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Ethics & Integrity -6: Public Service Values, Ethics in Public Admin.

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Public/Civil service values and Ethics in Public administration. Status and problems; ethical concerns and dilemmas in government and private institutions; laws, rules, regulations and conscience as sources of ethical guidance; accountability and ethical governance; strengthening of ethical and moral values in governance; ethical issues in international relations and funding; corporate governance. Probity in Governance: Concept of public service; Philosophical basis of governance and probity Information sharing and transparency in government, Right to Information, Codes of Ethics, Codes of Conduct, Citizen's Charters, Work culture, Quality of service delivery, Utilization of public funds, challenges of corruption.

Public / Civil Service Values and Ethics in Public Administration

The Public service system like Civil service, Policing, and other government officials is the backbone of the administrative system which acts as most important tool for governance of our country. Over the period, the role of Public services has changed depending on the agenda of the governance of that particular period. The institution of Public service has rendered service to the overall socio-economic development of the country. By advising the government of the day, managing programs, and serving citizens, public servants play a vital role in sustaining India's democratic institutions and fostering economic prosperity and social well being.

Global Values

1. Committed to service: The Public servants should be innovative, objective, professional and efficient and works to obtain better results for the community and the government.
2. Ethics: They demonstrate leadership, trustworthy, and acts with integrity, in all that they do.
3. Respectful: They should respect all people, including their rights and their heritage.
4. Accountable: They should be open and accountable to the people community under the law and within the framework of government responsibility.
5. Impartial: A public servant are expected to be apolitical and provides the government with advice that is frank, honest, timely and based on the best available evidence.

Ethical behaviour of Public Servants

The importance of following ethics in civil service stems from the following.

- Service throughout the country and its strong binding character
- Non-partisan advice in the midst of political instability and uncertainties
- Administrative and managerial capacity of the services
- Effective policy-making and regulation



- Effective coordination between institutions of governance
- Leadership at different levels of administration.
- Service delivery at the cutting edge level
- Provide 'continuity and change' to the administration.

Public Servants Obligation to the Community

Public servants have special obligations to the community because of three reasons.

- First, they are responsible for managing resources entrusted to them by the community.
- Second, they provide and deliver services to the community.
- Third, they take important decisions that affect all aspects of the community life.

The community has a right to expect that their Public servants functions fairly, efficiently and impartially. It is essential for the community to be able to trust and have assurance in the reliability of the Public servant's decision-making process. The decisions and actions of Public servants should reflect the policies of the government of the day and the standards that the community expects from them as government servants and they are expected to maintain the same standards of professionalism, responsiveness, and impartiality.

Ethical Concerns and Dilemmas

An ethical dilemma is a decision that needs a choice among various principles, mostly in difficult and importance contexts. Personal self-interest should be secondary to the common good in all situations, especially when such circumstances give rise to conflict of interest. It can lead to ethical dilemma.

Types of Ethical Dilemmas

An ethical dilemma arises when one has to choose between ethical values and rules in order to determine the right-thing-to-do. These dilemmas are in three broad categories:

1. Personal Cost Ethical Dilemmas arises from situations in which compliance with ethical conduct results in a significant personal cost to the decision maker in an difficult situation.
2. Right-versus-Right Ethical Dilemmas, arises from situations of two or more conflicting sets of bonafide ethical values.
3. Conjoint Ethical Dilemmas, arises when a careful decision-maker is exposed to a combination of the above-indicated ethical dilemmas in searching for the "right-thing-to do".

Ethical dilemmas also arise in the following situation for an individual.

- When his professional directives are in contrast with his own personal values
- Working towards the best interest of the community versus being responsive to the government.



- In his desire to hold onto a job versus the professional ethics.
- Ethical dilemmas can arise, when two equally striking options are justified as 'right' in certain situations.
- It also occurs when recognition is conflicted. It arises in an individual when he tries to establish a human connection that tilts view of his professional identity, duty, and objectivity.
- For a public servant attempting to function as a professional, the demands of law, his duty, fairness, due process, provides a productive ground in which ethical dilemmas arises. Whistle blowers face this problem because their disclosure may institute a crime when the on-going misconduct is severe.
- Ethical dilemmas mostly arise when specific instructions conflict, or produce adverse unplanned consequences in a given situation.
- New situations emerge and ethical dilemmas are likely to occur as an individual endeavour to choose options among defined sets of principles, moral values and beliefs.
- Ethical standards are not codified, so there are always chances that dilemma arises and disagreements always occur about proper behaviour.
- An ethical dilemma arises in a situation when the choices or behaviour is undesirable and presents harmful ethical consequences. Right or wrong is not clearly identifiable.

Process of resolving an ethical dilemma in administration

An ethical dilemma is more complex and demanding than a problem of what it appears to be. These dilemmas cannot be solved based on its initial status of presentation. The decision maker faces a difficult situation in which he faces mutually exclusive alternatives that choosing one option means negating the other that is equally important. However a dilemma is also dealt appropriately by altering and reformulating all the options in a systematic and coherent manner. The Government fails in such difficult situations and they degenerate to the state of confusion and indeterminacy. To resolve such ethical dilemmas, a lexical order or a sequence of logical reasoning sets is proposed to integrate and rearrange the process of dealing with ethical dilemmas. They are

1. Democratic **accountability** of administration,
2. The rule of **law** and the principle of legality,
3. Professional **integrity**
4. **Responsiveness** to civil society.

Accountability

In this regard, 'speaking truth to power' is vital of professional ethics and integrity of civil servants and the administrative machinery of the state. The distinction between politics and administration



lies in the fact not only in the division of function but also in the hierarchy. The administration is always subordinate to the politics. The loyalty of the bureaucracy to the ministers is grounded on their obligation to be answerable and responsible to the legislature who is accountable to the will of the people and their general interest. It is then a fundamental ethical duty bearing on civil servants to show a spirit of neutrality and discretion and keep their own personal preferences out in the performance of their duties and responsibilities.

Legality

The rule of law is fundamental and universal to politics and society. Respect and adherence to the principle of legality is an important requirement to exercise authority. Law establishes the minimum standard for morality. Unethical conduct means violation of law. Thus far enforcement of law can be first priority of an ethics reform strategy.

Integrity

Public administration is inclusive of all public services exercising authority in accordance with public law and under the direction of ministers or other officials, with professional integrity and autonomy. Administration is a profession with an essential precondition of practicing legitimacy, therefore knowledge and expertise should be used with certain standards defining professional ethics such as, avoiding corruption in the delivery of services.

Responsiveness

The government responsiveness to its citizens is a key issue in political economy. In this respect, ethical reasoning in state action entails that public institutions be responsive to society and pay attention to the needs and demands of the people, facilitating access to services and creating an enabling environment for sustainable human and social development. In this regard, the government is known as the unity of the universal and particular because it provides law and governance for people certain conditions by which individuals find their fullest fulfilment.

Common ethical dilemmas in Public Services



Common Ethical Dilemmas in Public Services

- Administrative Discretion
- Corruption
- Nepotism
- Administrative Secrecy
- Information Leaks
- Public Accountability
- Policy Dilemmas

An ethical dilemma arises from a situation that requires a choice between opposing sets of principles. Conflict of interest is one such example. Other types of ethical dilemmas in which public servants may find themselves include conflict between: the values of public administration; unclear or opposing answer-abilities; personal morals and work ethics versus administrative directive; validations for the institutions; professional ethics and director or executive directive; features of the code of conduct; and the other dimensions of ethical manner. <https://www.gktoday.in/upsc/ias-general-studies>

The new developments in administration and governance led to downsizing, privatisations, public-private partnerships, and restructuring, these phenomena gave rise to countless and complex ethical doubts. The underlying factors that gives rise to more ethical dilemmas are

- Material and resource difficulties
- Needs of a growing and multifaceted society
- Critical and attentive perspective implied in citizenship
- Restructuring subjects and change of the administration
- Constant demand that decision processes become more thoroughly participated.

Accountability

Accountability is a mechanism designed to ensure that the affairs or the entities are conducted with due regard to the interests of those who are interested in the affairs of the entity.

Accountability guarantees actions and decisions taken by public officials regarding government initiatives and respond to the needs of the community, thereby contributing to better governance and poverty reduction. It also means their decisions and actions are subject to oversight so as to guarantee that their stated objectives are met.

