.<sup>7</sup>

The Prevention of Corruption Act provides for the confiscation of assets of public servants if there are found in excess of their known sources of income. However, the provision has proved inadequate because such forfeiture would be possible only when public servant is convicted for the relevant offences.

In order to ensure speedy trial of the cases of corruption, the Prevention of Corruption Act made the following provisions:

- a. All cases under the Act are to be tried only by a Special Judge.
- b. The proceedings of the court should be held on a day-to-day basis.
- c. No court shall stay the proceedings under the Act on the grounds of any error or irregularity in the sanction granted, unless in the opinion of the court it has led to the failure of justice.

The Law Commission in its 166th Report (1999) observed as under :

*“The Prevention of Corruption Act has totally failed in checking corruption. In spite of the fact that India is rated as one of the most corrupt countries in the world, the number of prosecutions and more so the number of convictions are ridiculously low. A corrupt minister or a corrupt top civil servant is hardly ever prosecuted under the Act and in the rare event of his being prosecuted, the prosecution hardly reaches conclusion. At every stage there will be revisions and writs to stall the process.”*

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7. Second Administrative Reforms Commission (Fourth Report)

### 4.1.2 Indian Penal Code, 1860 (IPC)

Section 409 *inter alia*, provides punishment with life imprisonment to criminal breach of trust by a public servant.

The Indian Penal Code was introduced by the British Government in India in 1860 and remained applicable even after independence. The Indian Penal Code includes all the relevant criminal offences, viz, dealing with offences against the state, offences against public interest, kidnapping, murder, and rape, offence related to religion, offences against property, cruelty, defamation and so on so forth.

Section 21 of the Indian Penal Code defines the term “Public servant” and Chapter IX of IPC deals with offences by or relating to Public servants. Chapter IX contains provisions regarding Public servant disobeying law, with intent to cause injury to any person (Section 166), Public servant disobeying direction under law (Section 166A), Punishment for non-treatment of victim (Section 166B), Public servant framing an incorrect document with intent to cause injury (Section 167), Public servant unlawfully engaging in trade (Section 168), Public servant unlawfully buying or bidding for property (Section 169) etc.

As per Section 217 of the IPC, being a Public servant, knowingly disobeys any direction of the law as to the way in which he is to conduct himself as such Public servant, intending thereby to save, or knowing it to be likely that he will thereby save, any person from legal punishment, or subject him to a less punishment than that to which he is liable, or with intent to save, or knowing that he is likely thereby to save, any property from forfeiture or any charge to which it is liable by law, shall be punished with imprisonment of either description for a term which may extend to two years, or with fine, or with both.

Section 409 of the Indian Penal Code provides that whoever, being in any manner entrusted with property, or with any dominion over property in

his capacity of a Public servant or in the way of his business as a banker, merchant, factor, broker, attorney or agent, commits criminal breach of trust in respect of that property, shall be punished with imprisonment for life, or with imprisonment of either description for a term which may extend to ten years, and shall also be liable to fine.

The existing provisions in the Indian Penal Code are not adequate to curb corruption as the Act does not deal with bribery in private sector.

#### **4.1.3 Prevention of Money Laundering Act, 2002 (PMLA)**

The PMLA seeks to combat money laundering in India and has three main objectives:

- to prevent money laundering;
- to provide for confiscation of property;
  - derived from money laundering;
  - involved in money laundering; and
- to implement UN resolution & declaration.

PMLA defines 'offence of money laundering' as a direct or an indirect attempt to indulge or knowingly assist, or a party, or be actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property shall be guilty of offence of money laundering.

It prescribes obligation to banking companies, financial institutions and intermediaries for the verification and maintenance of records of the identity of all its clients; and also of all transactions; and for furnishing information of such transactions in prescribed form to the Financial Intelligence Unit-India (FIU-IND). It empowers the Director of FIU-IND to impose fine on banking companies, financial institutions or intermediaries if they or any of their officers fail to comply with the provisions of the Act as indicated above.<sup>8</sup>

PMLA empowers certain officers of the Directorate of Enforcement to carry out investigations in cases involving offence of money laundering and also to

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8. [www.fiuindia.gov.in](http://www.fiuindia.gov.in)

attach the property of the person involved in money laundering. The PMLA envisages setting up of an Adjudicating Authority to exercise jurisdiction, power and authority conferred by it essentially to confirm :

- Provisional attachment of property,
- Adjudication and confiscation of property, and
- Vesting of property in the Central Government.

The PMLA envisages designation of one or more courts of sessions as Special Court or Special Courts to try the offences punishable under the PMLA and offences with which the accused may, under The Code of Criminal Procedure 1973, be charged at the same trial. The PMLA allows the Central Government to enter into an agreement with the Government of any country outside India for enforcing the provisions of the PMLA, exchange of information for the prevention of any offence under the PMLA, or under the corresponding law in force in that country or investigation of cases relating to any offence under the PMLA.

The offences listed in the schedule to PMLA are scheduled offences in terms of the Act. The Schedule comprises of offences under (a) Indian Penal Code, 1860; (b) Explosive Substances Act, 1908; (c) Copyright Act, 1957; (d) Arms Act, 1959; (e) Customs Act, 1962; (f) Unlawful Activities (Prevention) Act, 1967; (g) Passport Act, 1967; (h) Wild Life (Protection) Act, 1972; (i) NDPS Act, 1985; (j) Environment Protection Act, 1986; (k) Prevention of Corruption Act, 1988; (l) SEBI Act, 1992; (m) Trade Marks Act, 1999; (n) Information Technology Act, 2000 .

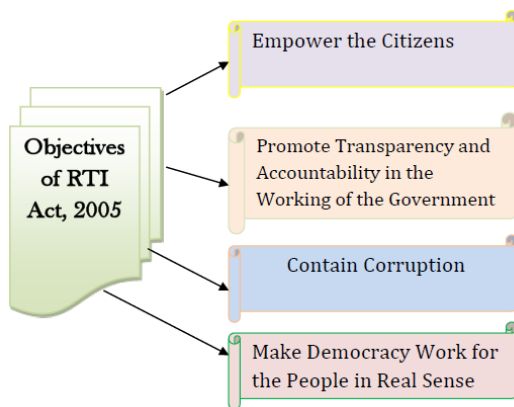
#### **4.1.4 The Benami Transactions (Prohibition) Act, 1988**

The Act prohibits any benami transaction. The benami transaction refers to the purchase of property in false name of another person who does not pay for the property except when a person purchases it in his spouse or unmarried daughter's name. The Act provides for punishment for benami transactions which can be imprisonment of upto three years and/or a fine. There is

provision in the Act for acquisition, vesting of the benami property with the Central Government.

The Act has been recently amended to give more teeth to it.

#### 4.1.5 Right to Information Act, 2005 (RTI)



The basic objective of the Right to Information Act, 2005 is to empower the citizens; promote transparency and accountability in the working of the Government; contain corruption; and make our country democratic for the people in the real sense. An informed citizen will be better equipped to keep necessary vigil on the instruments of governance and make the government more accountable to the governed. The

Act has created a practical regime through which the citizens of the country may have access to information under the control of public authorities.

According to the Act, a citizen has a right to seek such information from a public authority which is held by the public authority or is under its control. This right includes inspection of work, documents and records; taking notes, extracts or certified copies of documents or records; taking certified samples of material held by the public authority or held under the control of the public authority.

A citizen has a right to obtain information in the form of diskettes, floppies, tapes, video cassettes or in any other electronic mode or print-outs, provided information is already stored in a computer or in any other device from which the information may be transferred to diskettes, etc.

The Act gives the right to information only to the citizens of India. It does not make provision for giving information to Corporations, Associations, Companies, etc., which are legal entities/persons, but not citizens. However, if an application is made by an employee or office-bearer of any Corporation, Association, Company, NGO, etc., who is also a citizen of India, information shall be supplied to him provided the applicant gives

his full name. In such cases, it will be presumed that a citizen has sought information at the address of the Corporation.<sup>9</sup>

#### 4.1.6 Foreign Contribution (Regulation) Act, 2010 (FCRA)

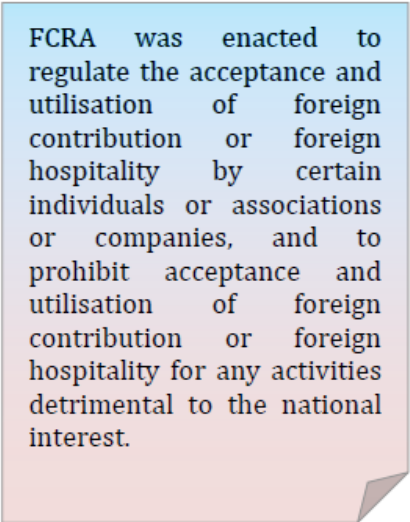
FCRA was enacted to regulate the acceptance and utilisation of foreign contribution or foreign hospitality by certain individuals or associations or companies, and to prohibit acceptance and utilisation of foreign contribution or foreign hospitality for any activities detrimental to the national interest.

FCRA replaced its earlier version of 1976. More stringent provisions have been made under the FCRA, 2010 in order to prevent misutilisation of foreign contribution received by associations.

Any organisation of a political nature and any association or company engaged in the production and broadcast of audio or audio visual news or current affairs programme have been placed in the category prohibited to accept foreign contribution.

A person requires compulsory registration under the Act before accepting any foreign contribution. A person who receives foreign contribution as per provisions of FCRA, shall not transfer it to other person unless that person is also authorized to receive foreign contribution as per rules made by the Central Government.

Under the provisions of FCRA, foreign contribution shall be utilized for the purpose for which it has been received and such contribution can be used for administrative expenses up to 50% of such contribution received in a financial year. No funds other than foreign contribution shall be deposited in the Foreign



FCRA was enacted to regulate the acceptance and utilisation of foreign contribution or foreign hospitality by certain individuals or associations or companies, and to prohibit acceptance and utilisation of foreign contribution or foreign hospitality for any activities detrimental to the national interest.

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9. [www.pib.nic.in/archive/flagship/faq\\_rti.pdf](http://www.pib.nic.in/archive/flagship/faq_rti.pdf)

Contribution account to be separately maintained by the associations.

Provision has been made under FCRA for inspection of accounts if the registered person or person to whom prior permission has been granted fails to furnish the information or the intimation given is not in accordance with law. Any person, who knowingly gives false intimation and seeks prior permission or registration by means of fraud, false representation or concealment of material fact, shall, on conviction by Court, would be liable to imprisonment or fine or with both.

Any person contravening the provisions of the Act shall be punishable with imprisonment for a term which may extend to five years or with fine or with both.

#### **4.1.7 Income Tax Act, 1961<sup>10</sup>**

Though Income Tax Act does not deal with corruption directly but contains number of provisions which deal with ill-gotten money by an assessee.

Cash Credits [Section 68]: As per the provision of Section 68 of the Act, any sum found credited in the books of an assessee maintained for any previous year, and the assessee offers no explanation about the nature and source thereof or the explanation offered by him is not, in the opinion of the Assessing Officer, satisfactory, the sum so credited may be charged to income-tax as the income of the assessee of that previous year.

Unexplained Investments [Section 69]: As per the provision of Section 69 of the Act, where in the financial year immediately preceding the assessment year the assessee has made investments which are not recorded in the books of account, if any, maintained by him for any source of income, and the assessee offers no explanation about the nature and source of the investments, or the explanation offered by him is not, in the opinion of the Assessing Officer, satisfactory, the value of the investments may be deemed to be the income of the assessee of such financial year.

Unexplained Money [Section 69A]: As per the provision of Section 69A of the

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10. [http://www.incometaxindia.gov.in/pages/acts/income\\_tax\\_act.aspx](http://www.incometaxindia.gov.in/pages/acts/income_tax_act.aspx)



Act, where in any financial year the assessee is found to be the owner of any money, bullion, jewellery or other valuable article and such money, bullion, jewellery or the valuable article is not recorded in the books of account, if any, maintained by him for any source of income, and the assessee offers no explanation about the nature and source of acquisition of the money, bullion, jewellery or other valuable article, or the explanation offered by him is not, in the opinion of the Assessing Officer, satisfactory, the money and the value of the bullion, jewellery or other valuable article may be deemed to be the income of the assessee for such financial year.

Amount of investments, etc., not fully disclosed in books of account [Section 69B]: As per the provision of Section 69B of the Act, where in any financial year the assessee has made investments or is found to be the owner of any bullion, jewellery or other valuable article, and the Assessing Officer finds that the amount expended on making such investments or in acquiring such bullion, jewellery or other valuable article exceeds the amount recorded in this behalf in the books of account maintained by the assessee for any source of income, and the assessee offers no explanation about such excess amount, or the explanation offered by him is not, in the opinion of the Assessing Officer, satisfactory, the excess amount may be deemed to be the income of the assessee for such financial year.

Unexplained Expenditure [Section 69C]: As per the provision of Section 69C of the Act, where in any financial year an assessee has incurred any expenditure and offers no explanation about the source of such expenditure or part thereof, or the explanation, if any, offered by him is not, in the opinion of the Assessing Officer, satisfactory, the amount covered by such expenditure or part thereof, as the case may be, may be deemed to be the income of the assessee for such financial year.

Tax on income referred to in Section 68 or Section 69 or Section 69A or section 69B or Section 69C or section 69D is chargeable to tax under Section 115BBE which provides that on any such income the income-tax payable shall be the amount of income-tax calculated at the rate of 60%.

As per the provision of Section 271AAC of the Act, where the income



determined includes any income referred to in Section 68, Section 69, Section 69A, Section 69B, Section 69C or Section 69D for any previous year, the assessee shall pay by way of penalty, in addition to tax payable under Section 115BBE, a sum computed at the rate of 10% of the tax payable under Section 115BBE.

#### **4.1.8 Companies Act, 2013**

In the post-independent India, the Companies Act, 1956 regulated the entire gamut of activities with regard to companies, which was replaced by the Companies Act, 2013 after a prolonged exercise. It is a modern and contemporary law and it moves from the regime of control to that of the liberalization/self-regulation. The Act contains 470 Sections under 29 chapters with seven schedules dealing with the formation, management and administration, governance, fund raising and processes thereof, compliance, rights, duties and obligations of various stakeholders, vigil mechanism, restructuring, liquidation, winding up, investigation, special court and fraud.

The Companies Act, 2013 contains provisions against fraud by companies and their directors and officers. Though the offence of corruption or bribery is not specified as covered under the Companies Act, 2013, instances of wrong doing by Companies and their officers are addressed through the mechanisms of Accounts and Audit (Section 129), Constitution of National Financial Reporting Authority for matters relating to accounting, auditing standards and inspection and investigation of corporate bodies and professionals (Section 132), Internal Audit (Section 138), Investigation into the affairs of the company by Serious Fraud Investigation Office (Section 212), penalty for furnishing false statement, mutilation, destruction of documents (Section 229), etc. Besides all these, companies are also required to have audit committees of the Board of Management and a vigil mechanism to look into various aspects related to financial propriety. The Companies Act, 2013 prescribes provisions pertaining to punishment for Fraud (Section 447), Punishment for False Statement (Section 448) and Punishment for False Evidence (Section 449). These Sections can be invoked in case of misstatements in prospectus (Section 35), fraudulently inducing persons to invest money (Section 36) and personation

for acquisition etc., of securities (Section 38). Provisions of class action suits have also been brought into the statute through Section 37 and Section 245. In case of public deposits, Section 75 provides for damages for acceptance of deposits with intent to defraud the depositors or for any fraudulent purpose by every officer of the company responsible. The Central Government as well as National Company Law Tribunal have been given powers to investigate and take appropriate actions in case companies are being perated prejudicial to the public interest.

Under Section 143, the auditors of the companies, including secretarial auditor and cost auditors are obliged to report to the Central Government, if they have reason to believe, during the course of their audit, that an offence involving fraud has been committed in the company by its officers or employees.

Section 447 of the Act states that any person who is found guilty of fraud, shall



be punishable with imprisonment for a term which shall not be less than six months but which may extend to ten years and shall also be liable to fine which shall not be less than the amount involved in the fraud but which may extend to three times the amount involved in the fraud.

The Section 447 further states that where the fraud in question involves public interest the term of imprisonment shall not be less than three years. The expressions 'fraud', 'wrongful gain' and 'wrongful loss' have been comprehensively defined under Section 447 of the Act.

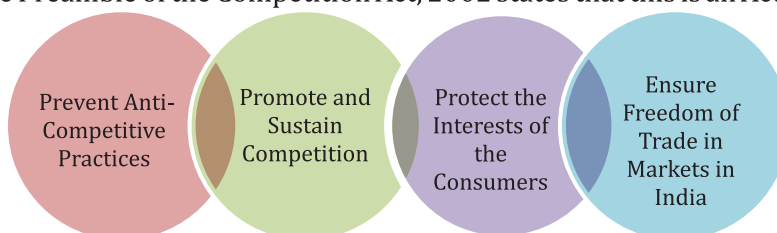
Section 448 provides that if in any return, report, certificate, financial statement, prospectus, statement or other document required by the Act or rules made thereunder, any person making a statement which is false in any material particulars, knowing it to be false or which omits any material fact, knowing it to be material held shall be, liable under Section 447.