Accountability vis-a-vis Good Governance

The Good governance recognizes accountability in terms of



- Improving the delivery of public services,
- Measuring performance and
- Providing incentives to achieve targets and sanctions in case of non-performance.
- *Accountability is not to be viewed only in terms of democratic control and integrity of operations but also in terms of performance.*

Accountability is embedded in the public service system in India via a series of reforms such as

- Financial Management Initiative
- creation of Executive Agencies
- Citizen's Charter
- Public Service Agreement
- Transformation of bureaucratic structure.

Several countries such as New Zealand, Australia, Canada and USA have embraced the philosophy of accountability and brought significant improvement in public service delivery and efficiency. USA has enacted a Government Result and Performance Act 1993.

Features of Accountability

The basic characteristics of Accountability can be summarized as follows:

- Definition of goals of the institution and powers, functions and resources committed thereto
- Planning, directing, supervision and control of activities/operations
- Recording of transactions
- Audit by an independent authority
- Final disposal of the accountability responsibility

Importance of accountability for Public Officials

Accountability is important in evaluating the on-going effectiveness of public officials or bodies ensures that they are performing to their full potential, providing value for money, instilling confidence in the government and being responsive to the community.

Bureaucracy is a social institution, and its members, do not shrink from exercising this power in their own favour, unconcerned about, or to the detriment of, the people whom they profess to serve. No government, of whatever complexion, can evade the need for accountability.

In a democracy, accountability inevitably assumes a pre-eminent position as it derives its legitimacy from the people at large.

Accountability is at the heart of every government, what the nature of that accountability, and how it is articulated, however, depends upon the kind of polity a country has.

The greater the need for accountability, the greater is the difficulty of its enforcement. Bureaucracy tends to monopolize within itself awesome power, which is not necessarily used for the citizen's



welfare.

Accountability is important in good governance to keep the public servants tuned to the right perspective, including goals; society needs to have at its disposal definite ways of holding the servants accountable.

Facets of accountability

Accountability in India has two facets, separate but interrelated.

- The **first is political**, where the executive is accountable to Parliament, which has many devices and Instrumentalities for keeping tabs on the executive.
- The **second facet is primarily administrative**, where the (political) executive holds the civil servants accountable for how they carry out their responsibilities.

Executive's accountability to Parliament

The executive's accountability to Parliament is total and unabridged, which the latter reasserts in many ways and on many occasions. In calling the executive to account, Parliament has at its command numerous tools and opportunities, such as

- Parliamentary questions
- Adjournment motions
- Vote of no-confidence
- Discussion on demands for grants
- Calling attention notice
- Half-an-hour discussion
- Zero-hour discussion, etc.

Accountability of Civil Servants

All civil servants working in a ministry are accountable to the minister. As the minister is responsible to the legislature for actions and inaction of the civil servants, the latter must obviously be held accountable to him. The civil servants must know well their minister's mind and seek faithfully to project it in what they do. At the same time, they must observe, in all their official transactions with citizens, due process of law and laws of natural justice.

Ethics and Notion of Accountability

People seek accountability. They want to know who is responsible and accountable for certain actions and the consequences of those actions. Responsibility refers to "a sphere of duty or obligation" assigned to a person by the nature of that person's position, function, or work. Responsibility refers to the multiple facets of both processes and outcomes. Moral responsibility lets an individual to take rational decisions, which in turn justifies holding moral agents



accountable for their actions.

Accountability is the readiness or preparedness to give an explanation for one's judgments, acts and intentions. It is also willingness to judge one's actions by others and accept responsibility for others errors, when necessary. It is an alertness to correct in the light of improved thoughts gained from others.

The person can be held accountable if

- The person is functionally and/or morally responsible for an action.
- Some harm occurred due to that action.
- The responsible person had no legitimate excuse for the action.

Ideally, the assumption would then be to hold a person who is responsible for an action also accountable for the results of that action.

Unaccountable people give excuses and blame others, and act helpless. Unaccountable people complain quickly and act slowly. In organizations, Unaccountability is a highly contagious disease.

- Although the various roles of public relations have different sets of obligations, the overriding obligation is to perform an accepted moral framework. That framework may be professional standards or a corporate code or personal ethical standards. They all play a part in *creating the moral ground from which a true professional makes decisions*.
- Responsibility and accountability are two terms with hidden ethical and moral values which is focused on actions around which the strongest commitments form.
- Presuppositions, expectations, and faith are important ethical engines in taking responsibility and being accountable especially when an individual is confident.
- People know best that to who they are accountable, but not because they knew it and then became accountable but because their actions makes them to, and also they are responsible for an action because it makes them responsible.

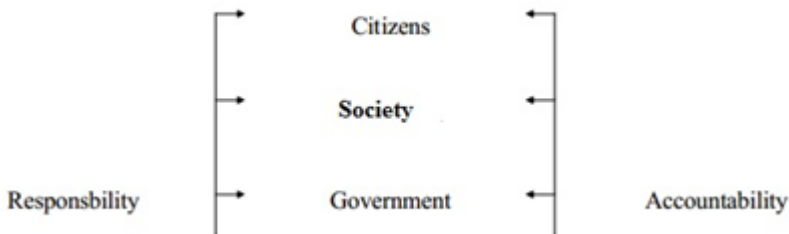
Organizations are not monoliths. Instead, they are loosely coupled fragments means that macro perspectives like responsibility and accountability are hollow unless linked with micro dynamics like moral values.

Responsibility and Accountability of Civil Servants

The accountability of civil servants both to ministers and to the Parliament, are constitutional and politically significant. The personal accountability of civil servants and their responsibility towards the society are equally substantial and they are interconnected. In particular their accountability of the actions and the responsibility towards it are prompted by the following progress.



- The increasing complexity of government structure and functions
- Ministerial-civil servant responsibility
- Civil services reforms



Civil servants accountability to the Government

The primary responsibility of the civil service to the people and the society is to serve the government it has elected. This means that civil servants must provide the *same standard of free, frank, impartial, and responsive advice, and the same level of professionalism in administration and delivery of services, policies, and programmes, irrespective of the political party in power.*

However, at the same time, civil service should be apolitical, performing its functions in an impartial and professional manner. There are also the broader accountability obligations of the civil service which means that the civil service should be openly accountable for all its actions, within the framework of ministerial responsibility, to the government and to the legislature.

The governmental system in India provides a model of accountability in which public interest is very clearly articulated. It is the government and the ministers who determine the public interest in terms of policies and programme priorities, and civil servants, within the requirement of the constitutional and legal framework, advise on and implement their decisions.

Therefore, the civil service has a particular responsibility for the public interest in upholding the law and ensuring that proper procedures are followed. As far as the political system is concerned, the civil service needs to see itself as a career based service to enhance the effectiveness and cohesion of India's democratic system of government.

Civil servants responsibility towards the people and the society

The civil service has a close relationship with the society through the variety of services it provides. This means that the maintenance of ethical behaviour by civil servants in dealing with the public is particularly important.

The civil service needs to serve the society by ensuring that the entitlements and services provided to it under law and government policy are delivered effectively, fairly, courteously, and professionally.



Civil servants also need to be responsive to the needs of the public, treating its members with courtesy and with sensitivity to their rights and aspirations. This means that civil servants should be professional and effective in the delivery of services.

Responsiveness also means that while a civil servant cannot make exceptions in individual cases where these are not sanctioned by law, and while the civil servant must ensure equality of access for all citizens, he/she should try to be responsive as he/she administers entitlements or provide services and to avoid unnecessary rigidity.

This would also require a civil service that is sensitive to the diversity of the Indian public and in particular, to the needs and requirements of the weaker sections of the society. On the whole, civil servants should deliver services fairly, effectively, impartially, and courteously to the members of the public.

Conceptualization of a good administration by World Bank

The World Bank has laid certain principles in this context to conceptualise good administration, they include

1. Setting objectives
2. A dignified approach to protect personal dignity.
3. Setting up monitoring systems.
4. Promotion of citizen participation as a way of achieving greater transparency, democracy, equality, and sound administration, especially in relation to general decisions affecting groups of unknown people
5. Enhancing transparency and accountability.
6. Devising performance indicators
7. Introducing assessment,
8. Seeking the best ways of securing the best results
9. Improved legitimacy
10. Instrumental functions like protection of rights and interests and the promotion of good governance.

Principles for managing ethics in public service by United Nations

The United Nations System has also been active, with the General Assembly adopting resolutions on public service ethics.

- A public official holds a position of trust, to act in the public interest. They need to know the basic principles and standards they are expected to apply to their work and where the boundaries of acceptable behaviour lie. They should be expressed through the code of conduct to be followed throughout the profession.



- Public officials should ensure that they perform their duties and functions efficiently, effectively and with integrity, in accordance with laws or administrative policies for which they are responsible are administered in the most effective and efficient manner.
- Public officials should be attentive, fair and impartial in the performance of their functions and, in particular, in their relations with the public.
- Public officials should not use their official authority for the improper advancement of their own or their family's personal or financial interest.
- In situations of possible or perceived conflict of interest between the duties and private interests of public officials, they should comply with the measures established to reduce or eliminate such conflict of interest.
- Public officials shouldn't misuse information acquired officially and should interact clearly with the public.
- Public officials should comply with measures established by law which contains ethical standards in it.
- The political or other activity of public officials outside the scope of their office should be in accordance with laws and administrative policies, not be such as to impair public confidence in the impartial performance of their functions and duties.

Corruption in Private Bodies

The private sector is no more a victim of corruption in India. Instead, it is instrumental and hand-in-glove with public officers. The Global Corruption Report discusses the most promising tools to tackle corruption in business, identifies pressing areas for reform and outlines how companies, governments, investors, consumers and other stakeholders can contribute to raising corporate integrity and meeting the challenges that corruption poses to sustainable economic growth and development.

Collusive corruption, where officials from public sector undertakings join hands with the private sector, is greatly present in the Indian business environment, particularly in the power, mining and oil sectors.

Controlling Corruption in Private Sector

The government must (install) a strong deterrent tool to curb corruption in the private sector. TII has prepared the report to assess the impact of government departments adopting the organisation's Integrity Pact (IP) to curb corruption in procurement.

The Competition Act was enacted by parliament in 2002 and it was amended later. In



addition to its advocacy role, the Competition Commission also performs to check corporate malpractice and abuse, the misuse of dominant positions and cartelisation.

The report recommends that the private sector should embrace IP. An IP is a tool developed in the 1990s by TI to help governments, businesses and the civil society in combating corruption in the field of public contracting. The IP establishes mutual contractual rights and obligations to reduce the high cost and distorting effects of graft in public deals.

Private persons can be booked for corruption if they are caught making illegal payments to a government servant; the plan is to make bribes exchanged between private entities also a criminal offence. There is also a proposal to amend the Indian Penal Code to make bribery in the private sector an offence.

Laws, Rules, Regulations and Conscience as sources of ethical guidance

The concept of law has attracted attention of many philosophers. Thomas Aquinas notion of law is most acceptable as he defines law as an '*ordinance of reason directed towards common good and promulgated by the one who cares for the community.*' He sees law as a command, a directive which should be reasonable and directed towards common good and not satisfy private interests of a few individuals. Law is thus regarded as a rule and measure of acts whereby a man is both induced to act and is restrained from acting. It imposes an obligation and defines a course of action to be followed. Also, laws must conform to human nature and they must be physically and morally possible to obey them in addition to being just. The law is thus for larger good and legislators have to make it known to the public.

Laws and other regulations usually differ in terms of the source from which they emanate, their purpose and the extent of their applicability. While law is considered as an ordinance or a rule which results from human reason, regulations help to clarify those laws to take it to the level of larger good. All authority to enact a law belongs to those who have the jurisdiction and are lawfully in charge of the community. The source of all regulation is any private authority like an organisation, anyone superior etc. Regulations generally focus on individual good while laws are made for common good and are specific for a territory.

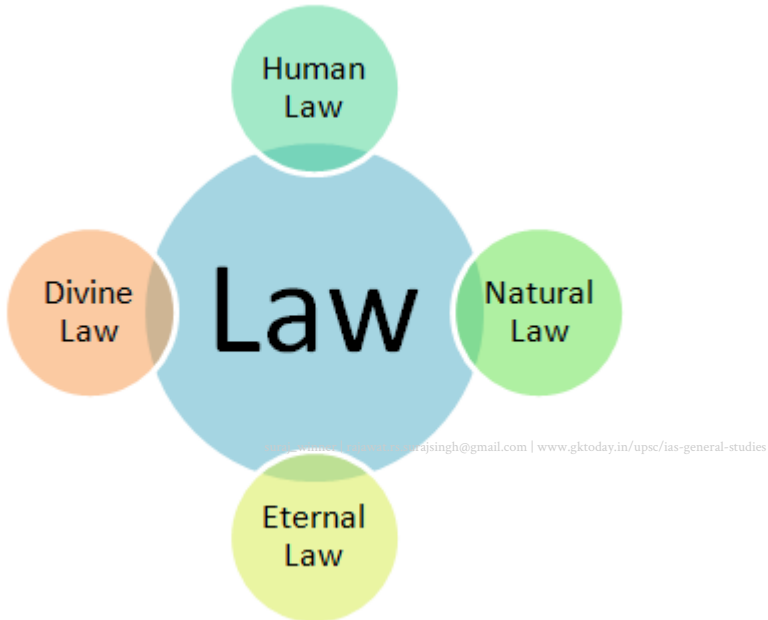
On the other hand, a moral judgment, there are two standards in a moral judgment- the standard of Right and the standard of Good. Right means as per law and Good means something which is conducive to an end. At various stages of moral life, the Right as the standard emphasizes the importance of various stages of moral life. As moral life progresses, Internal law replaces the External



law. All laws bring some duties on the individual which he has to perform to conform to morality. Likewise, the right also entails some obligations which ultimately bind an individual and make him 'responsible' and 'accountable' to a legal tribunal. The good puts stress on the importance of virtue.

Typology of Law:

Thomas Aquinas has broadly defined four kinds of laws:



The eternal law

This shows God as the ruler of the Universe. It is considered that all things are subject to eternal law. It is thus an example of divine wisdom.

The natural law

The natural law states that law should be based on morality and ethics. It is based on 'correct' things and is discovered by humans by use of reason and choice between good and evil. It is based on three fundamental principles:

- The primary principle of natural law is to do good and avoid evil. It believes that a good explanation for a moral or legal rule is that it promotes human life preservation as all living beings have an inclination for survival.
- Secondary principle is derived from the primary principle.
- Tertiary principle is related to complicated reasoning as they are difficult conclusions from both primary and secondary principles.

Natural law thus has two qualities namely: universality and immutability. Universality means that



the law extends to all human beings. Thus people have always differentiated between right and wrong actions. People thus form moral judgments by nature. The second aspect suggests that natural law is immutable i.e. it does not change and remains same for everyone at all times. This is mainly because human nature does not change.

The divine law

It is bestowed in revelation and extends beyond natural law by rendering with guides on how to achieve eternal happiness.

The human law

The human law is formed by the governments and is also rooted in the eternal law.

Conscience

The world conscience is derived from the Latin word “conscientia” which stands for ‘privity of knowledge’.

- Generally it is understood as an inner voice which guides a person about a behaviour being right or wrong. Everyone has a sense of right and wrong. Knowledge is essential for a well-formed conscience. Failure on the part of individuals to seek knowledge is seen as a failure in our obligation to form a healthy conscience. It ultimately leads us to commit the sin of omission. It thus determines morality in human actions.
- It is a special act of mind which comes into play when intellect passes a judgment on either the goodness or badness of a particular act.
- As per deontology, conscience is a judgment i.e. an intellectual decision. It is not just a feeling or an emotion. It makes a moral judgment based on morality of past or action which is going to occur in future.
- Conscience is not same as law. Latter states general rules concerning actions while former puts down practical rule for specific action. Conscience applies that law or action is much broader than law.

Types of conscience

- **Antecedent conscience:** This approves, commands, advices, warns, permits doing the act.
- **Consequent conscience:** This stands for mind’s judgment to see the morality of an action done. If the act is approved, a sense of peace, wellbeing and spiritual joy is promoted while is the act is disapproved it results in feeling of remorse or guilt.
- **True conscience:** It is a type of conscience where mind usually makes correct judgment morally of an already done action. Thus mind gives correct subjective judgment about an act.
- **Erroneous conscience:** This is a type of conscience which represents a moral aspect incorrectly.