As per the Act, if any person intentionally gives false evidence upon any examination on oath or solemn affirmation authorized under the Act, or in any affidavit, deposition or solemn affirmation, in or about the winding up of any company or otherwise in or about any matter arising under the Act, shall be punished with imprisonment for a term which shall not be less than three years and may extend to seven years, with a fine extending to ten lakh rupees.

Listed companies are also governed by Securities Exchange Board of India Act and various directions issued by SEBI under the powers of the Act. The Act and the directions contain a large provision relating to corporate governance, vigil mechanism, investor friendly disclosures in financial statements and other documents.

#### 4.1.9 Competition Act, 2002

The Preamble of the Competition Act, 2002 states that this is an Act to establish



a Commission to prevent anti-competitive practices, promote and sustain competition, protect the interests of the consumers and ensure freedom of trade in markets in India.

The Act prohibits anti-competitive agreements, abuse of dominant position by enterprises, and regulates combinations (mergers, amalgamations and acquisitions) with a view to ensure that there is no adverse effect on competition in India.

The Act prohibits any agreement which causes, or is likely to cause, appreciable adverse effect on competition in markets in India. Any such agreement is void.

An agreement may be horizontal, i.e., between enterprises, persons, associations, etc. engaged in identical or similar trade of goods or provision of services, or it may be vertical i.e. amongst enterprises or persons at different stages or levels of the production chain in different markets.<sup>11</sup>

Cartelization is one of the horizontal agreements that shall be presumed to have appreciable adverse effect on competition under Section 3 of the Act.

As per Section 2 (c) of the Act, "Cartel" includes an association of producers, sellers, distributors, traders or service providers who, by agreement amongst themselves, limit, control or attempt to control the production, distribution, sale or price of trade in goods or provision of services.

The Commission is empowered to inquire into any cartel, and to impose on each member of the cartel, a penalty of up to 3 times of its profit for each year of the continuance of such agreement, or 10% of its turnover for each year of continuance of such agreement, whichever is higher. In case an enterprise is a 'company', its directors/officials who are guilty are also liable to be proceeded against.

#### **4.1.10 Whistle Blowers Protection Act, 2014**

Whistle Blowers Protection Act, 2014 was enacted to establish a mechanism to receive complaints relating to disclosure on any allegation of corruption or

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11. [www.cci.gov.in](http://www.cci.gov.in)

wilful misuse of power or wilful misuse of discretion against any public servant and to inquire or cause an inquiry into such disclosure and to provide adequate safeguards against victimisation of the person making such complaint.

The Act prescribe penalty for furnishing incomplete or incorrect or misleading comments or explanation or report, revealing identity of complainant. According to the Act, where an offence under the Act has been committed by a company, every person who at the time the offence was

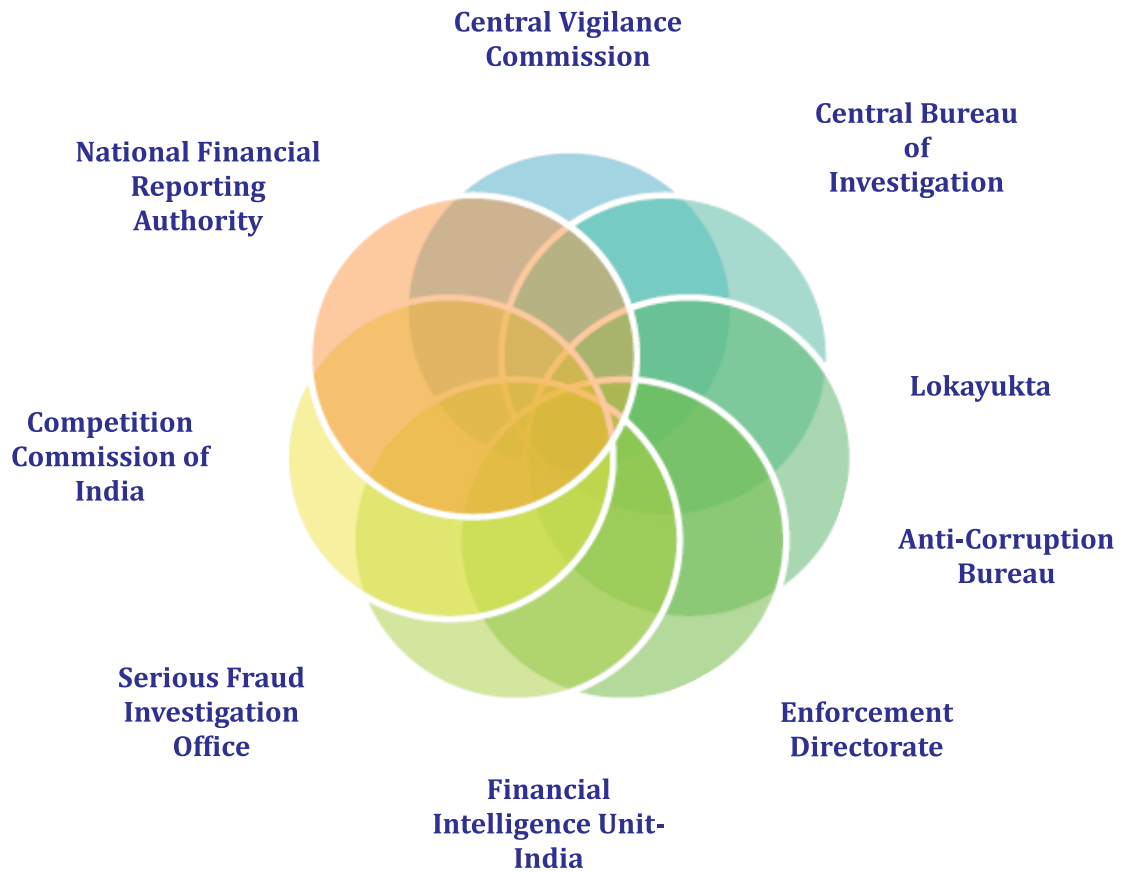
committed was in charge of, and was responsible to the company for the conduct of the business of the company as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly.

The Act provides that the Central Government shall ensure that no person or a public servant who has made a disclosure under this Act is victimised by initiation of any proceedings or otherwise merely on the ground that such person or a public servant had made a disclosure or rendered assistance in inquiry under the Act.

Act provides protection of witnesses and other persons and the Competent Authority shall issue appropriate directions to the concerned Government authorities (including police), which shall take necessary steps, through its agencies, to protect such complainant or public servant or persons concerned.

In order to give statutory protection to whistle blowers in the country, the Public Interest Disclosures and Protection to Persons making the Disclosures Bill, 2010 was introduced in the Lok Sabha in August 2010. The said Bill was passed by the Lok Sabha, in December 2011, as the Whistle Blowers Protection Bill, 2011 and was passed by the Rajya Sabha on 21.02.2014. The Act had received the assent of the President on 9th May, 2014 and became the Whistle Blowers Protection Act, 2014. Provisions of the Act are yet to be notified.

## 4.2 Institutional Framework for Anti-Corruption



#### 4.2.1 Central Vigilance Commission (CVC)

In pursuance of the recommendations made by the Committee on Prevention of Corruption, popularly known as the Santhanam Committee, the Central Vigilance Commission was set up by the Government of India through a Resolution dated 11.02.1964. It was accorded statutory status, consequent upon the judgement of the Hon'ble Supreme Court in *Vineet Narain vs. Union of India*, 1997 through the Central Vigilance Commission Act, 2003.

The Central Vigilance Commission consists of a Central Vigilance Commissioner as Chairperson; and not more than two Vigilance Commissioners as Members.

The Central Vigilance Commission can inquire or cause inquiries to be conducted into offences alleged to have been committed under the Prevention of Corruption Act, 1988, by certain categories of public servants of the Central Government, corporations established by or under any Central Act, Government companies, societies and local authorities owned or controlled by the Central Government and for matters connected therewith or incidental thereto.

The Central Vigilance Commission also advises the Union Government on all matters pertaining to the maintenance of integrity in administration.<sup>12</sup>

#### 4.2.2 Central Bureau of Investigation<sup>13</sup> (CBI)

The Central Bureau of Investigation traces its origin to the Special Police Establishment (SPE) which was set up in 1941 by the Government of India. The functions of the SPE then were to investigate cases of bribery and corruption in transactions with the War & Supply Deptt. of India during World War II. Superintendence of the S.P.E. was vested with the War Department. Even after the end of the War, the need for a Central Government agency to investigate cases of bribery and corruption by the Central Government employees was felt. The Delhi Special Police Establishment Act was therefore brought into force in 1946. This Act transferred the superintendence of the SPE to the Home

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12. [www.cvc.nic.in](http://www.cvc.nic.in)

13. [www.cbi.nic.in](http://www.cbi.nic.in)

Department and its functions were enlarged to cover all departments of the Government of India. The jurisdiction of the SPE extended to all the Union Territories and could be extended also to the States with the consent of the State Government concerned.

The DSPE acquired its popular current name, Central Bureau of Investigation (CBI), through a Home Ministry resolution dated 01.04.1963. Initially the offences notified by the Central Government were related only to corruption by the Central Government servants. In due course, with the setting up of a large number of public sector undertakings, their employees were also brought under the purview of the CBI. Similarly, with the nationalisation of the banks in 1969, the Public Sector Banks and their employees also came within the ambit of the CBI.

From 1965 onwards, the CBI has also been entrusted with the investigation of Economic Offences and important conventional crimes such as murders, kidnapping and terrorist crimes etc., on a selective basis. As CBI, over the years, established a reputation for impartiality and competence; demands were made on it to take up investigation of more cases of conventional crime, such as murder, kidnapping and terrorist crime. Apart from this, even the Supreme Court and the various High Courts of the country also started entrusting such cases for investigation to the CBI on petitions filed by aggrieved parties. Taking into account the fact that several cases falling under this category were being taken up for investigation by the CBI, it was found expedient to entrust such cases to its branches having local jurisdiction. It was therefore decided in 1987 to constitute two investigation divisions in the CBI, namely, Anti-Corruption Division and Special Crimes Division.

Pursuant to the direction of Hon'ble Supreme Court in *Vineet Narian and others vs. Union of India, 1997* the existing Legal Division was reconstituted as the Directorate of Prosecution in July 2001. As on date, CBI has the following Divisions:

1. Anti-Corruption Division
2. Economic Offences Division
3. Special Crimes Division



4. Directorate of Prosecution
5. Administration Division
6. Policy & Coordination Division
7. Central Forensic Science Laboratory

### **4.2.3 Lokayukta**

In the wake of the recommendations of the first Administrative Reforms Commission, 1966 many State Governments enacted legislation to constitute the Lokayukta to investigate allegations or grievances arising out of the conduct of public servants including political executives, legislators, officers of the State Government, local bodies, public enterprises and other instrumentalities of the Government including cooperative societies and universities. By virtue of such legislation, a member of the public can file specific allegations with the Lokayukta against any public servant for enquiry. It is also open to the Lokayukta to initiate suo-motu inquiry into the conduct of public servants. The Lokayukta is generally a retired Judge of the High Court or the Supreme Court and normally appointed for a five-year term on the basis of a joint decision involving the Chief Minister, the Chief Justice, the Speaker of the House and leader of the Opposition. However, in many states the Lokayukta does not have an independent investigating authority at its disposal and is therefore dependent on the Government agencies to carry forward its investigations.<sup>14</sup>

### **4.2.4 Anti-Corruption Bureau (ACB)**

Every state of India has set up an ACB, a specialized agency tackling the problem of corruption in various departments of the Government against public servants under the Prevention of Corruption Act, 1988.

The State ACBs also conduct enquiries based on the information/petitions received from various agencies like Government, Vigilance Commission, Lokayukta etc. and also on the information/petitions received from the public containing specific and verifiable allegations of corruption against public servants.

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14. Second Administrative Reforms Commission (Fourth Report)

State ACBs directly work under the administrative control of the General Administration Department of State Governments.

#### **4.2.5 Enforcement Directorate (ED)<sup>15</sup>**

The Enforcement Directorate is a Multi-Disciplinary Organization mandated with the task of enforcing the provisions of two special fiscal laws – Foreign Exchange Management Act, 1999 (FEMA) and Prevention of Money Laundering Act, 2002 (PMLA).

*The main functions of the Directorate are as under:*

- Investigate contraventions of the provisions of Foreign Exchange Management Act, 1999 (FEMA). Contraventions of the FEMA are dealt with by way of adjudication by designated authorities of the ED, penalties upto three times the sum involved can be imposed.
- Investigate offences of money laundering under the provisions of Prevention of Money Laundering Act, 2002 (PMLA) and to take actions of attachment and confiscation of property if the same is determined to be proceeds of a crime derived from a Scheduled Offence under the PMLA, and to prosecute the persons involved in the offence of money laundering.
- Sponsor cases of preventive detention under Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974 (COFEPOSA) in regard to contraventions of FEMA.
- Render cooperation to foreign countries in matters relating to money laundering and restitution of assets under the provisions of the PMLA and to seek cooperation in such matters.

#### **4.2.6 Financial Intelligence Unit (FIU) – India<sup>16</sup>**

The Financial Intelligence Unit – India (FIU-IND) was set by the Government of India vide Office Memorandum dated 18th November, 2004 as the central national agency responsible for receiving, processing, analyzing and disseminating information relating to suspect financial transactions. The FIU-

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15. [www.enforcementdirectorate.gov.in/functions.html](http://www.enforcementdirectorate.gov.in/functions.html)

16. [www.fiuindia.gov.in](http://www.fiuindia.gov.in)

IND is also responsible for coordinating and strengthening efforts of national and international intelligence, investigation and enforcement agencies in pursuing the global efforts against money laundering and related crimes. The FIU-IND is an independent body reporting directly to the Economic Intelligence Council (EIC) headed by the Finance Minister.

The main function of the FIU-IND is to receive cash/suspicious transaction reports, analyse them and, as appropriate, disseminate valuable financial information to intelligence/enforcement agencies and regulatory authorities. The functions of the FIU-IND are:

1. *Collection of Information* : Act as the central reception point for receiving Cash Transaction reports (CTRs), Cross Border Wire Transfer Reports (CBWTRs), Reports on Purchase or Sale of Immovable Property (IPRs) and Suspicious Transaction Reports (STRs) from various reporting entities.
2. *Analysis of Information* : Analyze received information in order to uncover patterns of transactions suggesting suspicion of money laundering and related crimes.
3. *Sharing of Information* : Share information with national intelligence/law enforcement agencies, national regulatory authorities and foreign Financial Intelligence Units.
4. *Act as Central Repository* : Establish and maintain national data base on cash transactions and suspicious transactions on the basis of reports received from the reporting entities.
5. *Coordination* : Coordinate and strengthen collection and sharing of financial intelligence through an effective national, regional and global network to combat money laundering and related crimes.
6. *Research and Analysis* : Monitor and identify strategic key areas on money laundering trends, typologies and developments.

#### **4.2.7 Serious Fraud Investigation Office (SFIO)<sup>17</sup>**

The SFIO is a multi-disciplinary organization under the Ministry of Corporate

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17. [www.sfio.nic.in](http://www.sfio.nic.in)

Affairs, consisting of experts in the field of accountancy, forensic auditing, law, information technology, investigation, company law, capital market and taxation for detecting and prosecuting or recommending for prosecution white-collar crimes/frauds.

Under the Companies Act, 2013 investigation into the affairs of a company is assigned to the SFIO, where the Government is of the opinion that it is necessary to investigate into the affairs of a company –

- (a) on receipt of a report of the Registrar or Inspector under Section 208 of the Companies Act, 2013;
- (b) on intimation of a special resolution passed by a company that its affairs are required to be investigated;
- (c) in the public interest; or
- (d) on request from any department of the Central Government or a State Government.

The SFIO is headed by a Director. The Headquarter of the SFIO is at New Delhi, with five Regional Offices at Mumbai, New Delhi, Chennai, Hyderabad and Kolkata.

#### **4.2.8 Competition Commission of India (CCI)**

The Competition Commission of India prohibits anti-competitive agreements and abuse of dominance, and regulates combinations (mergers or amalgamations or acquisitions) through a process of inquiry/investigation. It gives opinion on competition issues on a reference received from an authority established under any law (statutory authority)/ Central Government/ a State Government. The CCI is also mandated to undertake competition advocacy, create public awareness and impart training on competition issues.

It is the duty of Commission to eliminate practices having adverse impact on Competition, promote and sustain competition, protect the interests of consumers and ensure freedom of trade in the markets of India.

The Competition Commission of India is empowered to inquire into any anti-competitive practices and abuse of dominance, regulate combinations and to

impose penalty, if such practices have adverse appreciable effect on competition.

#### **4.2.9 National Financial Reporting Authority (NFRA)**

The Companies Act, 2013 has a provision for setting up National Financial Reporting Authority to provide for matters relating to accounting and auditing standards and to monitor and enforce their compliance as well as to oversee the quality of service of the professional associated with ensuring compliance. (Section 132). The Section is yet to be notified by the Central Government.

NFRA shall have the power to investigate, either suo motu or on a reference made to it by the Central Government, for such class of bodies corporate or persons, in such manner as may be prescribed into the matters of professional or other misconduct committed by any member or firm of chartered accountants, registered under the Chartered Accountants Act, 1949.

NFRA shall have the same powers as are vested in a civil court under The Code of Civil Procedure, 1908, while trying a suit.