- **Certain conscience:** This is a type of conscience in which mind is completely sure what issue is morally right or wrong.
- **Doubtful conscience:** This refers to a mental state where one is not able to decide if the action is good or bad.
- **Scrupulous conscience:** This is a thought process where the mind constantly sees an act to be morally wrong thereby resulting in feelings of torment or guilt without any valid reason.
- **Lax conscience:** This stands for a blurred sense to see what is morally right or wrong. This mental state usually looks for excuses and finds an easy way out of situations.

Ethical Principles that govern conscience

Ethical principles governing conscience include:

- A person should be careful to ensure correct conscience.
- A person should follow a certain conscience even if it is wrong.
- It is ethically wrong to act on a doubtful conscience.

Conscience as an obligation to Law

The main obligation of any state is to rule and the same for every individual is autonomy i.e. refusal to be ruled. It is always a good thing to have laws and a settled decision procedure. This provides us with an important reason to obey all laws. Obedience also follows when there is some machinery for detecting and penalising lawbreakers. Also, if positive laws are based on natural law then there is an obligation to obey positive law. Obeying civil laws is based on the assumption that there is a government which has proper authority which enacts the law and the latter are not contrary to natural laws. At times legality and morality are not the same things. A person can be moral but can break a civil law at the same time. On the contrary, a few things which are legal can also be immoral at the same time e.g. abortion being legalised in US is one such thing. Although civil law must be obeyed but they should also be verified to see if particular conditions pertain to specific law.

Duration of Civil Law

Contrary to natural law, civil laws may cease anytime owing to the following conditions:

- When it is cut off by the law-makers
- When a new law is enacted to take its place
- When the law is contrary to custom
- When the law is ended by waivers or dispensations as some special persons can be exempt.

Concept of Corporate Governance

In early 1990s, the Bank of Credit and Commerce International (BCCI) went ruined and lost billions of dollars for its depositors, shareholders and employees in U K similar to the Watergate



scandal of USA. At that time the 'Cadbury Committee' of London, UK was set up in 1991 with a view to address the problems of scams occurring in the corporate sector in the late 1980s and the early 1990s.

This committee was formed by the London Stock of Exchange, with the main aim of addressing the financial aspects of Corporate Governance followed by Paul Ruthman, Greenbury committee and united code on corporate governance. All the recommendations were based on the constantly evolving corporate governance that reflects the current corporate economic and legal environment.

Concept of corporate governance

- According to the Institute of Company Secretaries of India "Corporate Governance is the application of best Management Practices, Compliance of Laws in true letter and spirit and adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders."
- As per Standard and Poor – "Corporate Governance is the way a company is organized and managed to ensure that all financial stakeholders receive a fair share of the company's earnings and assets."

World Bank report on corporate governance recognizes that corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals. It focused on the principles such as transparency, accountability, fairness and responsibility that are universal in their applications.

Corporate Governance and INDIA

The Corporate Governance initiative was launched in India in the mid 1990's. Confederation of Indian industry came up with the first voluntary code of corporate governance, followed by Kumar Mangalam Birla committee constituted by SEBI, Naresh Chandra committee report 2002 and Narayana Murthy committee report submitted in 2003.

Factors influencing the quality of Corporate Governance

- Integrity of the Management
- Ability of the Board
- Adequacy of the Process
- Quality of Corporate Reporting
- Participation of Stakeholders
- Quality of Corporate Reporting

Corporate governance and Increase in performance

- It expands strategic thinking of newly admitted independent directors with wide experience and new ideas.
- It rationalizes the management and monitoring of risk of any organisation locally and



globally.

- The decision making process is articulated carefully to limit the liability of top management.
- Assures integrity of reports.
- Builds and earns reputation from key stakeholders, both internally and externally.

OECD Principles with respect to Corporate Governance

The OECD set a trend of code of best practices in association with Cadbury report. It includes the following principles.

- The rights of shareholders
- Equitable treatment of shareholders
- Role of stakeholders in corporate governance
- Disclosure and Transparency
- Responsibilities of the board

Corporate Governance & Ethics

Corporate governance is an instrument to ensure accountability and responsibility. Corporate governance and ethics are strong pillars of distinction in any business organisation and places importance on integrity, understanding, excellence, unity and responsibility. The concept of business ethics is a set of standards by which a corporate entity regulates its behaviour in terms of what is legitimate and acceptable in the quest of its corporate goals.

Need for the Ethics Code for Corporate Governance

The Business organisations are faced with new challenges in building on the trust, due to increasing pressures, expectations of stakeholders, competition, aspirations of individuals and societies, and the lag in the fulfilment of such aspirations. Against this backdrop, to ensure that business runs successfully, there is a need that the trust is continuously reinforced, to balance the aspirations, and pressures.

Organizational challenges in institutionalizing ethics in Corporate

- Diverse socio-cultural environment.
- Rapid performance delivery.
- Very high performance expectations.
- Increasing competitive pressure.
- Entry into new sectors with different types of ethical concerns.
- Diverse value systems.
- Diverse regulatory environment.
- Diverse enforcement environment.
- Very high employee turnover.



According to a World Bank report, “A company remains a key component of modern society and have become a more immediate presence to many citizens and modern democracies. Proper governance of companies is as crucial for sustained public trust and wealth generation as is proper governance of countries for socio economic development. Corporate governance is used as a mechanism to ensure accountability and responsibility.

In the changed paradigm, good governance encompasses not just Board Practices but also a clear demonstration of commitment to social responsibility, business ethics and balancing value for all stakeholders. Corporate governance is considered an important instrument of investor protection, and it is therefore a priority on SEBI's agenda. This would ensure that Indian investors are in no way less informed and protected as compared to their counterparts in the best-developed capital markets and economies of the world.

Kumar Manglam Birla Committee Recommendations

Securities and Exchange Board of India (SEBI) in 1999 set up a committee under Shri Kumar Mangalam Birla, member SEBI Board, to promote and raise the standards of good corporate governance.

The primary objective of the committee was to view corporate governance from the perspective of the investors and shareholders and to prepare a 'Code' to suit the Indian corporate environment.

The committee divided the recommendations into two categories, namely, **mandatory** and **non-mandatory**.

- The recommendations which are absolutely essential for corporate governance can be defined with precision and which can be enforced through the amendment of the listing agreement is classified as mandatory.
- Others, which are either desirable or which may require change of laws be classified as non-mandatory.

Mandatory Recommendations

- The mandatory recommendations apply to the listed companies with paid up share capital of 3 crore and above.
- *Composition of board of directors should be optimum combination of executive & non-executive directors.*
- *Audit committee should contain 3 **independent directors** with one having financial and accounting knowledge.*
- *Remuneration committee should be setup*
- *The Board should hold at least 4 meetings in a year with maximum gap of 4 months between 2*



meetings to review operational plans, capital budgets, quarterly results, minutes of committee's meeting.

- *Director shall not be a member of more than 10 committee and shall not act as chairman of more than 5 committees across all companies*
- *Management discussion and analysis report covering industry structure, opportunities, threats, risks, outlook, internal control system should be ready for external review*
- *Any Information should be shared with shareholders in regard to their investments.*

Non-Mandatory Recommendations

The committee made several recommendations with reference to:

- Role of chairman
- Remuneration committee of board
- Shareholders' right for receiving half yearly financial performance.
- Postal ballot covering critical matters like alteration in memorandum
- Sale of whole or substantial part of the undertaking
- Corporate restructuring
- Further issue of capital
- Venturing into new businesses

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These recommendations were to apply to all the listed private and public sector companies, their directors, management, employees and professionals associated with such companies. The Committee recognizes that compliance with the recommendations would involve restructuring the existing boards of companies. It also recognizes that smaller ones will have difficulty in immediately complying with these conditions.

Narayana Murthy committee Recommendations

The **Committee on Corporate Governance**, headed by Shri Narayanmurthy was constituted by SEBI, to evaluate the existing corporate governance practices and to improve these practices as the standards themselves were evolving with market dynamics. The committee's recommendations are based on *the relative importance, fairness, accountability, transparency, ease of implementation, verifiability and enforceability related to audit committees, audit reports, independent directors, related parties, risk management, directorships and director compensation, codes of conduct and financial disclosures.*

The key mandatory recommendations focus on

Strengthening the responsibilities of audit committees

At least one member should be 'financially knowledgeable' and at least one member should have



accounting or related financial management proficiency.