### 5.1 United Nations Convention Against Corruption (UNCAC)

The United Nations Convention Against Corruption “UNCAC” is a multilateral treaty or agreement that has been negotiated by member states of the United Nations, “UN”, and promoted by the UN Office on Drugs and Crime, “UNODC”. It is one of the several legally binding international anti-corruption agreements that require state parties to abide by the treaty to implement several anti-corruption measures and mainly focus on five main areas as follows:



- Preventive measures;
- Criminalisation and law enforcement;
- International cooperation;
- Asset recovery and technical assistance;
- Information exchange.

The UNCAC covers a wide spectrum including promoting and strengthening measures to prevent and combat corruption, facilitate and support international cooperation, technical assistance and information exchange in asset recovery. The UNCAC's focus is on to reduce the corruption, occurring across country borders. Another set of objective is to strengthen the enforcement of international law and judicial cooperation between countries by providing effective legal mechanisms for international asset recovery.

International action against corruption has progressed from general consideration and declarative statements to legally binding agreements. The UNCAC's comprehensive approach and the mandatory character of many of its provisions act as evidences of this development. Most importantly, the UNCAC tackles the forms of corruption that had not been covered by many of the earlier international instruments, such as trading under influence, abuse of function, and various other types of corruption in the private sector. A further important significant development is the specific inclusion of a provision dealing with the recovery of stolen assets, which is a major concern for countries.

### **5.1.1 Salient Features**

#### **UNCAC**

- The UNCAC provides not only an international legal basis for cooperation, but also a political tool for dialogue among countries and governments and their citizens.
- The UNCAC provides universally agreed concepts of corruption and ways to address them within one framework, thus offering an opportunity to overcome hitherto fragmented and often piecemeal efforts.
- The UNCAC can foster international exchange of expertise, good practices and lessons learned and it can be instrumental in coordinating international assistance

India signed the UNCAC on 9th December 2005 and the same has been ratified on 9th May, 2011<sup>18</sup>.

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18. India signed UNCAC treaty <https://www.unodc.org/unodc/en/treaties/CAC/signatories.html>

## 5.1.2 Highlights of the UNCAC Convention<sup>19</sup>

- 5.1.2.1 *Private Sector* : Article 12 of UNCAC specifically covered the private sector as per which the State Party shall as per its domestic law, shall take measure to prevent corruption involving the private sector, enhance accounting and auditing standards in private sectors and, where appropriate, provide effective, proportionate and an independent judiciary, administrative or criminal penalties for failure to comply with such measures.
- 5.1.2.2 *Bribery in the Private Sector* : Article 21 of UNCAC specifically covers the bribery in the private sector as per which the State Party shall consider adopting such legislative and other measures to establish as criminal offences, when committed intentionally in the course of economic, financial or commercial activities. This includes:
- (a) The promise, offering or giving, directly or indirectly, of an undue advantage to any person who directs or works, in any capacity, for a private sector entity, for the person himself or herself or for another person, in order that he or she, in breach of his or her duties, act or refrain from acting.
  - (b) The solicitation or acceptance, directly or indirectly, of an undue advantage by any person who directs or works, in any capacity, for a private sector entity, for the person himself or herself or for another person, in order that he or she, in breach of his or her duties, act or refrain from acting.
- 5.1.2.3 *Liability of legal persons* : According to Article 26 the State Party shall adopt measures consistent with its legal principles, to establish the liability of legal persons for participation in the offences established in accordance with this Convention. The liability of legal persons may be criminal, civil or administrative.

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19. UNCAC Convention :  
[https://www.unodc.org/documents/brussels/UN\\_Convention\\_Against\\_Corruption.pdf](https://www.unodc.org/documents/brussels/UN_Convention_Against_Corruption.pdf)



- 5.1.2.4 *Protection of witnesses, experts and victims* : According to Article 31 the State Party shall take appropriate measures as per its domestic legal system to provide effective protection from potential retaliation or intimidation for witnesses and experts who give testimony.
- 5.1.2.5 *Protection of reporting persons* : Article 33 states that the State Party shall consider incorporating into its domestic legal system appropriate measures to provide protection against any unjustified treatment for any person who reports in good faith and on reasonable grounds to the competent authorities any facts concerning offences established in accordance with this Convention.
- 5.1.2.6 *Cooperation with law enforcement authorities* : Article 37 provides that the State Party shall take appropriate measures to encourage persons who participate or who have participated in the commission of an offence established in accordance with this Convention to supply information useful to competent authorities for investigating and evidentiary purposes that may contribute in depriving offenders of the proceeds of crime and in recovering such proceeds.
- 5.1.2.7 *Cooperation between national authorities and the private sector* : As per Article 39 the State Party shall provide cooperation between national investigating and prosecuting authorities and entities of the private sector relating to matters involving the commission of offences established in accordance with this Convention.

The key provisions ensure that the UNCAC requirements are to be interpreted as minimum standards, which States Parties are free to exceed with measures "more strict or severe" than those set out in specific provisions.

## 5.2 Organisation for Economic Co-operation And Development (OECD)

The Organisation for Economic Co-operation and Development “OECD” is an inter-governmental economic organisation with 35 member countries, founded in 1960 to stimulate economic progress and world trade. It provides a platform to compare policy experiences, seek answers to common problems, identify good practices and coordinate domestic and international policies of its member countries. Most OECD members are high-income economies with a very high Human Development Index (HDI) and are regarded as developed countries.

The OECD promotes policies designed:

To achieve the highest sustainable economic growth and employment and a rising standard of living in member countries, while maintaining financial stability, and thus contribute to the development of the world economy;

To contribute sound economic expansion in Member as well as non-member countries in the process of economic development; and

To contribute to the expansion of world trade on a multilateral, non-discriminatory basis in accordance with international obligations

### 5.2.1 OECD Guidelines for Multinational Enterprises relating to Combating Bribery<sup>20</sup>

The Guidelines for Multinational Enterprises (MNEs) prescribed by the OECD are the most wide-ranging set of government-supported recommendations on responsible business conduct in existence today. The governments adhering to the guidelines aim to encourage and maximize the positive impact of the MNEs for sustainable development and enduring social progress. It provides guidance for responsible business conduct in areas, such as labour rights, human rights, environment, information disclosure, combating bribery, consumer interests, competition, taxation, and intellectual property rights.

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20. OECD Guideline for Multinational Enterprise :  
<http://www.oecd.org/corporate/mne/1922428.pdf>

### **5.2.2 Combating Bribery, Bribe Solicitation and Extortion**

The OECD guidelines provide that combating bribery, bribe solicitation and extortion enterprises should not, directly or indirectly, offer, promise, give, or demand a bribe or take other undue or improper advantage to obtain or retain business. Enterprises should also resist the solicitation of bribes and extortion. OECD guidelines provide that multinational enterprises :

- Should not offer, promise or give undue pecuniary or other advantage to public officials or the employees of business partners. Further the enterprises should not request, agree to or accept undue pecuniary or other advantage from public officials or the employees of business partners.
- Should develop and adopt adequate internal controls, ethics and compliance programmes or measures for preventing and detecting bribery.
- Should prohibit or discourage the use of small facilitation payments, which are generally illegal in the countries where they are made.
- Should enhance the practices of transparency of their activities in the fight against bribery, bribe solicitation and extortion and should promote employee awareness of and compliance with company policies and internal controls, ethics and compliance programmes or measures against bribery, bribe solicitation and extortion.
- Should not make illegal contributions to candidates for public office or to political parties or to other political organisations.

## 5.3 Group 20 & Business 20

### G20

- It is an international forum for the governments and central bank governors.
- Its objective is to discuss policy issues pertaining to the promotion of international financial stability.
- G20 countries includes Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, United Kingdom, United States and the European Union.

### 5.3.1 G20 Anti-Corruption Action Plan 2017-2018<sup>21</sup>

The utmost priority of the G20 is to reduce corruption. The G20 established the Anti-Corruption Working Group (ACWG) in the year 2010 whose terms of reference have been guided by two-year anti-corruption action plans. The Anti-Corruption Action Plan states that bribery imposes a heavy price on business and on society as a whole. G20 countries will lead in combating bribery, including criminalizing the bribery of domestic and foreign public officials and enforcing laws, and strengthening the liability of legal persons for corruption. The G20 participates actively with the OECD working Group on bribery to explore the possible adherence of all G20 countries to the OECD Anti-Bribery Convention.

Transparency is the key factor for deterring and exposing corruption. The G20 promotes greater transparency in the public sector, including in public contracting, budget processing and which could be achieved through citizen engagement, by strengthening anti-corruption authorities, public-private partnerships and the use of open data, built on the G20 Open Data Principles. G20 promotes a culture of integrity and accountability in institutions by preventing and resolving conflicts of interest affecting public officials.

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21. G20 Anti-Corruption Action Plan 2017-2018: <http://www.mofa.go.jp/files/000185882.pdf>

G20 priorities includes organising against corruption, encouraging public institutions to implement anti-corruption initiatives, building international integrity partnerships and networks, and addressing immunities.

### **5.3.2 G20 High-Level Principles on Private Sector Transparency and Integrity<sup>22</sup>**

The G20 encourages businesses to develop strong, robust and effective internal controls, ethics and compliance programmes and/or measures on the basis of risk assessment to understand the risk exposure linked to the business's industry, size, legal structure and geographical area of operation, better and to allocate resources efficiently and effectively. The G20 principles include those elements that are important in the development of effective internal controls, ethics and compliance programmes, promoting transparency and integrity in the private sector, etc. They are intended to be adapted by businesses, in particular the Small Medium Enterprises (SMEs).

### **5.3.3 Role of India in G20**

India has an ambitious multi-pronged agenda for the G20 summit. India's core goals at the G20 summit are "global economic growth and stability, stable financial markets and global trading regimes and employment generation." The underlined India's development priorities also include "the creation of next generation infrastructure, that will include digital infrastructure, and ensure access to clean and affordable energy."

India also highlights the importance of international cooperation against black money and is also pushing a global regime for automatic sharing of information among tax authorities to help identify and fix tax-evaders.

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22. G20 High-Level Principles on Private Sector Transparency and Integrity  
<http://www.g20.utoronto.ca/2015/G20-High-Level-Principles-on-Private-Sector-Transparency-and-Integrity.pdf>

## B20

- It is an outreach group of G20 that represents the international business community which brings together business leaders from across the globe.
- The B20 is the official G20 dialogue with the global business community, with a mission to support the G20 through consolidated representation of interests, expertise and concrete policy proposals.
- Its role is to present a series of events with the purpose of developing recommendations and issuing relevant commitments from the global business leaders and business organizations.

### 5.3.4 B20 Turkey Task force<sup>23</sup>

Corruption remains a major barrier that impacts businesses negatively by increasing the costs of doing business, raising barriers for market entry and undermining the quality of both products and services. It obstructs economic growth and eliminates trust in both businesses and governmental institutions. In these respects, B20 Turkey is aligned with the G20 efforts specifically regarding private sector integrity, adopting solutions both for the enforcement of anti-corruption regulations as well as the empowerment of businesses in their fight against corrupt activities. The membership is broadly representative of G20 countries as a whole.

### 5.3.5 Objective of the taskforce

- To develop best practices in customs and drive implementation.
- To apply best practices in procurement in large / significant infrastructure projects and promote companies with anti-corruption programmes.
- To enhance anti-corruption training for SMEs.
- To endorse G8 principles relating to transparency and ownership.
- To commit for encouraging enforcement of the OECD Anti-Bribery Convention and the UN Convention against Corruption.

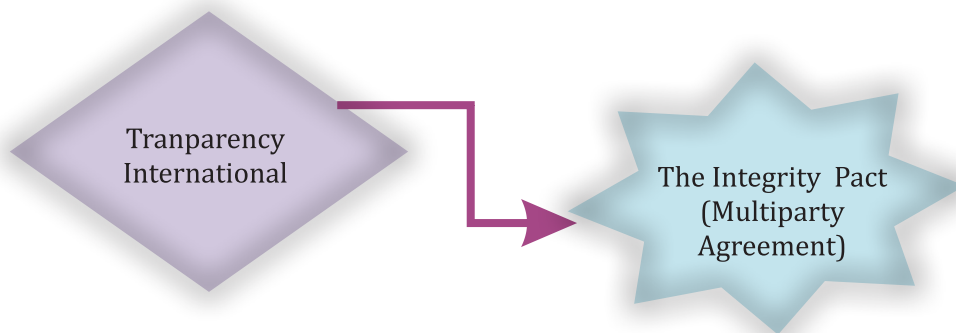
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23. B20 Turkey Task Force <http://b20turkey.org/anti-corruption/>

## 5.4 Transparency International (TI)<sup>24</sup>

The Transparency International is an international non-governmental organization based in Berlin, Germany, founded in the year 1993 with an objective to take action to combat corruption and prevent criminal activities arising from corruption. The Transparency International has the legal status of a German registered voluntary association and serves as an umbrella organization. Its members have grown starting from a few individuals to more than 100 national chapters, which engage in fighting corruption in their home countries. It is specifically committed to advancing accountability, integrity and transparency and set an example of good governance, ethical practice and openness to greater transparency.

It published the Corruption Perceptions Index (CPI) in 1996, ranking countries annually on continuous basis "by their perceived levels of corruption, as determined by expert assessments and opinion surveys." It is a composite index, a combination of polls, drawing on corruption-related data collected by a variety of reputable institutions and survey. The CPI reflects the views of observers from around the world. The Corruption Perceptions Index needs to rely on third-party survey which has been criticized as potentially unreliable. Data can vary widely depending on the public perception of a country, the completeness of the surveys and the methodology used. The CPI generally defines corruption as "the misuse of public power for private benefit"



24. Transparency International, [www.transparencyindia.org](http://www.transparencyindia.org)

### 5.4.1 The Integrity Pact (IP)<sup>25</sup>

The Integrity Pact is a tool developed and launched by the Transparency International to help different businesses, governments and civil society in order to equip them to fight corruption in the field of public procurements and public contracting. The Transparency International had established mutual contractual rights and obligations to reduce the high cost and corruption involved in the public contract. The main objective of the Integrity pact is to make the public procurement process transparent by binding both the parties of the contract. It also envisages a monitoring role for civil society who is the ultimate beneficiary of government action. IP should cover all activities related to the contract from pre selection of bidders, bidding and contracting, implementation, completion and operation.

#### 5.4.1.1 Purpose

- To reduce corruption in procurement, privatization or licensing processes by enabling companies to abstain from bribing, based on assurances that their competitors will also refrain from bribing.
- To enable governments to reduce the high costs and distortionary impact of corruption on public procurement, privatization or licensing.

#### 5.4.1.2 Advantages

- It promotes transparent procurement and contracting processes.
- It helps to increase trust in public decision-making, discourages corruption, and leads to more efficient outcomes by reducing project costs.
- It generates confidence and credibility among public officials, bidders, and public opinion in general with respect to honesty and transparency with which these bidding processes should be carried out.

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25. Integrity Pact, <http://cvc.gov.in/vscvc/intpact.pdf>



### **5.4.1.3 Salient features**

The salient features of the Integrity Pact are:

(A) The Public Authority commits that:

- The government official will neither demand nor accept any illicit gratification to give any of the parties an advantage at any stage of the project.
- All necessary and appropriate information (technical, legal and administrative) related to the contract will be made available to public.
- The confidential informations should not be passed to any bidder or contractor.
- Self-declaration to be given by all concerned officials regarding conflict of interest and disclosure of assets (his/her and his/her family).
- Any breach/attempt to breach of any commitment shall be immediately reported to the appropriate authority by the concerned officials.

(B) The bidders commit that:

- They will not offer any illicit gratification to any official to obtain any unfair advantage and will always keep transparency in the contract.
- They will also not accept any advantage in exchange for unprofessional behavior.
- Disclose all the payments made to agents and intermediaries.

(C) Penalties

The officials are subject to penal action and bidders have to face cancellation of contract, forfeiture of bond, liquidated damages and blacklisting.

## 5.5 Foreign Corrupt Practices Act, 1977<sup>26</sup>

The Foreign Corrupt Practices Act, 1977 “FCPA” is a United States’ federal law that contains two main provisions, i.e., addresses accounting transparency requirements under the Securities Exchange Act of 1934 and concerning bribery of foreign officials. The Act was amended in 1988 and further in 1998. It includes both bribery and accounting provisions.

### 5.5.1 Applicability of the Act

- Any person who has a certain degree of connection with the United States and engages in foreign corrupt practices.
- Any Act by U.S. businesses, foreign corporations trading securities in the U.S., American nationals, citizens, and residents acting in furtherance of a foreign corrupt practice whether or not they are physically present in the U.S.
- In the case of foreign natural and legal persons, the Act covers their deeds if they are in the U.S. at the time of the corrupt conduct.
- The ideology of the FCPA is to make it illegal for companies and their supervisors to influence foreign officials with any personal payments or rewards. This Act was passed to make it unlawful for certain classes of people and entities to make payments to foreign government officials in order to assist in obtaining or retaining business. Further, the Act governs not only payments to foreign officials, candidates, and parties, but any other recipient if part of the bribe is ultimately attributable to a foreign official, candidate, or party. These payments are not restricted to monetary forms and may include anything of value. This is considered the territoriality principle of the Act.

Under the FCPA it must be proved that the person offering the bribe did so with a “corrupt” intent. Further, the FCPA only covers active bribery, that is to say the giving of a bribe. The taking of the bribe is not covered under the FCPA. The Act concerns the intent of the bribery rather than the amount, and therefore there is no requirement of materiality. Offering anything of value as a bribe, whether in the form of cash or non-cash items, is prohibited.

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26. FCPA, <https://www.sec.gov/spotlight/fcpa/fcpa-resource-guide.pdf>

**Accounting Provision:** The FCPA also requires the companies whose securities are listed in the U.S. to meet its accounting provisions. These accounting provisions operate in tandem with the anti-bribery provisions of the FCPA, and require respective corporations to prepare and keep books and records that accurately and fairly reflect the transactions of the corporation, and to devise and maintain an adequate system of internal accounting controls. An increasing number of corporations are taking additional steps to protect their reputation and reduce their exposure by employing the services of due diligence companies tasked with vetting third party intermediaries and identifying easily overlooked government officials embedded in otherwise privately held foreign firms.

**Bribery and facilitation payment:** With reference to payments to foreign officials, the Act draws a distinction between bribery and facilitation or "grease payments", which may be permissible under the FCPA, but may still violate local laws. The primary distinction is that grease payments or facilitation payments are made to officials to expedite their performance of the routine duties which they are already bound to perform. The exception focuses on the purpose of the payment rather than on its value.

**Successor's liability for the FCPA violation:** The Act provides that U.S. Company acquiring a foreign firm could face successor liability for the FCPA violations committed by the foreign firm prior to being acquired. Generally, acquiring companies may be liable as a successor for pre-existing the FCPA violations committed by an acquired company where those violations were subject to the FCPA's jurisdiction when committed.

Further, businesses increasingly focus on their core competencies, and as a result engage more third parties to provide critical business functions; businesses do not have direct control over their third parties and as such, are exposed to the regulatory and reputational risk of the third party FCPA violations.

As per the FCPA, businesses bear accountability for activities involving both their internal and external relationships. Companies who operate internationally, or who engage third parties in countries with a high Corruption Perceptions Index are especially at risk. Many companies have now adopted "Anti-Bribery/Anti-Corruption" (AB/AC) solutions to combat this risk and help protect themselves from fines and reputational damage.

### **5.5.2 Penalty**

For offences committed under the FCPA an individual can be fined up to US \$ 250,000 per violation, and may also be given upto five years of imprisonment. A company guilty under the FCPA is liable for a fine of up to US \$ 2,000,000 per violation.

## **5.6 Law of the People's Republic of China against Unfair Competition, 1993<sup>27</sup>**

The law of the People's Republic of China against Unfair Competition, 1993 is formulated with a view to safeguard healthy development of a socialist market economy, encouraging and protecting fair competition, repressing unfair competition acts, and protecting the lawful rights and interests of business operators and consumers. The law requires the business operators to follow the principles of voluntariness, equality, fairness, honesty and credibility and observe the generally recognized business ethics in their market transactions.

The law also states that the governments at various levels shall take necessary measures to repress unfair competition acts and create favourable environment and conditions for fair competition. Further, the State shall encourage, support and protect all organizations and individuals in the exercise of social supervision over unfair competition acts.

### **5.6.1 Applicability**

The law of the People's Republic of China against unfair competition is applicable to monopolistic conduct in economic activities within the territory of China (i.e., domestic conduct). Furthermore, the law is applicable to monopolistic conduct, outside the territory of China, provided that such a conduct eliminates or has restrictive effects on competition in the domestic Chinese market (i.e., extra territorial conduct).

### **5.6.2 Law of People's Republic of China related to Combating Bribery [Articles 8 & 22]**

**5.6.2.1 Business Operators not to Resort to Bribery:** Article 8 of the above mentioned Law requires a business operator not to resort to bribery, by offering money or goods, or by any other means, in selling or purchasing commodities.

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27. Law of the People's Republic of China against Unfair Competition, 1993  
<http://www.wipo.int/edocs/lexdocs/laws/en/cn/cn011en.pdf>.

In cases where a business operator offers off-the-book rebate in secret to the other party, a unit or an individual, shall be deemed and punished as offering bribes. Further the unit or individual that accepts off-the-book rebate in secret also be deemed and punished as taking bribes.

**5.6.2.2 Business Operators to be Investigated :** Article 22 of the above mentioned Law states that a business operator, who resorts to bribery by offering money or goods or by any other means in selling or purchasing commodities and if the case constitutes a crime, shall be investigated for criminal responsibility according to law. However, if the case does not constitute a crime, the supervision and inspection department may impose a fine of not less than 10,000 yuan but not more than 200,000 yuan in the light of the circumstances and confiscate the illegal earnings, if any.

## **5.7 The United Kingdom Bribery Act, 2010<sup>28</sup>**

The Bribery Act, 2010 is an Act of the Parliament of the United Kingdom that covers the criminal law relating to bribery. The Act defines all the previous statutory and common law provisions in relation to bribery, the bribery of foreign public officials and the failure of a commercial organisation to prevent bribery on its behalf.

The objective of the Act is to provide a modern legislation that effectively deals with the increasingly sophisticated, cross-border use of bribery, and carry out the prosecution of bribery by individuals and organizations both within the UK and overseas easier. It applies to the United Kingdom of Great Britain and Northern Ireland.

### **5.7.1 Salient features of the Act<sup>29</sup>**

- It will criminalise both active and passive bribery, i.e., both bribing and being bribed.
- It will criminalise not just bribery of public officials, but also bribery entirely in the private sphere.
- It does not require proof of dishonesty or corruption.
- It will criminalise the failure to prevent bribery.
- It will, effectively, require those carrying on business in the UK to have in place “adequate procedures” to prevent bribery taking place, even if the bribery is unconnected with the UK.
- The offences will have extensive extra-territorial reach, criminalising activities which may take place entirely outside the UK.
- Committing offences could lead to imprisonment for up to 10 years (for individuals) and/or unlimited fines (for individuals and corporate bodies).
- There is no exception for “facilitation payments”.
- “Local customs and practices” will not necessarily provide a defence.

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28. UK Bribery Act [http://www.legislation.gov.uk/ukpga/2010/23/pdfs/ukpga\\_20100023\\_en.pdf](http://www.legislation.gov.uk/ukpga/2010/23/pdfs/ukpga_20100023_en.pdf)

29. <https://www.lw.com/thoughtLeadership/uk-bribery-act-2010-what-businesses-need-to-know>

The Act creates four offences of bribery such as:



**Bribing** : Section 1 of the Act provides that it is an offence for a person to offer, promise or give a financial or other advantage for the purpose of bringing about an improper performance of a function or activity.

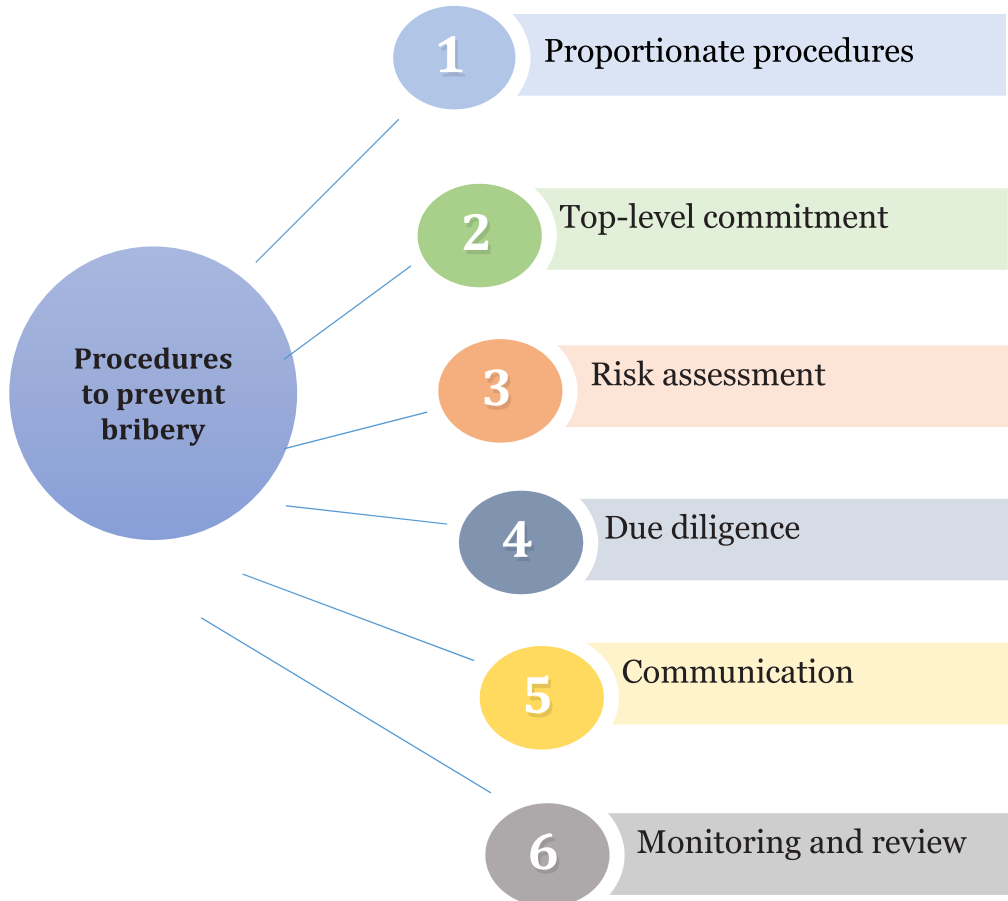
**Being bribed** : Section 2 of the Act provides that it is an offence to request, agree to or receive a financial or other advantage for the purpose of bringing about an improper performance of a function or activity or to request, agree to or receive a reward for having done so.

**Bribery of Foreign Public Official** : Section 6 of the Act provides that it is an offence to offer, promise or give a financial or other advantage to a foreign public official where such advantage is not permitted under the written law applicable to that foreign official. Further, the briber must intend that the advantage given or offered would influence the foreign official in the performance of his/her duties as a public official and must intend to secure business, or to obtain a business advantage. However, the defence is available if the local laws of the country of the foreign official permit or require them to be influenced in that way.

**Corporate offence of failing to prevent bribery** : Section 7 of the Act provides that a commercial organisation commits an offence under the Act if a person associated with it bribes another person with an intention of obtaining or retaining either business or a business advantage for that organization. However, the commercial organisations will have an absolute defence to liability if they can show that they have put in place "adequate procedures" to prevent bribery. The personal liability can be put in place on senior company officers who turn a blind eye to such board-level bribery.



**5.7.2 Adequate procedures to prevent bribery :** The UK Bribery Act also specifies what could be considered as adequate procedure put in place to prevent bribery. This will include :



*Proportionate procedures* – the procedures adopted should be proportionate to the risk faced.

*Top-level commitment* – the company should adopt a culture of zero tolerance through a commitment by senior management.

*Risk assessment* – the company should identify its bribery risks and prioritise its actions in high risk areas.

*Due diligence* – the company should take appropriate care when entering into relationships or markets where there is a risk of bribery.

*Communication* – the company's policy should be clearly communicated to all relevant parties, supported by appropriate training and "speak up" procedures.

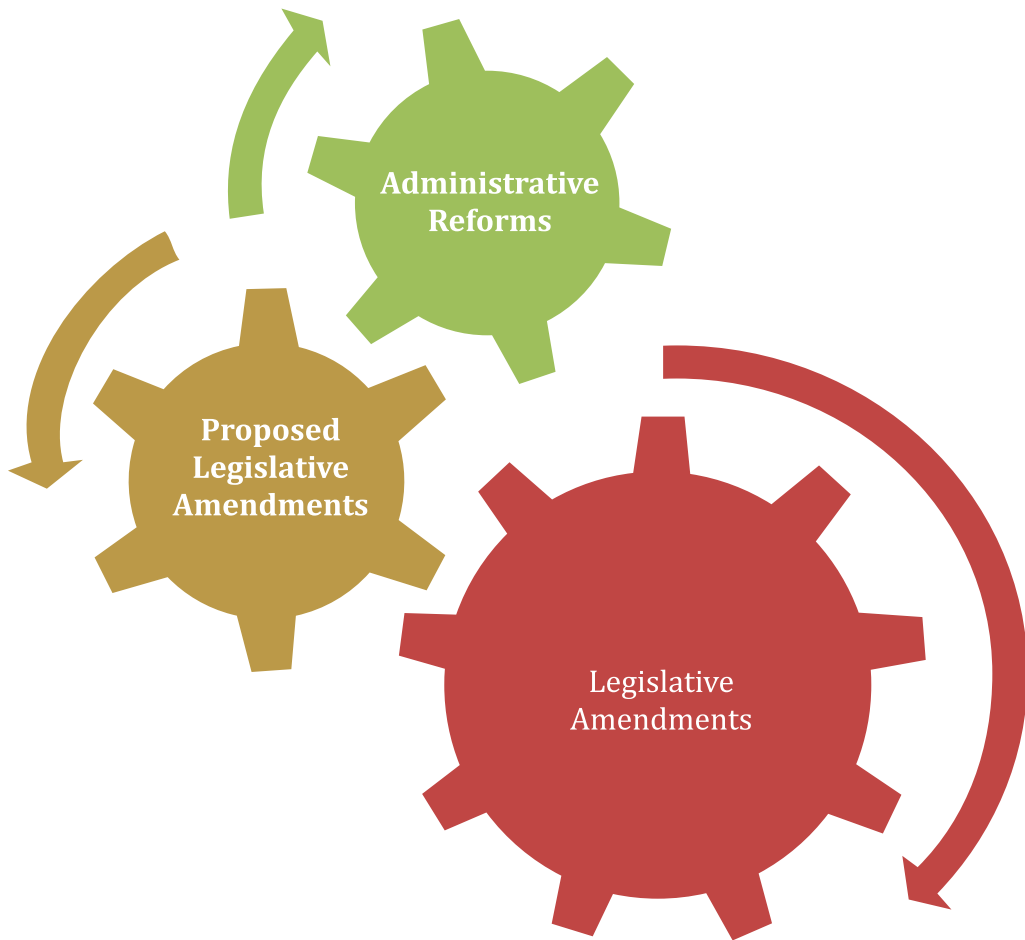
*Monitoring and review* – the procedures put in place should be reviewed and updated as the company's risks change over time.

### **5.7.3 Penalties**

An individual found to have committed an offence under the Bribery Act is liable to awarded imprisonment for upto ten years and/or to an unlimited fine. A company found guilty is subject to an unlimited fine.<sup>30</sup>

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30. <https://www.lw.com/thoughtLeadership/uk-bribery-act-2010-what-businesses-need-to-know>



India's economic agenda, as laid out by the present government, largely focuses on economic revival and inclusive growth. It aims to carry these out by financially empowering citizens, focusing on industrial development and reducing subsidies through the use of digital technologies. The agenda has the following action points: poverty elimination, containing food inflation, agricultural reforms, transparent and time-bound delivery of government services, e-governance and governance enabled services through mobile devices, ease of doing business, job creation and development of infrastructure<sup>31</sup>.

The Government of India has initiated a number of reforms that are going to benefit the economy in the medium and long run. To curb black money and tax evasion, government undertook several far reaching steps including 'demonetization' of large-denomination currency notes. In other major policy initiatives, through constitutional amendment, Goods and Services Tax (GST) was brought in to create a one market; one tax, improving tax compliance and boosting investments.

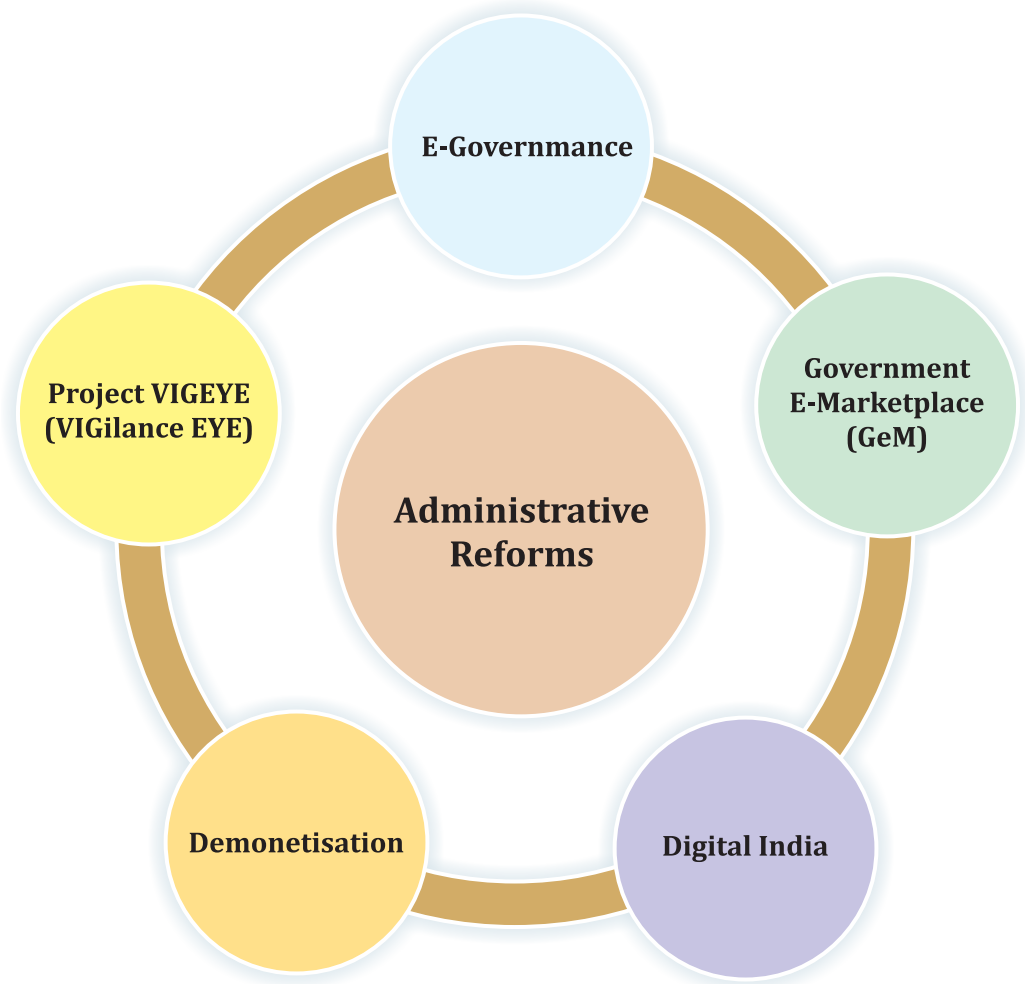
Effective governance is necessary and important tool for protecting the interests of various stakeholders and technology is key to Prime Minister Modi's vision of Young India, New India Social Media, Mobile Phone, Analytics and Cloud are the foundations that will enable the vision of providing “governance and services on demand” and “digitally empowering citizens” and support the social inclusion schemes being launched by the government.