Quality of financial disclosures

Improving the quality of financial disclosures, including those related to related party transactions.

Proceeds from initial public offerings

Companies raising money through an IPO should disclose to the Audit Committee, the uses / applications of funds by major category like capital expenditure, sales and marketing, working capital, etc.

Other recommendations

- Requiring corporate executive boards to assess and disclose business risks in the annual reports of companies.
- Should be obligatory for the Board of a company to lay down the code of conduct for all Board members and senior management of a company.
- The position of nominee directors: Nominee of the Government on public sector companies shall be similarly elected and shall be subject to the same responsibilities and liabilities as other directors
- Improved disclosures relating to compensation paid to non-executive directors.

Non-mandatory recommendations include moving to a regime where corporate financial statements are not qualified; instituting a system of training of board members; and the evaluation of performance of board members.

Whistle Blower Policy

Personnel who observe an unethical or improper practice should be able to approach the audit committee without necessarily informing their superiors.

Implementation issue

A primary issue that arises with implementation is whether the recommendations should be made applicable to all companies immediately or in a phased manner, since the costs of compliance may be large for certain companies.

Another issue is whether to extend the applicability of these recommendations to companies that are registered with BIFR. In the case of such companies, there is likely to be almost little or no trading in their shares on the stock exchanges.

Good Governance

In terms of distinguishing the term governance from government, “governance” is what a “government” does. It might be a geo-political, a corporate government, a socio-political government, or any number of different kinds of government.

Governance is the dynamic exercise of management power and policy, while government is the



instrument that does it.

Defining Good governance

Good is a term used with great flexibility; Depending on the context, good governance has been said at various times to encompass: full respect of effective participation, human rights, the rule of law, multi-actor partnerships, and accountable processes, political pluralism, transparent and institutions, an efficient and effective public sector, legitimacy, access to knowledge, information and education, political empowerment of people, equity, sustainability, and attitudes and values that foster responsibility, solidarity and tolerance.

Origin and emergence of the concept of good governance

- “Good governance” was initially expressed in a 1989 World Bank publication.
- In 1992, the Bank published a report entitled, Governance and Development, which explored the concept further and its application.
- In 1997, the Bank redefined the concept “good governance” as a necessary precondition for development.

Good governance is to promote and sustain holistic and integrated human development. The central focus is to see how the government enables, simplifies and authorises its people, regardless of differences of caste, creed, class, and political ideology and social origin to think, and take certain decisions which will be in their best interest, and which will enable them to lead a clean, decent, happy, and autonomous existence.

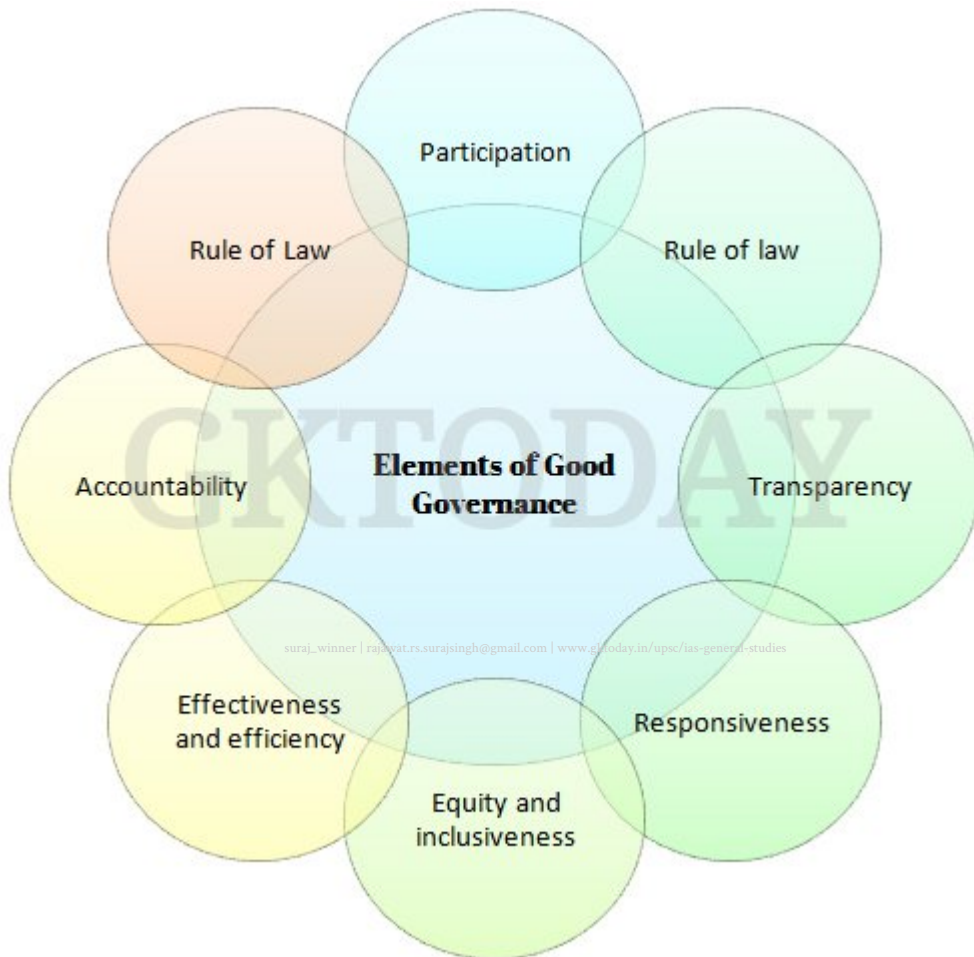
“Good” about governance

Good Governance manages and allocates resources to respond to combined problems of its citizens. Hence states should be assessed on both the quality and the quantity of public goods provided to citizens. The policies that supply public goods are guided by principles such as human rights, democratization and democracy, transparency, participation and decentralized power sharing, sound public administration, accountability, rule of law, effectiveness, equity, and strategic vision.

The Human Development Report issued insists on “good” governance as a democratic exigency, in order to rid corruption, provides rights, the means, and the capacity to participate in the decisions that affect their lives and to hold their governments accountable for what they do.

Basic features or elements of good governance

Good governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and fixture needs of society.



Participation

Good governance requires that civil society has the opportunity to participate by both men and women during the formulation of development strategies. This aspect of governance is an essential element in securing commitment and support for projects and enhancing the quality of their implementation. Participation needs to be informed and organized. This means freedom of association and expression and an organized civil society should go hand in hand.

Rule of law

Good governance requires a fair, predictable and stable legal framework enforced impartially. Full protection of human rights, especially minorities should be covered. Impartial law enforcement requires a judiciary to be independent and police force should be impartial and incorruptible.



Transparency

Transparency in government is an important precondition for good governance, and those decisions taken and their enforcement are done in a manner that follows rules and regulations. Transparency ensures that enough information is provided and that it is provided in easily understandable forms and media.

Responsiveness

Good governance requires the institutions to serve all stakeholders in a given time-frame. There are several actors and viewpoints and the different interests in society needs mediation. The best interest of the community should be analysed and achieved which requires a broad and long-term perspective on what is needed and how to achieve the goals of sustainable development.

Equity and inclusiveness

A society's wellbeing depends on ensuring that all men and women have opportunities to improve or maintain their well-being. This requires all groups, especially the most vulnerable, should have opportunities to improve or maintain their standards of life.

Effectiveness and efficiency

Good governance means Processes and institutions produce results that meet needs while making the best use of resources. The concept of efficiency covers the sustainable use of natural resources and the protection of the environment.

Accountability

It is a key requirement of good governance. Both Public and private sector and civil society organizations must be accountable to the public and to their institutional stakeholders. An organization or an institution is accountable to those who will be affected by its decisions or actions. Accountability can be enforced only with transparency and the rule of law.

Rule of Law

Rule of law supports the demand for equity and fairness and means to be impartial, not corrupt and to protect the human rights of all. These are the leading criteria becoming benchmarks one has to keep in mind when striving for good Governance in the decision-making processes.

Significance of good governance

Kautilya in his treatise **Arthashastra** propounded the qualities of good governance by the ruling king as follows: In the happiness of his subject lies his happiness, in their welfare his welfare, whatever please himself he shall not consider good.