E-governance initiatives in India have traditionally been limited to automating government departments and taking online services to the common man. But now e-governance has moved beyond government departments. It is no longer confined to merely streamlining and automating processes. It is about transforming the way government works, reinventing people's participation in the democratic process. It is about empowering the government as well as the citizens. Technology will enable the government to transcend boundaries of departments and ministries and provide a single platform for interaction with them, thus promoting participatory governance and increased transparency, revolutionizing public service delivery.

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31. <http://www.assochem.org/eventdetail.php?id=1153> [www.sebi.gov.in](http://www.sebi.gov.in)

## 6.1 Administrative Reforms



### 6.1.1 E-Governance

E-Governance is the use of technology, particularly web based internet applications, to enhance the access to the delivery of government information and service to citizens, business partners, employees, other agencies, and

government entities. The main focus of e-governance is on continuous optimization of service delivery, public involvement, and governance by transforming internal and external relationships through technology, internet and new media. The government has implemented e-governance policies to provide the best services to the citizens, and to create more transparency in government transactions. The objective of all e-governance application is to eliminate corruption. Now a wide range of public services have been digitized, and the speed of the government services has also increased. The Government of India has created the National Portal of India where lists of all these services are given. The customs service is also integrated into the e-governance project. Under the e-governance project, many possibilities for extraction of bribes related to trade across borders have been removed.

### **6.1.2 Government e-Marketplace (GeM)**

In India, public procurement forums are important parts of Government's efforts to bring reform in Public Procurement. It is also one of the top priorities of the present Government. Government e-Marketplace (GeM) is an important step taken with the aim to change the way in which procurement of goods and services is done by different departments, Public Sector Undertakings, autonomous bodies, etc.

Based on recommendations of the Group of Secretaries to Hon'ble Prime Minister, The Directorate General of Supply & Disposal (DGS&D) had formed GeM to facilitate the online procurement of Goods & Services required for common use by various Government Departments / Organizations / PSUs. By implementing GeM, human intervention is eliminated in vendor registration, order placement and processing of payment. It provides an open platform to all vendors who want to do business with the government. Timely updation of status by SMS and e-mails are provided to both the buyer and seller. Online, cashless and time bound payment is facilitated through integration with Public Financial Management System (PFMS) and State Bank Multi Option System (SBMOPS); web-services integration is being extended to payment systems of Railways, Defence, major PSUs and State Governments. GeM is a completely secure platform and buyers and sellers digitally sign all the documents.

### **6.1.3 Digital India**

The Digital India is a flagship program of the present government with a vision to transform India into a digitally empowered society and knowledge economy. The Government of India has launched National e-Governance Plan (NeGP), and 31 mission mode projects covering various domains. Due to digitization, complex processes, which involved enormous paper work are reduced and there is a check on corruption as well. Complex paperwork process gives chance to brokers (consultants) to step in and extract money. Digitization enables us to enforce rules and bring transparency. A time bound delay in delivery mechanism can automatically trigger a notification to higher-ups.

### **6.1.4 Demonetisation**

The Reserve Bank of India had withdrawn the old Rs. 500 and Rs. 1000 notes as an official mode of payment from the 8th November 2016; Demonetisation is a part of the series of steps taken by the Government to tackle black money and corruption in the economy. This eliminate black money and fake currency in circulation, counter terrorism and help the country to move towards digital economy establishing audit trail, reducing corruption in India:

Advantages of demonetisation

(1) Tackle black money and corruption

Cash to GDP ratio in India was very high and cash was being used for parking and generating black money. With demonetisation this ratio has come down, helping government to tackle black money.

(2) Promote digital economy

The focus of the Government is on moving towards digital economy. It is promoting e-transactions across the nation. Post demonetisation, people are moving towards cashless transactions, using other modes of digital payments like NEFT, RTGS, Internet Banking, Mobile Banking, BHIM App, UPI and e-wallets.

(3) Establish audit trail

Promotion of digital transactions helped in establishing complete audit trail of business transactions through the banking channels. This audit

trail will check tax evasion and has helped in creating an ecosystem for successful implementation of GST.

### **6.1.5 Project Vigilance Eye (VIGEYE)**

Project VIGEYE is a citizen-centric initiative, wherein citizens join hands with the Central Vigilance Commission in fighting corruption.

Project VIGEYE is the platform through which vigilance information flows freely to the common public. Government agencies and the Vigilance Commission are helping the economy to achieve quantum jump in reducing the corruption index of the nation.

The important features of Project VIGEYE GPMS are:

- Citizens have multiple channels to air their grievances and complaints to CVC
  - Through their mobile phones : By downloading the mobile application from the CVC website, the citizens can register their complaints. The complaints can be better articulated with additional data like audio/video/photo evidence from their mobiles directly.
  - Through the internet : By filling up the complaint form online they can attach audio/video/photo evidence.
  - Through telephone : Helplines have been setup for citizens to involve in easy communication.
- The entire complaint processing is done online and in digital form, enabling fast and accurate processing of complaints.
- The concerned Chief Vigilance Officer (CVO) will interact with the complainant directly over phone/email or in person, as the case may be, to take it forward.



## 6.2 Legislative Amendments

Indirect Tax	Direct Tax	Others
<ul style="list-style-type: none"> <li>• Goods and Services Tax (GST)</li> </ul>	<ul style="list-style-type: none"> <li>• Income Declaration Scheme</li> <li>• Foreign Assets Declaration Scheme</li> <li>• Tax Information Exchange Agreements (TIEA)</li> <li>• Linkage of Aadhaar Card with PAN Card</li> <li>• Restriction on Cash Transactions</li> </ul>	<ul style="list-style-type: none"> <li>• The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015</li> <li>• Benami Transactions (Prohibition) Amendment Act, 2016</li> </ul>

### 6.2.1 Indirect Tax

**Goods and Services Tax (GST)** : The introduction of Goods and Services Tax (GST) w.e.f. 1st July 2017 is a significant step in the field of indirect tax reforms in India. GST simplifies indirect taxation, reduces complexities, and removes the cascading effect and created One Market One Tax. It has made a huge impact on businesses, both big and small and will change the way the economy functions. It is a single tax subsuming all central and state levies with unified value added tax, transforming the nation into one single market. Introduction of GST makes Indian products competitive in the domestic and international markets.

The GST replaces the following taxes currently levied and collected by the Centre:

- (a) Central Excise duty
- (b) Duties of Excise (Medicinal and Toilet Preparations)
- (c) Additional Duties of Excise (Goods of Special Importance)
- (d) Additional Duties of Excise (Textiles and Textile Products)
- (e) Additional Duties of Customs (commonly known as CVD)
- (f) Special Additional Duty of Customs (SAD)
- (g) Service Tax

- (h) Central Surcharges and Cesses so far as they relate to the supply of goods and services

State taxes subsumed under the GST are:

- (a) State VAT
- (b) Central Sales Tax
- (c) Luxury Tax
- (d) Entry Tax (all forms)
- (e) Entertainment and Amusement Tax (except when levied by the local bodies)
- (f) Taxes on advertisements
- (g) Purchase Tax
- (h) Taxes on lotteries, betting and gambling
- (i) State Surcharges and Cesses so far as they relate to supply of goods and services.

One of the endless benefits endorsed by GST, apart from unified tax for all, is the removal of cascading effects of the taxes, easing out of the filing of indirect taxes at single digital platform, and elimination of the generation of black money. Each and every invoice raised by an assessee will have to be recorded in the system. One of the major advantages of GST structure of indirect taxes is the provision of seamless credit throughout the supply chain. This will record the trail of the supply chain, thereby leaving no scope for any tax evasion and thus no revenue leakage. This in turn will minimize the corruption in the form of tax evasion.

Under GST network, the registration, return, assessment and refund are all online without any physical intervention of tax officials, reducing chances of harassment and extortions. In GST Network (GSTN), all transactions will be automatically extrapolated to establish Ease of Doing Business (EODB).

## 6.2.2 Direct Tax

To bring about transparency and lower the corruption level, the government has undertaken several initiatives. Some of the schemes are as under :

1. **Income Declaration Scheme** : The Income Declaration Scheme, 2016, incorporated as Chapter IX of the Finance Act, 2016, provided an opportunity to persons who had not paid full taxes in the past to declare their income whether in the form of investment in assets in India or otherwise, and clear up their past tax transgressions by paying a total of 45% (i.e., tax @30%, Krishi Kalyan Cess @ 7.5%, and penalty@7.5%) of the value of undisclosed income. The scheme applied to undisclosed income, pertaining to FY 2015-16 or earlier years. The undisclosed income in the form of assets is to be valued at Fair Market Value 'FMV' as on 01.06.2016.
2. **Foreign Assets Declaration Scheme** : The requirement to report foreign assets in the Indian Tax Return was introduced recently. The new Tax Return form contains a schedule — "Schedule FA" for reporting such assets. The reporting requirement is applicable to individuals qualifying as Resident and Ordinary Residents (ROR) of India. Individuals who are Non-Residents (NR) or Not Ordinarily Residents (NOR) in India are not required to report foreign assets. Even where an ROR does not have any taxable income in India, a tax-filing requirement arises if the individual has any assets outside India. The assets to be reported, include foreign bank accounts, financial interest, immovable property, accounts in which individual has signing authority, trusts, any other capital asset held by the individual outside India. The assets need to be reported irrespective of value and the values are to be reported in Indian Rupees. Apart from the value, cost of assets, the income earned from the asset along with the nature of income and head of income under which such income has been offered to tax in the return, needs to be reported in relation to each asset.
3. **Tax Information Exchange Agreements (TIEA)** provides for the exchange of information on request relating to a specific criminal or civil tax investigation or civil tax matters under investigation. It

provides for the exchange of information that is "foreseeably relevant" to the administration and enforcement of domestic tax laws on the Contracting Parties. The information provided under TIEA is protected by confidentiality obligations. There is an obligation on the part of the requested party to gather information if it is not in its possession, notwithstanding the fact that it does not itself need that information. Information covers banking details and ownership details of companies/ persons/ funds/trusts etc. Information gathered under TIEA from other countries helps to curb the black money stashed away outside India.

4. Linkage of Aadhaar Card with PAN Card : From 31st August, 2017, every person who is eligible to obtain Aadhaar Card must quote his/her Aadhaar number for filing Income Tax Return as well as for PAN application. Linking of PAN card with the Aadhaar number will help the user in having a summarised detail of his taxes attached to his unique identification number for any future reference. This will check Tax evasion as this will help in eliminating multiple identities being created to conceal income.
5. Restriction on Cash Transactions: Major steps were taken in The Finance Bill, 2017 to restrict cash economy and to promote digital economy. It inserted new sections 269ST and 271DA to provide penalty for accepting cash in excess of 2 lakhs in certain cases.

Section 269ST of the Income Tax Act, 1961 deals with restriction on cash transaction. It provides that no person shall receive an amount of two lakh rupees or more, in aggregate from a person in a day; in respect of a single transaction; or in respect of transactions relating to one event or occasion from a person, otherwise than by an account payee cheque or account payee bank draft or use of electronic clearing system through a bank account.

The above restriction is not applicable to any receipt by Government, banking company, post office savings bank or co-operative bank. Furthermore, the restriction on cash transaction shall not apply to

withdrawal of cash from a bank, cooperative bank or a post office savings bank.

Any contravention to the provision of Section 269ST of the Income Tax Act, 1961 shall attract penalty of a sum equal to the amount of such receipt.

### **6.2.3 The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015**

The Act makes provisions to deal with the problem of undisclosed foreign income and assets. It provides the procedure for dealing with such income and assets and for imposition of tax on any undisclosed foreign income and asset held outside India.

The Act applies to a person, being a resident other than not ordinarily resident in India within the meaning of clause (6) of Section 6 of the Income-Tax Act.

“undisclosed foreign income and asset” means the total amount of undisclosed income of an assessee from a source located outside India and the value of an undisclosed asset located outside India, held by the assessee in his name or in respect of which he is a beneficial owner, and he has no satisfactory explanation about the source of investment in such asset.

The income tax authorities specified in Section 116 of the Income-Tax Act shall be the tax authorities for the purposes of this Act.

If a person, being a resident other than not ordinarily resident in India within the meaning of clause (6) of Section 6 of the Income-Tax Act, who at any time during the previous year, held any asset (including financial interest in any entity) located outside India as a beneficial owner or otherwise, or was a beneficiary of such asset or had income from a source outside India and wilfully fails to furnish in due time the return of income which he is required to furnish under sub-section (1) of Section 139 of that Act, he shall be punishable with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine.

The Act has simultaneously amended the Prevention of Money laundering Act, 2002 also by inserting in the Schedule, in Part C, the following entry namely:—

“(4) The offence of wilful attempt to evade any tax, penalty or interest referred to in Section 51 of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015.”

#### **6.2.4 Benami Transactions (Prohibition) Amendment Act, 2016**

Though the Benami Transactions (Prohibition) Act, 1988 has been on the statute book for more than 28 years, it was not notified. With a view to provide 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 specified authorities to provisionally attach benami properties, which can eventually be confiscated. Besides, if a person is found guilty of offence of any benami transaction by the competent court, he or she shall be punishable with rigorous imprisonment for a term not less than one year, which may extend up to 7 years, and shall also be liable to fine which may extend up to 25% of the fair market value of the property.

This legislation intends to effectively prohibit benami transactions, and consequently prevent circumvention of law through unfair practices. It empowers the Government to confiscate benami property by following due procedure. It, therefore, promotes equality across all citizens.

Several benami transactions have been identified since the amended law came into effect. The benami properties, which can be attached, include deposits in bank accounts as well as immovable properties. The Government has put in place, empowered institutions for efficient implementation of the amended law.

## 6.3 Proposed Legislative Amendments

### 6.3.1 Prevention of Corruption (Amendment) Bill, 2013

The Prevention of Corruption Act, 1988 provides for the prevention of corruption and for matters connected therewith. The ratification by India of the United Nations Convention Against Corruption, the international practice on treatment of the offence of bribery and corruption and judicial pronouncements have necessitated a review of the existing provisions of the Act, and the need to amend it, so as to fill in gaps in description and coverage of the offence of bribery and to bring it in line with the current international practices. Hence, the Prevention of Corruption (Amendment) Bill, 2013 was introduced in the Parliament.<sup>32</sup> The Bill was then referred to Select Committee of Rajya Sabha, which submitted its report on August 12, 2016.

The proposed amendments would fill in perceived gaps in the domestic anti-corruption law and also help in meeting the country's obligations under the United Nations Convention Against Corruption (UNCAC) more effectively. The proposed amendments are mainly aimed at laying down more stringent measures to tackle corruption.

The salient features of the Bill, *inter-alia*, are as follows :

- Providing for more stringent punishment for the offences of bribery, both for the bribe-giver and the bribe-taker.
- Expanding the ambit of provision for containing inducement of public servant from individuals to commercial entities is being added to contain the supply side of corruption.
- Providing for the issue of guidelines for commercial organisations to prevent persons associated with them from bribing a public servant.

### 6.3.2 Whistle Blowers Protection (Amendment) Bill, 2015

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

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32. Law Commission of India Report No. 254

Bill, 2010 was introduced in the Lok Sabha in August 2010. The said Bill was passed by the Lok Sabha, in December 2011, as the Whistle Blowers Protection Bill, 2011 and was passed by the Rajya Sabha on 21.02.2014. The Act had received the assent of the President on the 9th May, 2014 and became the Whistle Blowers Protection Act, 2014. The Act is yet to be notified.

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 Government has introduced the Whistle Blowers Protection (Amendment) Bill, 2015 in the Lok Sabha on 11-05-2015 which has been passed by the Lok Sabha on 13-05-2015. The Bill is presently pending in the Rajya Sabha.

### **6.3.3 Bribery of Foreign Public Officials and Officials of Public International Organisations Bill, 2015<sup>33</sup>**

The Law Commission of India has on the 27th August 2015 submitted its Report No. 258 on “Prevention of Bribery of Foreign Public Officials and Officials of Public International Organisations—A Study and Proposed Amendments” to the Union Ministry of Law and Justice.

According to the Law Commission of India Report No. 258, India is one of 176 countries which is a signatory to the United Nations Convention Against Corruption, 2003 (UNCAC), under which all signatories must enact a law that penalises bribery of foreign public officials as well as officials of public international organisations. However, there is no domestic law at present that addresses this type of bribery. The report also proposes amendments to the Prevention of Bribery of Foreign Public Officials and Officials of Public International Organisations Bill, 2015 on the issue.

There is a proposal to introduce the Prevention of Bribery of Foreign Public Officials and Officials of Public International Organisations Bill, 2015.

Key recommendations of the Law Commission on the Prevention of Bribery of Foreign Public Officials and Officials of Public International Organisations Bill, 2015 include:

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33. Law Commission of India Report No.258



- **Scope and Jurisdiction:** The Bill must be applicable only to instances of bribery that occur wholly or partly within India or on an Indian aircraft or ship; or where the bribery takes place abroad, to persons who are citizens or permanent residents of India or bodies that are incorporated in India.
- **Liability of Commercial Organisations :** Commercial organisations that are guilty of bribery must be liable to pay a fine. Further, if the offence takes place with the consent or connivance of a senior officer of the commercial organisation, that officer must be punished with imprisonment. A commercial organisation shall also be liable where a person associated with such commercial organisation has committed the offence. However, in such circumstances, the commercial organisation may not be liable if it is able to show that it had adequate procedures in place to prevent such conduct. This scheme of liability of commercial organisations is comparable to the scheme recommended by the Law Commission in its 254th Report relating to the Prevention of Corruption (Amendment) Bill, 2013.

**Summary of the findings related to existence of Anti-Bribery and Corruption policies amongst Indian companies**

With a view to assess the degree of existence of anti-corruption policies amongst Indian companies, the Institute of Company Secretaries of India (ICSI) developed a questionnaire. It comprised 15 questions which required responses in either 'yes' or 'no' so as to assess the existence of anti-bribery and corruption policies in such companies. The Chairmen, Managing Directors, CEOs, CFOs and other Key Managerial Personnel of the companies including those listed on the BSE and the National Stock Exchange of India Ltd. (NSEIL) were invited to respond to the questionnaire.

A total of 164 responses were received to the questionnaire. Out of the total 164 responses received, 95 responses did not contain information about the corporate identity or the identity of the person responding to the questionnaire and therefore, they were not considered for the purpose of our analysis. The focus being primarily on the private sector, Public Sector Enterprises were not considered for the purpose of our analysis. Accordingly, only 62 unique company based responses were considered as the final sample.

Simultaneously, a review of Annual Reports of the BSE100 and NSE50 (NIFTY 50) companies was carried out for the existence of anti-bribery and anti-corruption policies available in public domain. It was observed from the list of BSE100 and NSE50 companies, 35 companies are common, effectively reducing the list of companies to be evaluated to 115. Out of these 115 companies, 18 are Public Sector Enterprises and 8 are MNCs, these were not considered in this category. 8 MNCs are considered in the third category.

The replies as submitted by the respondents to the questionnaire indicated a positive trend towards the existence of anti bribery policies to the tune of 78%, whereas the assessment from public documents indicated that specific policies prohibiting giving bribe and facilitation payments were missing owing to the absence of any law mandating implementation of such policies by the corporate entities.

The MNCs listed on BSE and NSE reported the existence of anti-bribery policies owing to the mandatory requirements under their parent jurisdictions such as The United Kingdom Bribery Act, 2010 and The Foreign Corrupt Practices Act, 1977 of USA. It has also been observed that the companies generally have Code of Conduct, with clauses prohibiting acceptance of gifts and hospitality by their employees but do not specifically apply the same to their senior management and directors.

A minuscule portion (7%) of the companies conduct training and awareness programmes for their employees and directors on its anti-corruption policy.

The Whistle Blower Policies perused indicated that the employees were under an obligation to report unethical behaviour, non-compliance with The Code of conduct and instances of failure to comply with the applicable laws and regulations. It was noted that the policy did not specifically speak about anti-bribery and anti-corruption.

It was also observed that only about 17% companies have in place a mechanism to carry out regular monitoring of their anti-corruption programme with respect to its suitability, adequacy and effectiveness.

A formal disciplinary mechanism to curb corrupt practices was also found in place by about 27.71% of the companies. However, this percentage was 50% in case of MNCs.

Close to 18% of the companies had reported cases relating to corruption in their Board's Report.

The summary of the findings has been tabulated as under:

- (i) **Responses received to Questionnaire** - Responses received from the Chairmen, MDs, CEOs, CFOs, Company Secretaries and other Key Managerial Personnel.
- (ii) **BSE100 and NSE50 companies** - Excluding MNCs and PSUs.
- (iii) **MNCs** being part of BSE100 and NSE50.

The findings of the Survey have been presented along the 15 questions. For analysis of responses, following assumptions and limitations apply;

- (i) Each question has been considered as an independent question. The overall sample size for each question is the same.
- (ii) The analysis of BSE100 and NSE50 done on the publicly available information, accessible in the form of Annual Reports, Business Responsibility Reports and information uploaded on company websites. The companies may have certain policies which may be circulated internally or made available on intranets but not accessible to the public at large.
- (iii) The self responses received to the questionnaire were not verified as majority of the respondents were unlisted companies.

## Questionnaire

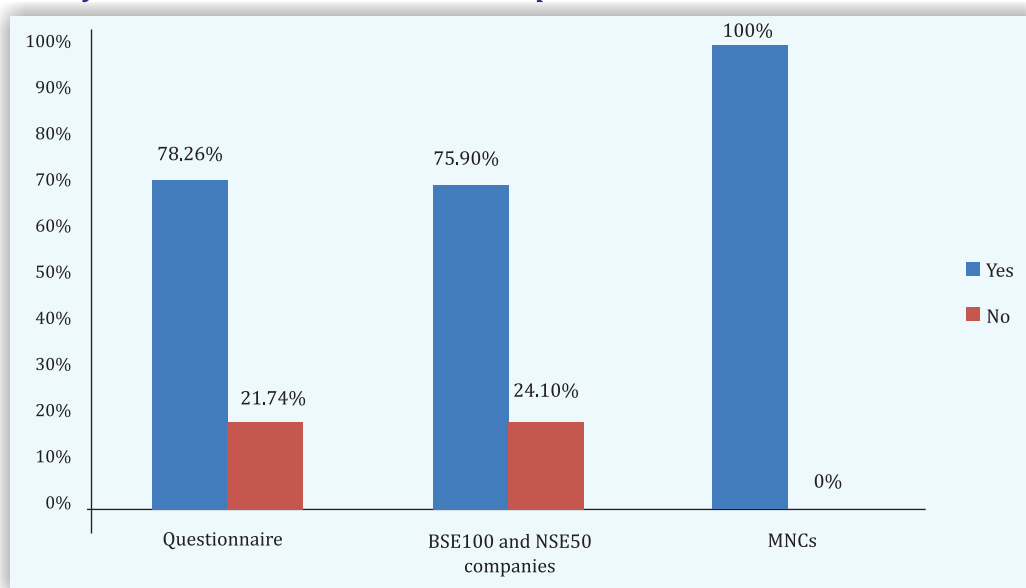
Sr. No.	Questions
1.	Does the company has a publicly stated commitment to anti-corruption?
2.	Is the company's Anti-Corruption policy approved by the Board of Directors?
3.	Does the company's anti-corruption policy explicitly apply to all employees, senior management and directors?
4.	Does the company's anti-corruption policy explicitly apply to agents, advisors, representatives or intermediaries?
5.	Does the company's anti-corruption policy apply to non-controlled persons or entities that provide goods or services under contract i.e. contractors, sub-contractors, suppliers?
6.	Does anti-corruption policy of the company prohibit taking bribery by employees, senior management and directors?
7.	Does anti-corruption policy of the company prohibit giving bribery to any person other than public officials?
8.	Does the company has a policy that explicitly prohibits facilitation payments and third party gratifications?
9.	Does the company has a policy on gifts, hospitality and expenses?
10.	Does the company has in place, training and awareness programmes for its employees and directors on its anti-corruption policy?
11.	Does the company provide a channel through which employees can report suspected breaches of anti-corruption policies, and does the channel allow for confidential and/or anonymous reporting (whistle-blowing)?
12.	Does the company carry out regular monitoring of its anti-corruption programme to review the programme's suitability, adequacy and effectiveness and implement improvements as appropriate?
13.	Has the company put in place Disciplinary Mechanism to curb corruption practices?
14.	Whether the company Reports the cases relating to corruption in its Board Report?
15.	Whether the company is showing anti- corruption or code of conduct policy on the website of the company?

## Statistical Analysis of the data received through Questionnaire as well as available in public domain

### 1. Does the company have a publicly stated commitment to anti-corruption ?

Responses	Responses received to Questionnaire	BSE100 and NSE 50 Companies	MNCs
Yes %	78.26%	75.9%	100%
No %	21.74%	24.1%	0%
Assumptions and limitations	If Annual Report/Code of Conduct covers any specific reference to publicly available statement related to anti-corruption then mention 'Yes' otherwise 'No'.		
Key observations	<p>Inspite of absence of explicit anti-bribery and anti-corruption policies, the companies have depicted strong commitments towards anti-corruption as observed through The Code of Conduct/ Business Responsibility Report / Sustainability Report.</p> <p>MNCs have explicit anti-bribery/anti-corruption policies owing to the mandatory requirements under their parent jurisdictions such as The United Kingdom Bribery Act, 2010 and The Foreign Corrupt Practices Act, 1977 in the US.</p>		

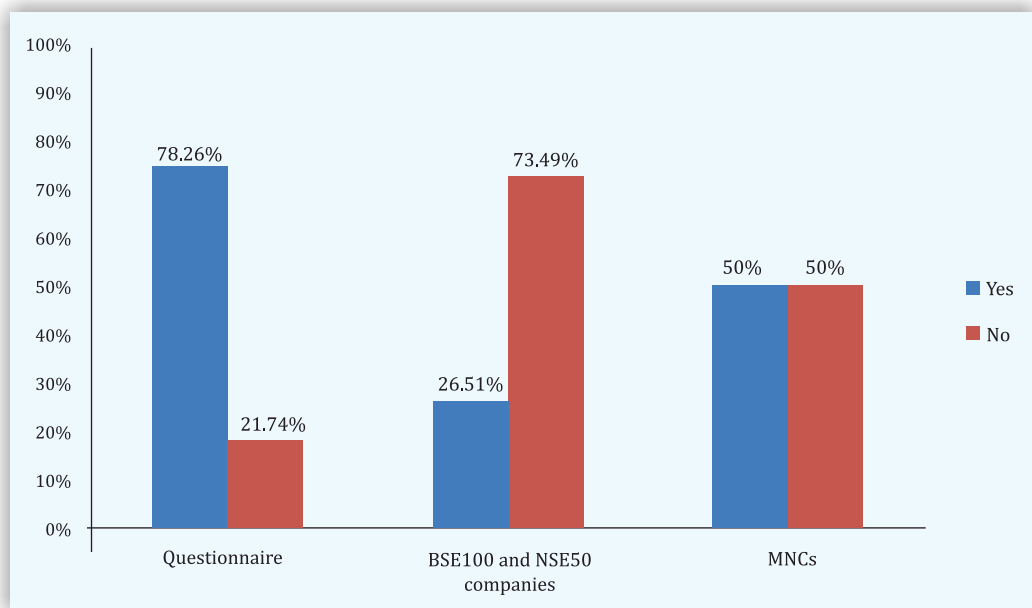
#### Publicly stated commitment to anti-corruption



**2. Is the company's anti-corruption policy approved by the Board of Directors?**

Responses	Responses received to Questionnaire	BSE100 and NSE 50 Companies	MNCs
Yes %	78.26%	26.51%	50%
No %	21.74%	73.49%	50%
Assumptions and limitations	If the company has anti-corruption policy and it is approved by Board of Directors specifically then mention 'Yes' otherwise 'No'.		
Key observations	Complete absence of anti-corruption policies in the companies have added to the number of “No's” in response to the question. The anti-corruption policies have not been approved by the Board in majority of the cases. Only the Chairman or the Managing Director of the company have approved the policies in few cases.		

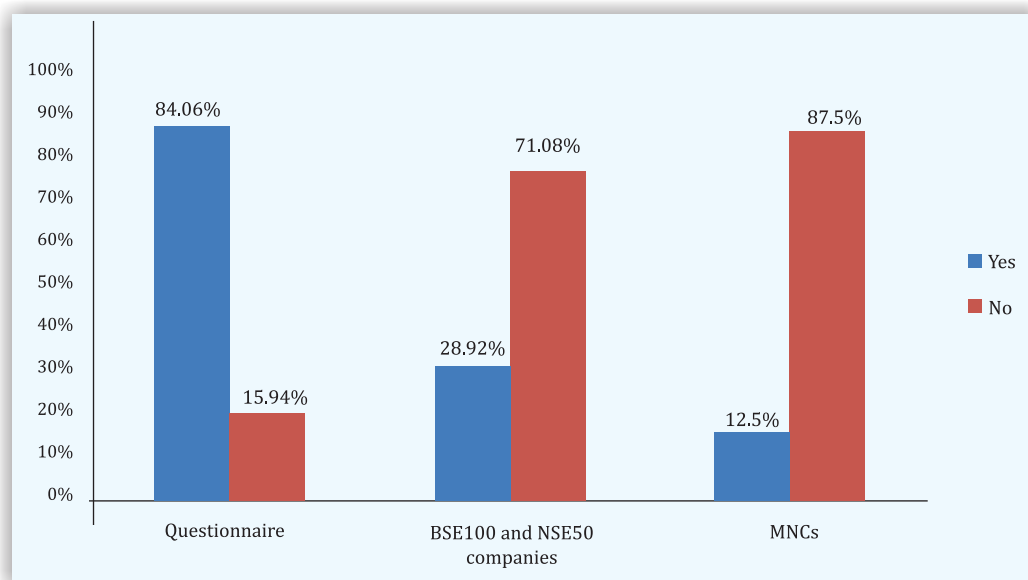
**Publicly stated commitment to anti-corruption**



### 3. Does the company's anti-corruption policy explicitly apply to all employees, senior management and directors

Responses	Responses received to Questionnaire	BSE100 and NSE 50 Companies	MNCs
Yes %	84.06%	28.92%	12.5%
No %	15.94%	71.08%	87.5%
Assumptions and limitations	If the company has no anti-corruption policy then mention 'No'. if company has anti-corruption policy and it is applicable to all employees, senior management and directors irrespective whether it is approved by Board, then mention 'Yes'.		
Key observations	The companies generally have Code of Conduct for their employees but do not specifically apply the same to their senior management and directors.		

#### *Explicit application of anti-corruption policy to all employees, senior management and directors*

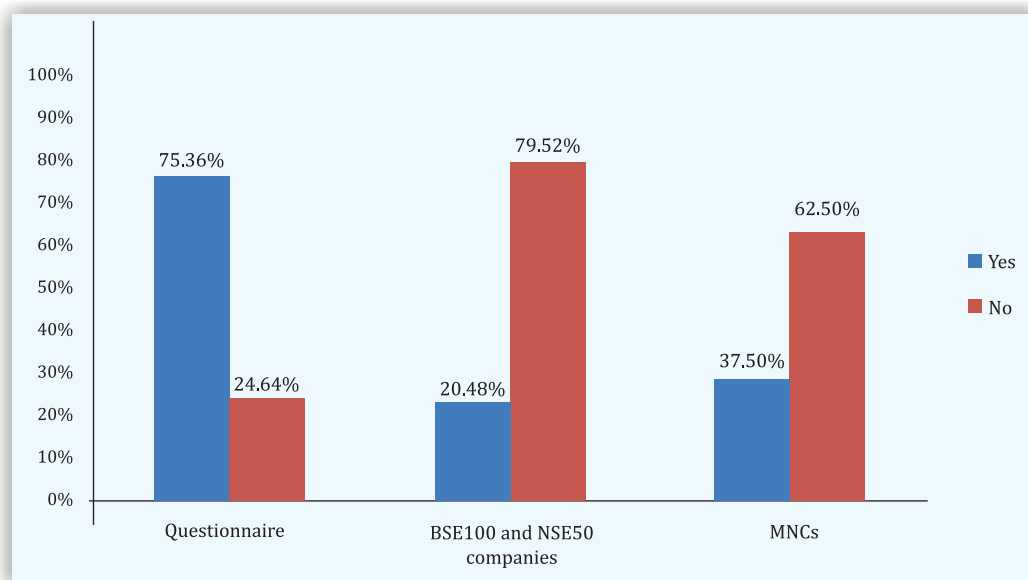




**4. Does the company's anti-corruption policy explicitly apply to agents, advisors, representatives or intermediaries?**

Responses	Responses received to Questionnaire	BSE100 and NSE 50 Companies	MNCs
Yes %	75.36%	20.48%	37.5%
No %	24.64%	79.52%	62.5%
Assumptions and limitations	If company has the anti-corruption policy irrespective of whether it is approved by Board, check whether the policy is applicable on agents, advisors, representatives or intermediaries ? If there is no policy or if it does not apply specifically to agents, advisors, representatives or intermediaries, then mention 'No'.		
Key observations	Specific instances of applicability of the anti-corruption policies to agents, advisors, representatives or intermediaries are rare.		