India follows republic, democratic and secular form of governance, and the values that are enshrined in our constitution. The term “governance” means a political unit for the functioning of policy-making for both the political and administrative units of Government. Good governance is based on the conviction that man has the ethical and rational ability, as well as the absolute right, to govern



himself with motive and just. The concept of good governance is associated with capable and real administration in democratic set up.

In practical terms, there are three particular features of good governance that makes it significance in the working of the government.

- First, the empowerment and capacity of government to frame and implement policies and discharge functions.
- Second, the form of political will.
- Third, the process by which authority is exercised in the management of country's economic and social resources for development.

It also reflects the attitudes of the people towards the functioning of the so many agencies of the government. "Good" governance promotes gender equality, sustains the environment, enables citizens to exercise personal freedoms, and provides tools to reduce poverty, deprivation, fear, and violence. The UN views good governance as participatory, transparent and accountable. It encompasses state institutions and their operations and includes private sector and civil society organizations.

Good governance is significant in public institutions to conduct and manage public affairs and resources to guarantee human rights in free of abuse and corruption, and with due regard for the rule of law.

It is significant because it promises to deliver on the promise of human rights: civil, cultural, economic, political and social rights. Good governance is thus, a function of installation of positive virtues of administration and elimination of vices of dysfunctionalities.

It makes the government work effective, credible and legitimate in administrative system and citizen-friendly, value caring and people-sharing.

Main Hindrances to Good Governance in India

Good governance means an accountable and audited public service which has the bureaucratic competence to implement appropriate public policies and an independent judicial system to uphold the law. Despite the continuing efforts to enhance the quality of governance in the country, from insufficiencies and complexities, both structural and non-structural, there are hindrances that still exist.

Corruption

According to Transparency International Report, "Corruption acts to diminish the ability of law enforcement to accomplish its mission. The prevalence of corruption diminished the ability of the law enforcement, adversely affected the judiciary, administration and is delaying the fair functioning



of the society.

Inefficiency of Bureaucracy

Bureaucracy of India is not so efficient in management and administration. The capacity of policy implementation of our bureaucracy is very poor compared to other developing economies.

Accountability and transparency are new to the civil society.

Nepotism and Politicization in Public Administration

Nepotism is another swearword of our political affairs and administration. Privilege and unfair advantage to the family members, kith's and kin on public resources is practiced widely, so the mass people are deprived. In addition, Corrupted and inefficient policing increases human rights violation, and false cases.

Improper and non-observance of the rule of law: It is said that laws exist but are applied only in favour of privilege people or class. As a result justices suffer and denied to the common people although that is an important aspect of good governance.

Improper use of resources

Decentralisation and funding to the local government is not utilized properly and very often diverted to other purposes. So, the target group are not covered properly with the available resources.

Poor Planning Strategy

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Improper planning and use of resources result in scarceness in resources like electricity, water and fuel. Besides these, Insurgency, Naxalism and discrimination against the minorities and environmental degradation around this country and problems related to land reforms and tribal welfare also acts as hindrances to good governance.

Without good governance, the benefits of public programs will not reach their target recipients, especially the poor. Emphasizing the strengthening of good governance at the national level, including the building of effective and accountable institutions for promoting growth and sustainable human development will remove the hindrances and pave way to good governance

Measures for good governance taken by India

Since the bad governance is the root cause of all evils, within our societies, hence there is a need for good governance. Most of the features linked with good governance enunciated by World Bank are found in the reform process initiated in India for good governance. These include

- Decentralization of power among different layers of Government
- Holding periodic elections
- Improving the conduct of elections through electoral reforms
- Passing the **Right to Information Act, 2005** to bring in accountability and transparency in administration,



- Launching programmes like **Citizen's Charter**.
- The **Lokpal Bill** to curb corruption in administration and to investigate allegations against public men.

Strengthening Of Ethical and Moral Values In Governance

Significant progress has been recorded in recent years in development of effective Civil Service ethics, Codes of Conduct, transparency measures, ethics and integrity systems etc. There areas which need immediate attention for strengthening ethical and moral value in governance are:

Areas of Attention

These are basically as follows:

- Envisaging threats to ethical standards and integrity in the public sector. One should pay special attention to core public sector values and commitments.
- Foster ethical competence in civil servants alongwith strengthening professional ethics. New ways have to devised to institutionalise ethically competent decision-making which supports professional responsibility, self-discipline and support for the rule of Law.
- Development of administrative practices and processes which promote ethical values and integrity.
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- Enactment of efficient laws which require all public officials to state reasons for all their official decisions
- Implementation of particular management approaches which will make public officials to take on corruption and unethical practices sensibly.
- Proper 'Whistleblower protection law' to assist the disclosures of wrongdoing by officials.
- Ethical audits to mark risks to integrity of the primary processes like financial management, tendering, recruitment and promotion, dismissal and discipline.
- Effective complaints and redressal procedures.

The Insufficiency of Ethical Code

Public Service Ethics are still equated with anti-corruption efforts in most Civil Service regimes. This often limits the professional practice issues to a minimalist written Code of Conduct or Code of Ethics. Latter pertains to prohibiting all conflicts of interests and promoting other types of impartiality and service to the community. This is not enough as meaningful results can be obtained when enforceable Ethics code is linked to systemic practices and procedures. Latter is often backed by legislation and political commitment.

Problem of Implementing Effective Codes of Ethics

Lack of technical competence to be able to recognise an ethical problem and standards expected as



per their organization's code of conduct is the primary issue in effective implementation of Code of Ethics. The Code of Ethics is best seen as a set of 'core values' which will define the professional role of civil service. This Code defines high-level principles like integrity, accountability, responsibility, trustworthiness etc. However, the Code rarely demarcates specific standards of conduct expected in a range of possible situations. In disciplinary matters, the Code is not of much use as no manager will risk taking any disciplinary step based on vaguely defined Code or ethical principles or guidelines. The lack of teeth in the Code will contrarily make managers overlook issues where disciplinary problem exists. In such situations the Ethics Code may reinforce misconduct and corruption.

Charters of Service as Ethics Standards

Service and accountability are considered as main aims of civil service reform and are highly emphasized in various charters of service delivery. The charters also support many fundamental ethical principles, attitudes and practices.

- **Service:** Citizens have right to many kinds of services but are expected to serve only the communities and government of the land. All unwanted administrative hindrances should be timely identified and removed.
- **Accountability:** All decisions made by civil servants and policy-makers should be transparent and open. All official decisions should come with appropriate reasons.
- **Complaints:** Effective mechanisms should be put in place to help people lodge complaints about any grievance and thus receive appropriate remedies in time.

Laws against poor administration

This is a typical case against all sorts of maladministration which refers to taking an official decision in a way which is against the law of the land, is arbitrary, unreasonable, without proper justification, lacking in fairness of process, taken without duly considering merits of the case or taken by corrupt reasons. It is also said to be incompetence, abuse of office or authority, etc. for personal gain. This is typically unethical conduct. All officials who are responsible for maladministration are usually corrected by their employer.

Anti-corruption laws

In many countries a higher duty is put on civil servants and public officials for compulsory reporting all incidents where corruption is suspected and any other kind of misconduct as per the relevant Code of Conduct. Any kind of failure to do so is a serious breach of discipline and calls for action against the civil servant.

Right to Access Official Information

Many governments have proper 'Right to Information' laws in place which equip the citizens to have access to any kind of official information which is held by government, bureaucratic set-up and



public bodies. However, any information which is sensitive in nature and can compromise national interest, economic interest of nation, interfere with the criminal procedures, relates to national security etc. is not given in larger public interest. RTI is now regarded essential for ensuring accountability by public officials or the Government. Countries which are best examples of this are Canada, USA, Australia, New Zealand and India.

Right to Obtain Reasons for Official Decisions

Some nations have made special provisions for citizens whereby they have a right to know the reasons behind the decisions in which they are directly affected. This also involves the right to be advised at the time when decision is being taken all the information which was considered by the decision-maker. This information has to be given in writing. This right has been highly effective in curbing corruption and ensuring good governance. Nations in which this is practiced are: Britain, US, Canada, Australia, New Zealand etc.

Right to Review Official Decisions

There are nations which have defined special procedures for their citizens wherein if they are adversely affected by any official decision to get it reviewed by an independent decision maker. Latter may change the decision altogether or return the matter for reconsideration by original decision-maker. This points to practice of both substantive and procedural fairness. All official decisions can be subjected to such independent reviews. Mostly the review is undertaken internally unless the matter is of larger public interest or sensitive in nature where the review is done by external agencies like Ombudsman or even a Court of Law.

Right to Procedural Fairness

Citizens are usually permitted by law to the protection of procedural fairness behind all official decisions which affects them directly. In other words, it entitles a citizen to a hearing regarding a hearing before a final decision is done. In more serious matters, citizens are also entitled to professional representation.

Right of Protected Disclosure of Official Wrongdoing

This is also referred to as 'Whistleblower' Protection. In their efforts to improve accountability and strengthening their fight against corruption, many nations have passed laws wherein a citizen is allowed to make protected 'public interest disclosure' of any suspected misconduct or corruption by any public official. The primary aim of protection of 'Whistleblower' is to keep a genuine and workable balance between encouraging the needed disclosure of an official wrongdoing. Such laws protect the reputations of innocent individuals and other government organisations. However, such disclosures are protected only if they are based on honest beliefs and held on reasonable grounds. Any person who takes the risk to make such disclosures has the right to be protected from any kind



of retaliation.

Public Finance Management Reforms

Tight statutory controls on public finances are seen in many countries. This is done to put a check on public expenditure, minimise corruption, any kind of waste and other expenditure. All these measures are usually taken by an independent Auditor General. Parliaments have also got Public Accounts Committees to help government in check the public accounts and their budgets.

Regulatory Reform

Elimination of unwanted administrative red tape is promoted by many countries as it brings down the cost of government as size of administrative machinery is reduced. This is also helpful in curbing corruption by minimising the number of administrative opportunities for bureaucrats to extract bribes etc.

Integrity testing

These are done to check the observance of Code of Conduct by the employees of an organisation. It is conducted either by an employee's agency or some anti-corruption body to find individuals who will accept bribe or fall for any other incentive to do something which they are required to do in their position. The test 'set' should be very real and be a reflection of circumstances of officer's position. The process is exposed to independent review.

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Responsibilities of Citizens dealing with Public Bodies

Introduction of any formal requirements which the citizens are required to observe like honesty, lawfulness, etc. is a new development in the field of integrity. Citizens thus have responsibilities of reasonable expectations of law, honesty and integrity. The citizens are expected to refrain from deceptive, dishonest and any kind of fraudulent conduct.

Probity

Probity (Satyanishtha in Hindi) literally means a complete and confirmed integrity; having strong moral principles. Every day, we hear and talk about probity in public life. We expect our political leaders and bureaucrats to be transparent in their dealings. Their alleged misdeeds, scandals and scams are publicized and discussed threadbare. We seek revenge and demand their heads. But have we ever thought of our own personal lives and wondered will it withstand our own scrutiny.

We tend to lead a twin-faced life. On the face of it we profess honesty and integrity but are we clean in our dealings. This dichotomy in our thoughts and actions is a source of pain and sorrow in our life.

The first step towards self improvement is the probity in the personal lives. Guru Nanak Dev divided



the study of life in four compartments: *Dharma, Karma, Lajja and Kripa*.

Guru Nanak says whenever we prepare to do an act we must ask ourselves “will I be able to place it in front of the God. Will it withstand His scrutiny?” Only if our act can pass this litmus test shall we do it. However it is easier said and done. There are temptations and pressures which push us towards the opposite.

Once we become aware of our acts and become a witness gradually; we tend to be filled with a feeling of shame (Lajja). Nanak says lajja is a form of prayer which heralds the onset of His Kripa which fills us with anand or fulfilment.

Good Governance and Probity

Governance means the act and manner of managing public affairs. Through the process of governance, the essential link is established between the civil society and the State, giving a shape to the way decisions are made for serving public interest.

Constitution and laws provide the legal framework of governance whereas probity is the integrity, uprightness and rules of conduct, in the legal framework for those institutions that determine the nature of governance and the relation between the government and the governed.

Governance is judged based on certain guiding principles that have been established and followed to ensure good administration and these can be summarised as follows:

- The good governance should follow the principle that an administrator is a servant of the general public.
- The mode of administration should be above one's own selfish aims and goals. It should be beyond caste, creed or other considerations with sole aim being developed with equal benefit and justice.
- There should not be any evil or corrupt motive behind administrative actions and the sole motive should be the larger interest of society.

Behind every administrative act to achieve good governance, there, should also be kind, sympathetic and humane approach and the act should not be harsh and such that the human touch or sensitivity is lost. The probity in governance should be followed in its right and actual spirit so that administration can be synced with development.

Information Sharing and Transparency in Governance

Sharing information and transparency are indispensable pillars of good governance that compel the state and civil society to focus on results, seek clear objectives, develop effective strategies, and monitor and report on performance.

Access to information

Many laws were enumerated to bring transparency in governance for sharing information to the



public by putting information in the public domain and which includes the following

- Right to information Act
- Ombudsman Office in the local/state level
- Accountability bill for disclosure of Income and Assets
- Records Management laws
- Whistle Blower Protection

Ethics and Integrity

The morality is maintained by formulating and employing model code of conduct for ministers, bureaucracy, judiciary, and civil society groups.

- Removal of all discretionary which may lead to misappropriation in government
- Public hearings & Public meetings for review and by establishing social audit
- Consulting public in the process of policy making for participatory budgeting and Independent auditing
- Legislation providing for transparent and accountable administrative action.

Institutional reforms

- Introducing public delivery of service agreements by executive agencies for ensuring accountability, objectivity and transparency
- Allowing stakeholders like citizen committees to participate in various decision making processes and encouraging and facilitating public participation through the following
 - Public Hearings
 - Study Circles
 - Citizen Advisory Boards
 - Government Contract Committees
 - Public Watchdog Groups
 - Independent Anti-Corruption Agencies
- Capacity building of citizen and civil society groups

Targeting specific issues

Easy access of government officials to the public

- Availability of Contact numbers of senior servants to Public
- Details in Departmental websites
- Facilitation counters for citizens

Assessment and Monitoring

Performance Measurement Appraisal should be carried out.

- Monitoring through performance indicators



- Annual Performance White Papers

Developing and Implementation of citizens' charter in all government departments which gives timeline of service delivery.

Code of Ethics for Civil Services

India has laid down civil services rules in a most comprehensive way, and this formal elaborate listing or codification of what the public officials are to do and what to abjure is an impressive feature of formally prescribed administrative ethics in India.

Administrative ethics may flow from three sources.

- The first is the profession itself, which necessarily articulates and upholds certain norms of conduct and action.
- The second, norms laid down by the civil service rules and regulations.
- The third, Personal beliefs and values which are highly individualised in nature but which nevertheless project themselves rather strongly in a civil servants action.

Various provisions are as follows:

Personal and Familial Virtues

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In India, a public servant is asked to maintain absolute devotion to duty by being honest and impartial in his official duties. He is should maintain a responsible and decent standard of conduct in his private life and not to bring discredit to his service by his misdemeanours or other activities. He is expected to practise standards of decency and morality in his official life no less than in his private life. This was upheld in 1967 by the Supreme Court of India in the case of '*Govind Menon versus Union of India*'.

Office-Related Behaviour

There are elaborate rules in operation to keep a civil servant to the straight and narrow path of virtue. He is instructed to avoid accepting hospitality from any individual having official dealings. There are restrictions on his acceptance of gifts and favours. A public servant should avoid the familiarity arising out of private hospitality. This restriction flows from the view that a government servant is devoted whole-heartedly to the performance of his duties.

Use of Discretionary Powers

Today's administrators enjoy enormous discretionary powers which, it is possible, may be abused in furtherance of private goals. A civil servant must be able to account for satisfactorily the possession, of pecuniary resources or property disproportionate to his known sources of income, failing which he is held guilty of corruption.



Property Acquisition

There are detailed rules regulating the buying of immovable property. This means, that a public servant should report to, and seek the permission of, the Government before commencing the construction of, or addition to, buying any immovable property.

Conflict of Interest

The service rule, applying to the All India Services lays down as follows: “No member of the services shall, except with the previous sanction of the Government, permit his son, daughter or dependent to accept employment with private firms with which he has official dealings, or with other firms having official dealings with Government.” *It is for these reasons that the High Court judges are prevented after retirement from practising before the same court, or the Supreme Court judges, from practising before any court or the Comptroller and Auditor- General of India from accepting any government post after retirement.*

The Citizen Administration interface

In development administration of India, the target groups are identified as tribals, children and women, scheduled castes and other socially backward classes. Such differentiation increases the complexities of interaction between Administration and the public.