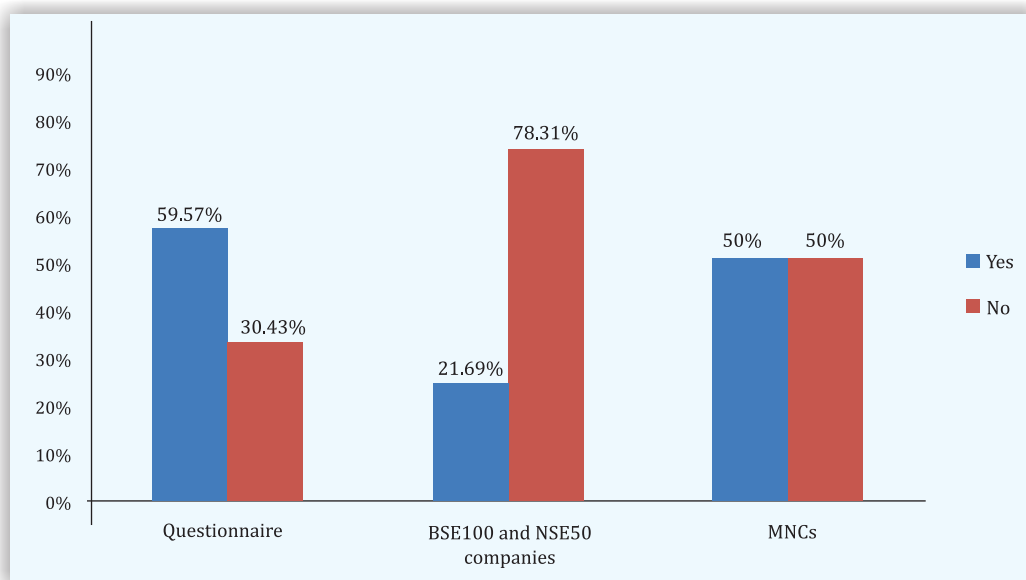
**Explicit application of anti-bribery policy to agents, advisors, representatives or intermediaries**



**5. Does the company's anti corruption policy apply to non-controlled persons or entities that provide goods or services under contract, i.e. contractors, sub-contractors, suppliers?**

Responses	Responses received to Questionnaire	BSE100 and NSE 50 Companies	MNCs
Yes %	59.57%	21.69%	50%
No %	30.43%	78.31%	50%
Assumptions and limitations	If company has the anti-corruption policy irrespective of whether it is approved by Board, check whether the policy is applicable on non-controlled persons or entities that provide goods or services under contract, i.e. contractors, sub-contractors, suppliers, etc. If there is no policy or if it does not apply to non-ontrolled persons or entities, mention 'No'.		
Key observations	Specific instances of applicability of the anti-corruption policies to contractors, sub-contractors, suppliers and other non-controlled persons and entities are not common.		

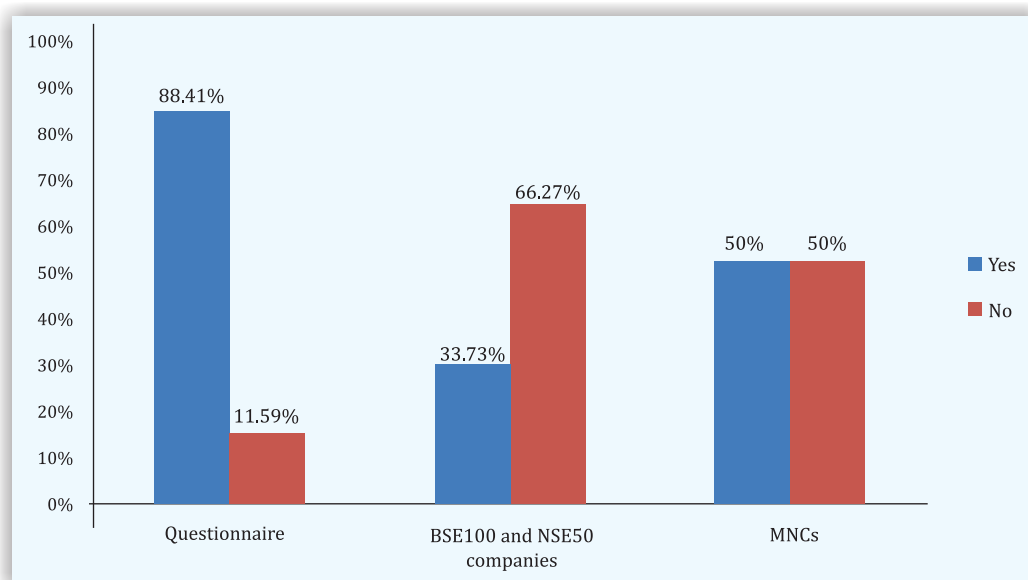
***Application of company's anti-corruption policy to non-controlled persons or entities that provide goods or services under contract***



**6. Does anti-corruption policy of the company prohibit taking bribe by employees, senior management and directors?**

Responses	Responses received to Questionnaire	BSE100 and NSE 50 Companies	MNCs
Yes %	88.41%	33.73%	50%
No %	11.59%	66.27%	50%
Key observations	The self-assessment as submitted by the respondents to the questionnaire indicated a positive trend towards the existence of anti-bribery policies, whereas our assessment indicated that although there were policies prohibiting acceptance of gifts and hospitality by the employees but specific policies prohibiting the taking bribe were missing.		

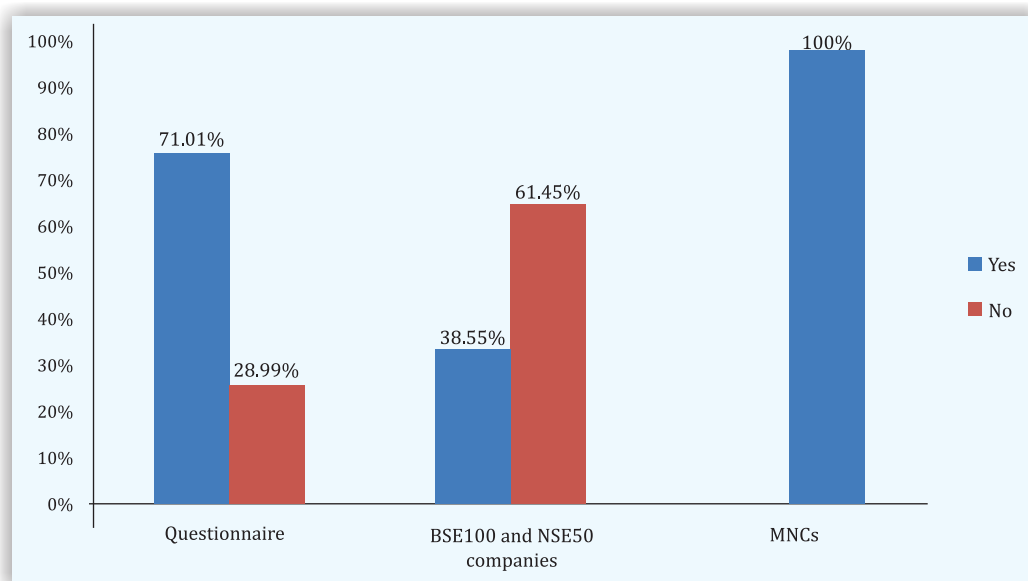
**Prohibition on accepting bribe by employees, senior management and directors**



**7. Does anti-corruption policy of the company prohibit giving bribery to any person other than public officials ?**

Responses	Responses received to Questionnaire	BSE100 and NSE 50 Companies	MNCs
Yes %	71.01%	38.55%	100%
No %	28.99%	61.45%	0%
Key observations	The self assessment as submitted by the respondents to the questionnaire indicated a positive trend towards the existence of anti-bribery policies, whereas our assessment indicated that although there were policies prohibiting giving of gifts and hospitality by the employees, but specific policies prohibiting the giving of bribe and other corrupt practices were missing.		

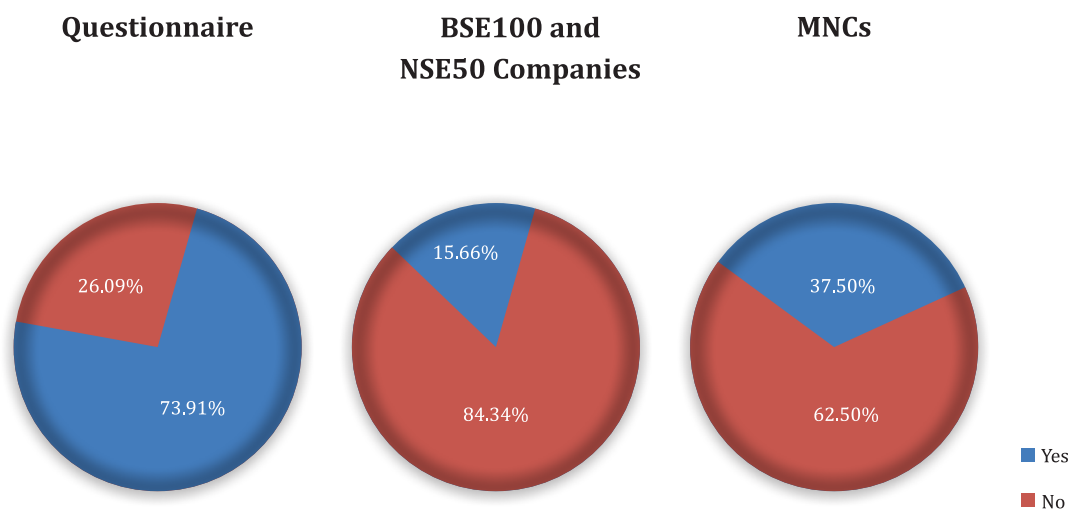
***Prohibition on giving bribe to any person other than public officials***



**8. Does the company have a policy that explicitly prohibits facilitation payments and third party gratifications?**

Responses	Responses received to Questionnaire	BSE100 and NSE 50 Companies	MNCs
Yes %	73.91%	15.66%	37.5%
No %	26.09%	84.34%	62.5%
Assumptions and limitations	If policy covers facilitation payments and third party gratifications, then mention 'Yes' otherwise 'No'		
Key observations	It has been observed that the companies have in place policies prohibiting facilitation payments but do not have explicit provisions prohibiting third party gratifications.		

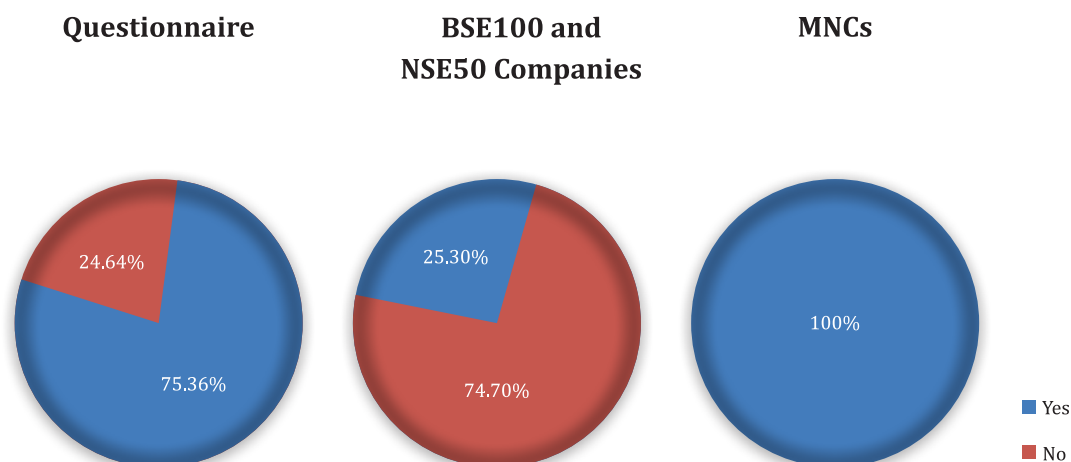
**Explicit prohibition on facilitation payments and third party gratifications**



**9. Does the company have a policy on gifts, hospitality and expenses ?**

Responses	Responses received to Questionnaire	BSE100 and NSE 50 Companies	MNCs
Yes %	75.36%	74.7%	100%
No %	24.64%	25.3%	0%
Assumptions and limitations	If the company has the policy on gifts, hospitality and expenses, then mention 'Yes', though it may differ from the anti- corruption policy.		
Key observations	Companies have policies regulating gifts, hospitality and similar expenses. The observations relating to provisions prohibiting taking bribe by employees, senior management and directors; provisions prohibiting giving bribe to any person other than public officials and the policies on gifts and hospitality show a strong correlation.		

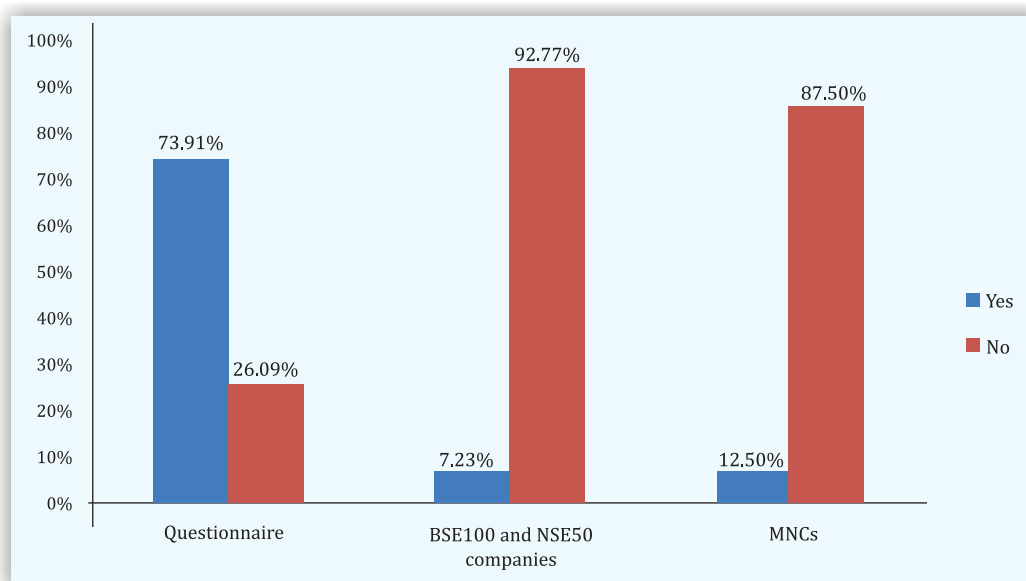
***Policy on gifts, hospitality and expenses***



**10. Does the company have in place, training and awareness programmes for its employees and directors on its anti-corruption policy?**

Responses	Responses received to Questionnaire	BSE100 and NSE 50 Companies	MNCs
Yes %	73.91%	7.23%	12.5%
No %	26.09%	92.77%	87.5%
Assumptions and limitations	If the Company has no anti-corruption policy then it is clear that company will not provide any training /awareness program for its employees and directors on anti-corruption.		
Key observations	A minuscule portion (7%) of the companies conduct training and awareness programmes for their employees and directors on its anti-corruption policy. This bears testimony to the fact that there is a need for having anti-corruption policies in the first instance to create awareness on anti-corruption measures.		

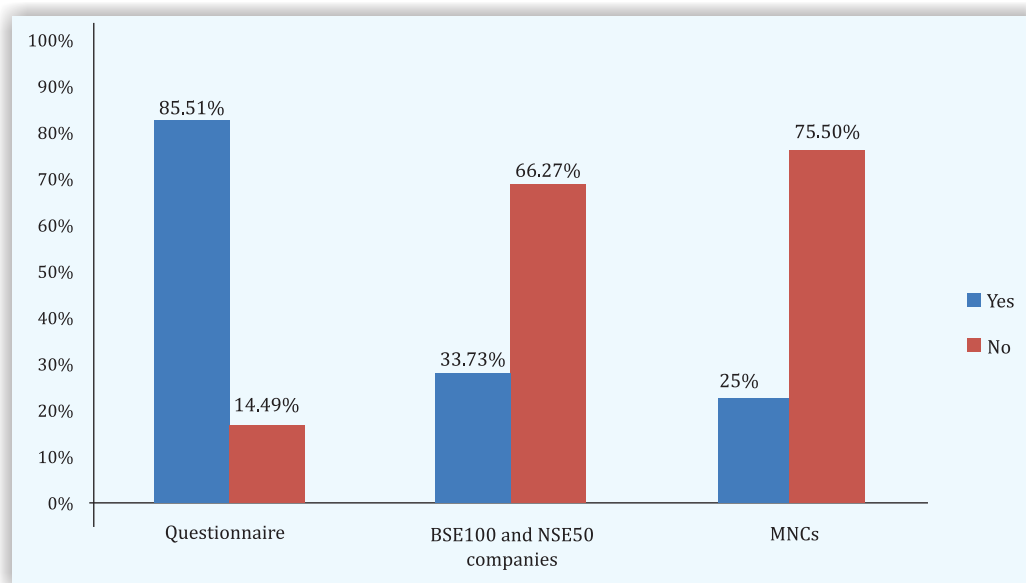
***Training and awareness programmes for employees and directors on its anti-corruption policy***



**11. Does the company provide a channel through which employees can report suspected breaches of anti-corruption policies, and does the channel allow for confidential and /or anonymous reporting (whistle-blowing)**

Responses	Responses received to Questionnaire	BSE100 and NSE 50 Companies	MNCs
Yes %	85.51%	33.73%	25%
No %	14.49%	66.27%	75%
Assumptions and limitations	If whistle blower policy is available on Company's website but doesn't cover the breach of anti-corruption policies then mention 'No', otherwise 'Yes'. If the Company has no anti-corruption policy then the response has been considered as 'No'		
Key observations	The whistle blower policies perused, indicated that the employees are encouraged to report unethical behaviour, non-compliance with The Code of conduct, instances of failure to comply with the applicable laws and regulations but do not specifically speak about anti-bribery and anti-corruption behaviour.		