National projects are implemented by the state concerned and mainly through the district administration.

These implementers/bureaucracies treat the target groups as ‘beneficiaries’. In developing economies like India, the need for institutional innovation to deal with corruption and citizens’ grievances is always needed. The Santhanam Committee on Prevention of Corruption thought that it was necessary to devise adequate methods of control over exercise of discretion by different categories of government servants. Today, governance is all about efficient and effective provision of goods and services. There are different ways in which the public interacts with the public administrative agencies.

- Clients: Citizens seek to obtain benefits or services from governmental agencies.
- Regulatees: As a regulatee, the public interacts with many public agencies viz., police, income tax authorities, licensing authorities, etc
- Litigants: The harassed citizens turn litigants when they seek redressal of their grievances from the courts, tribunals and Lok Adalats.
- Participants: Democracy entails increased people’s participation in governance like community policing, beneficiary associations etc.
- Protesters: People interact with government agencies on public policy as protesters, critically opposing the injustice in government policy and action.

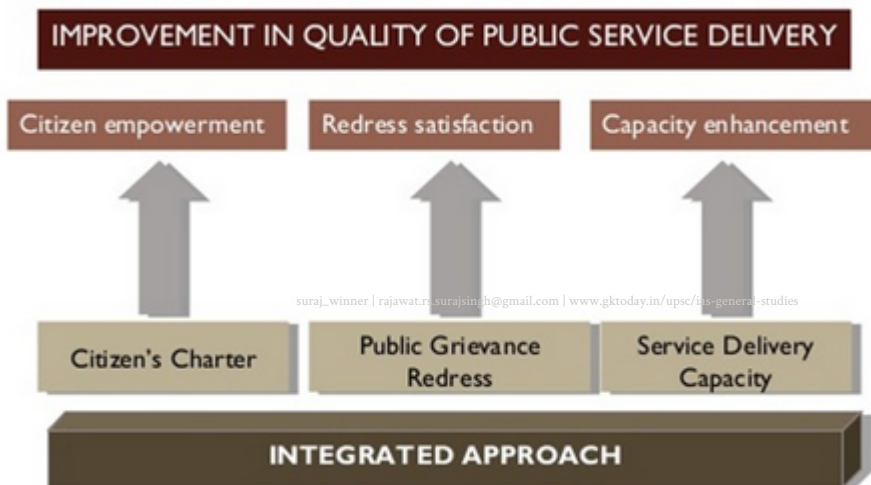


Concept, Origin and Principles of Citizen's Charters

Citizen Charter is a document of commitment of organization towards the customers/user in respect of standard of services, accessibility to information redressal of grievances courtesy in public services.

Origin of Charter

The concept was first articulated and implemented in the United Kingdom by John Major in 1991, with the aim to improve the quality of public services for people of the country. The programme was re-launched in 1998 by the labour government of Tony Blair as 'Service First'.



The white paper by John Mayor initiated **six principles**, which may govern the provision of public services, namely:

- Quality – improving quality of services
- Choice – wherever possible
- Standards – specify what to expect and how to act if standards are not met
- Value – for the tax payer's money
- Accountability- individuals and organizations
- Transparency – rules/procedures/ schemes/ grievances

Nine principles of 'Service First (1998) by Tony Blair's Government

- **Set standards of service:** Monitor performance and publish results
- **Be open, provide full information:** Communicate clearly and effectively in plain language, to help propel using public services



- **Consult and involve:** Use the views of potential users to improve the service
- **Encourage access and promotion of choice:** Make services easily available to everyone who needs them
- **Treat all fairly:** Be helpful and courteous, respect their privacy and dignity
- **Put things right when they go wrong:** Put things right quickly and effectively; learn from complaints
- **Use resources effectively:** Use resources effectively to provide best value for taxpayers and users.
- **Innovate and improve:** Look for ways to improve the services and facilities
- **Work with other providers:** Work with other providers to ensure that services are simple to use, effective and coordinated.

Problems faced in implementing the citizen's charters

Every Charter is a sole commitment of the government or Public offices for delivery of services to the beneficiaries, but there are certain drawbacks or problems faced in implementing the charter, they are

- Lack of awareness and knowledge
- Inadequate publicity,
- Loss of trust among service seekers
- Unprepared operative and supervisory staff
- Lack of infrastructure and initiative
- Gap in hierarchy between the officers and the second level Staff.
- Lack of team work
- Insensitive Supervisors
- Lack of motivation and accountability
- Irresponsible staffs
- Complicated and restrictive rules & procedures.

Sevottam Framework

The Sevottam was designed by DARPG in 2006 as an assessment improvement framework for public service delivery. The Ministry of Personnel, Public Grievances and Pensions has taken steps to register Compliant Citizen's Charter and Grievance Redress Mechanism.

What is Sevottam?

Sevottam literally is the combination of Hindi words 'SEWA + UTTAM', meaning uttam sewa i.e. excellence in services. It has basically three components



- Citizen Charter
- Public Grievance Redress Mechanism
- Service Delivery Capability.

The 2nd ARC in its 12th Report “Citizen Centric administration” has recommended that Union and State Governments should make SEVOTTAM mandatory for all organizations having public interface.

Objectives of Sevottam

It aims to provide an assessment improvement framework to bring excellence in public service delivery. The model works as an evaluation mechanism to assess the quality of internal processes and their impact on the quality of service delivery.

Steps involved in Service delivery

- Define all services which a department provides and identify clients
- Set standards and norms for each service
- Develop capability to meet the set standards
- Perform to achieve the standard
- Monitor performance against the set standards
- Evaluate the impact through an independent mechanism
- Continuous improvement based on monitoring and evaluation results.

Seven Steps to Sevottam Compliant Grievance Redress System

- Well established system of receipt of grievances
- Convenient for all users and its wide publicity
- Timely acknowledgement
- Time norm for redress
- Communication of action taken on redress
- Platform for Appeal
- Analysis of grievance prone areas for making systemic improvements

An organization which meets Indian Standard 15700:2005 will be entitled for “Sevottam” certification, “Sevottam” being the Indian name for excellence in service delivery.

IS 15007:2005

After implementing Sevottam across the country, DARPG demanded Bureau of Indian Standards (BIS) to create a standard that addresses the concerns of service delivery by government organizations. By doing that, India has become the first country to have a published standard for Public Service Delivery.

To fulfil the requirements of Quality Management System Sevottam, an Indian Standard 15700:2005



was created for certifying organizations. The IS 15700:2005 has certain citizen centric features such as the Citizen's Charter, Grievance Redress Mechanism, and nomination of an Ombudsman etc.

Elements of IS 15700:2005

The Indian Standard on Service Quality by Public Service Organization focuses mainly on the following 3 key elements:

- Formulation of a realistic Citizen's Charter through a consultative process.
- Identification of services rendered, Service delivery processes, their control and delivery requirements.
- An effective process for complaint handling.

The DARPG has developed this model for benchmarking Excellence in Public Service Delivery and it provides the frame work to organizations to assess and improve the quality of service delivery for the citizens.

Various Instruments of Redressal of Public Grievances

In order to make public service delivery more efficient, the government built machinery for redress of public grievances in every Ministry/Department, by fixing time for disposal of public grievances. An online computerized Public Grievances Redressal and Monitoring System (PGRAMS) is also established. An independent authority to oversee the action regarding redressal of public grievances is one of the essential instruments in the process of addressing the complaints of the public

Various Instruments that are established as redressal mechanisms are:

- Establishment of *grievance redressal machinery* under citizens' charter.
- Fixing time frames for grievance redressal.
- Establishment of an *Institution of Ombudsman* in the local level known as Lokpal and Lokayukta to oversee redressal of grievances.
- Monitoring of grievance redressal at the Head of the Department, Secretary and minister levels periodically using computerized monitoring system and placing the results before the public.
- Strengthening of Consumer Courts.
- Increased transparency of and the public's access to, information on public finances is essential to supplement legislative scrutiny.
- Establishment of Call Centre and development of a web-enabled grievances disposal monitoring system.
- Involvement of civil society in the processing and tracking disposal of grievances.



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