***Provision of a channel through which employees can report suspected breaches of anti-corruption policies***

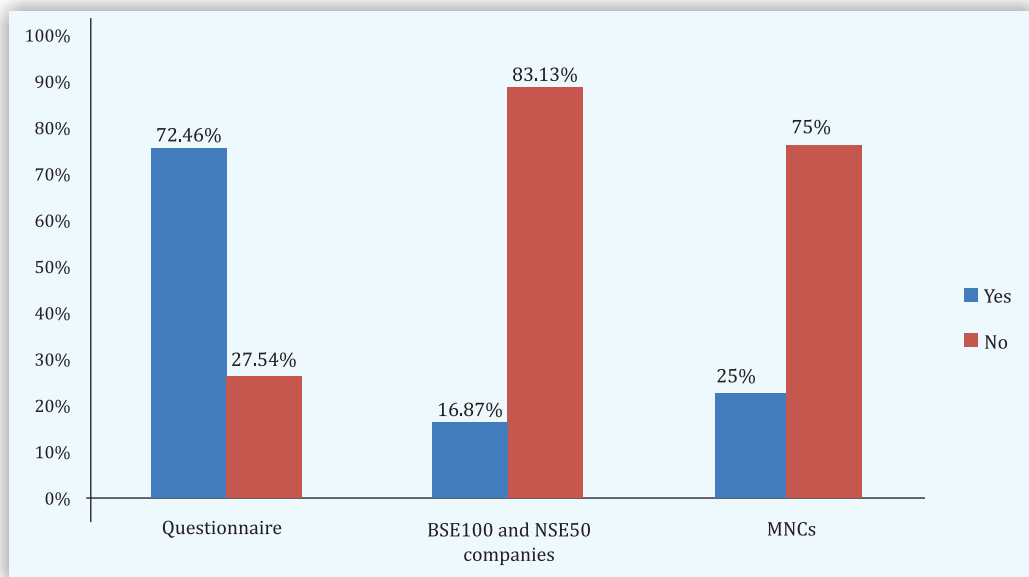




**12. Does the company carry out regular monitoring of its anti-corruption programme to review the programme's suitability, adequacy and effectiveness and implement improvements as appropriate?**

Responses	Responses received to Questionnaire	BSE100 and NSE 50 Companies	MNCs
Yes %	72.46%	16.87%	25%
No %	27.54%	83.13%	75%
Assumptions and limitations	If company doesn't have anti-corruption policy then the question of monitoring does not arise. However, if the company monitors the anti-corruption programme by receiving the number of complaints and resolving them, then analysis was done on the basis of previous two years data. In case a company does not have any anti-corruption or anti-bribery policy in the first place then the response to the question has been taken as 'No'		
Key observations	Only about 17% of the companies assessed have in place a mechanism to carry out regular monitoring of their anti-corruption programme to review the programme's suitability, adequacy and effectiveness and implement improvements as appropriate.		

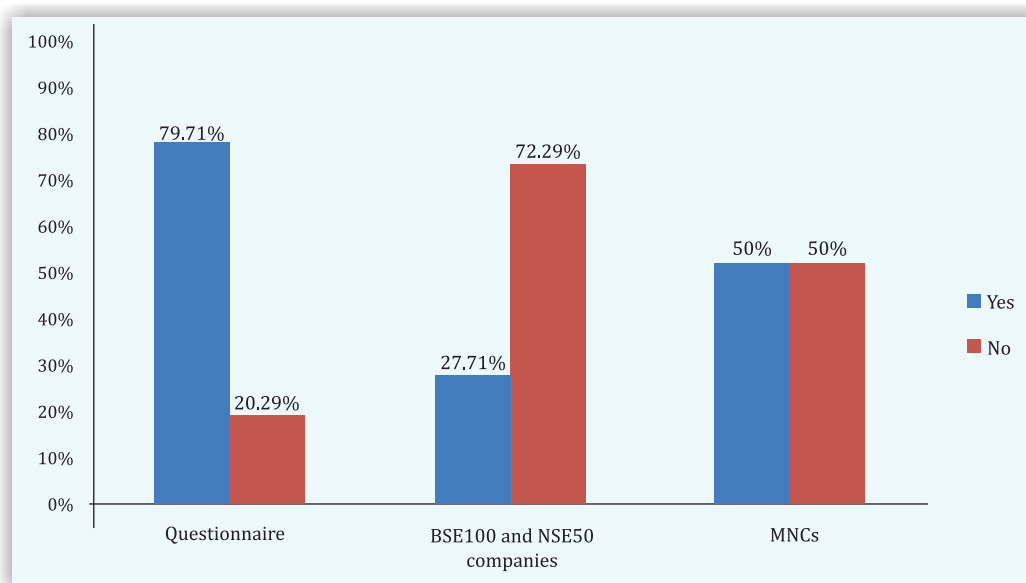
***Regular monitoring of anti-corruption programme to review the programmes suitability, adequacy and effectiveness and implement improvement as appropriate***



### 13. Has the company put in place disciplinary mechanism to curb corruption practices?

Responses	Responses received to Questionnaire	BSE100 and NSE 50 Companies	MNCs
Yes %	79.71%	27.71%	50%
No %	20.29%	72.29%	50%
Assumptions and limitations	If disciplinary mechanism covers the action to be taken on violation of anti-corruption policy, then mention 'Yes' otherwise 'No'		
Key observations	A formal disciplinary mechanism to curb corrupt practices has been put in place by about 27.71% of the companies studied, whereas the number is 50% in case of MNCs.		

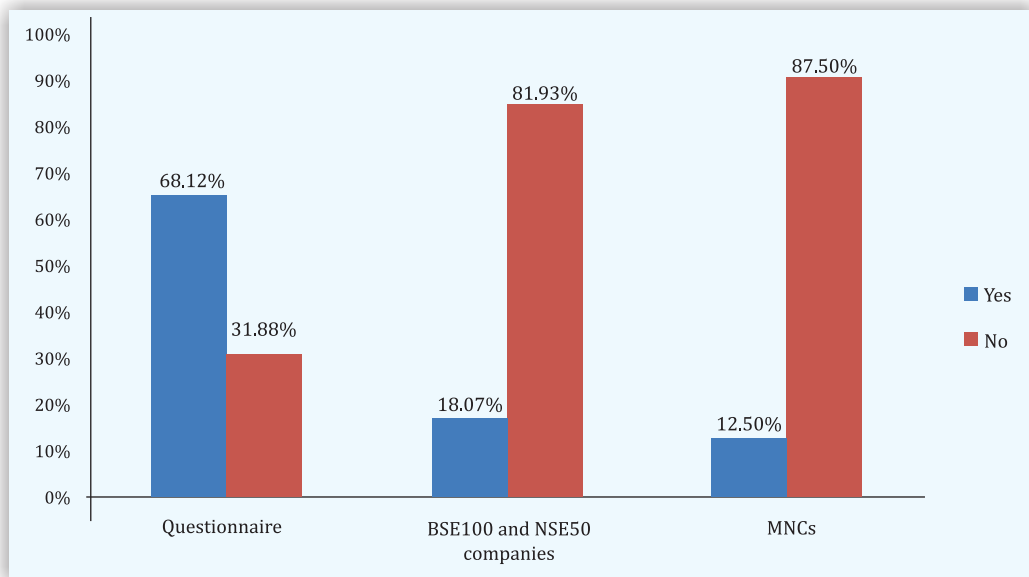
#### Disciplinary mechanism to curb corrupt practices



**14. Whether the company reports the cases relating to corruption in its Board Report?**

Responses	Responses received to Questionnaire	BSE100 and NSE 50 Companies	MNCs
Yes %	68.12%	18.07%	12.5%
No %	31.88%	81.93%	87.5%
Assumptions and limitations	If cases mentioned in the Annual Report / Board's Report specifically cover anti-corruption then mention 'Yes' otherwise 'No'.		
Key observations	In case there has been no case of corruption then the company may not have mentioned anything in the report leading to the assumption that the company does not report the cases relating to corruption in its Boards' Report.		

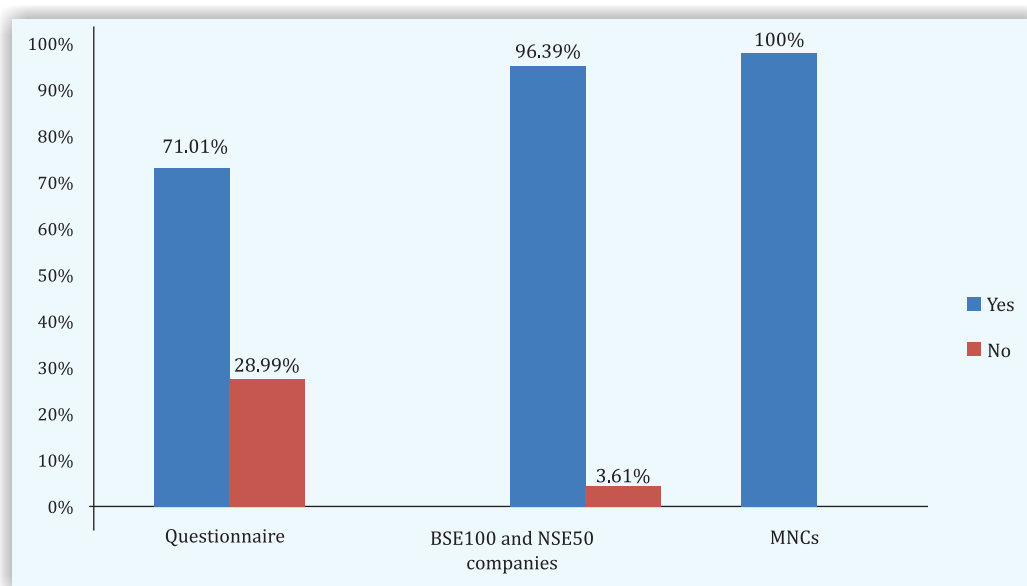
**Reporting cases related to corruption in Board Report**



**15. Whether the company is showing anti-corruption or code of conduct policy on the website of the company ?**

Responses	Responses received to Questionnaire	BSE100 and NSE 50 Companies	MNCs
Yes %	71.01%	96.39%	100%
No %	28.99%	3.61%	0%
Assumptions and limitations	If, either Anti-corruption Policy or Code of Conduct are available, then mention 'Yes' otherwise 'No'.		
Key observations	Almost all of the companies have a Code of Conduct on their website but very few companies have the policy on anti-corruption and anti bribery.		

**Anti-corruption or Code of Conduct Policy on company's website**



ACB	Anti-Corruption Bureau
ACWG	Anti-Corruption Working Group
CBDT	Central Board of Direct Taxes
CBI	Central Bureau of Investigation
CBWTRs	Cross Border Wire Transfer Reports
CCI	Competition Commission of India
CPI	Corruption Perception Index
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COFEPOSA	Conservation of Foreign Exchange and Prevention of Smuggling Activities
CTRs	Cash Transaction Reports
CVC	Central Vigilance Commission
CVO	Chief Vigilance Officer
CWG	Commonwealth Games
DGS&D	Directorate General of Supply & Disposal
DTAA	Double Taxation Avoidance Agreement
ED	Enforcement Directorate
EIC	Economic Intelligence Council
EODB	Ease of Doing Business
FCPA	Foreign Corrupt Practices Act
FCRA	Foreign Contribution Regulation Act
FEMA	Foreign Exchange Management Act

FIU-IND	Financial Intelligence Unit-India
FIR	First Information Report
GDP	Gross Domestic Product
GeM	Government E-Market Place
GST	Goods and Services Tax
GSTN	Goods and Services Tax Network
HDI	Human Development Index
HR	Human Resources
ICSI	The Institute of Company Secretaries of India
IDS	Income Disclosure Scheme
IP	Integrity Pact
IPC	Indian Penal Code
IPO	Initial Public Offer
MNC	Multi National Company
NDPS	Narcotic Drugs and Psychotropic Substances
NeGP	National e-Governance Plan
NEFT	National Electronics Funds Transfer
NFRA	National Financial Reporting Authority
NGO	Non Governmental Organization
NGDP	Nominal Gross Domestic Product
NSEIL	National Stock Exchange of India Limited
PAN	Permanent Account Number
PCA	Prevention of Corruption Act
PFMS	Public Financial Management System
PMLA	Prevention of Money Laundering Act

PPP	Purchasing Power Parity
PSU	Public Sector Undertaking
OECD	Organisation for Economic Co-Operation and Development
RTGS	Real Time Gross Settlement
RTI	Right to Information
SAD	Special Additional Duty
SBMOPS	State Bank Multi Option System
SEBI	Securities and Exchange Board of India
SIT	Special Investigation Team
SFIO	Serious Fraud Investigation Office
SMEs	Small and Medium Enterprises
SPE	Special Police Establishment
STRs	Suspicious Transaction Reports
TI	Transparency International
TIEA	Tax Information Exchange Agreement
UK	United Kingdom
UN	United Nations
UNCAC	United Nations Convention Against Corruption
UPI	Unified Payment Interface
USA	United States of America
UTI	Unit Trust of India
VAT	Value Added Tax
VIGEYE	VIGilance EYE

### 9.1 Acts

- Companies Act, 2013
- Competition Act, 2002
- Foreign Contribution (Regulation) Act, 2010
- Prevention of Corruption Act, 1988
- Prevention of Money Laundering Act, 2002
- Right to Information Act, 2005
- Second Administrative Reform Commission Report
- Whistle Blowers Protection Act, 2014
- Indian Penal Code 1860

### 9.2 Websites

- <http://www.sfo.nic.in/>
- <http://www.cvc.nic.in/>
- <http://www.cci.gov.in/>
- <http://fiuindia.gov.in/>
- <http://b20turkey.org/anti-corruption/>
- <http://thesystemwebseries.com/convention-against-corruption-unodc-org.html>
- <en.m.wikipedia.org/wiki/UNCAC>
- [https://en.wikipedia.org/wiki/United\\_Nations\\_Convention\\_against\\_Corruption\\_everything\\_explained.today/U.N.\\_Convention\\_Against\\_Corruption](https://en.wikipedia.org/wiki/United_Nations_Convention_against_Corruption_everything_explained.today/U.N._Convention_Against_Corruption)



### 9.3 Documents

- <http://www.u4.no/publications/uncac-in-a-nutshell-a-quick-guide-to-the-united-nations-convention-against-corruption-for-embassy-and-donor-agency-staff/downloadasset/3025>
- [www.cmi.no/publications/file/3769-uncac-in-a-nutshell.pdf](http://www.cmi.no/publications/file/3769-uncac-in-a-nutshell.pdf)
- [www.un.org/en/ethics/pdf/UN\\_Convention\\_Against\\_Corruption.pdf](http://www.un.org/en/ethics/pdf/UN_Convention_Against_Corruption.pdf)
- [legal.un.org/avl/documents/scans/GhanaAnti-CorruptionManual.pdf?teil=II&j](http://legal.un.org/avl/documents/scans/GhanaAnti-CorruptionManual.pdf?teil=II&j)
- [http://www.apbsrilanka.org/articales/25\\_ann\\_2013/2013\\_18\\_Mr.%20Thejaka%20Perera.pdf](http://www.apbsrilanka.org/articales/25_ann_2013/2013_18_Mr.%20Thejaka%20Perera.pdf)  
[www.un.org/en/ethics/pdf/UN\\_Convention\\_Against\\_Corruption.pdf](http://www.un.org/en/ethics/pdf/UN_Convention_Against_Corruption.pdf)
- [legal.un.org/avl/documents/scans/GhanaAnti-CorruptionManual.pdf?teil=II&j](http://legal.un.org/avl/documents/scans/GhanaAnti-CorruptionManual.pdf?teil=II&j)
- Guideline for Prevention of Bribery in Private/NGO Sector:- Authors - Gopal K Agarwal & Anil Sharma

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## MOTTO

सत्यं वद। धर्मं चर।

इष्टं कुरु। त्वां कुरु। बोधेनैः स्युः त्वां कुरु।

## VISION

“To be a global leader in promoting  
good Corporate Governance”

## MISSION

“To develop high calibre professionals  
facilitating good Corporate Governance”



**THE INSTITUTE OF  
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**भारतीय कम्पनी सचिव संस्थान**

**IN PURSUIT OF PROFESSIONAL EXCELLENCE**

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