

Corruption advisory for corporate India

Transparency International issues do's and don'ts

Business Standard, September 9, 2003

Our Corporate Bureau

Alarmed by the fact that almost 75 per cent of Indian corporates expect corruption to exacerbate in the near future, Transparency International has come out with guidelines to counter it. A set of do's and don'ts to handle bribery, facilitation payment, political contribution, charitable contribution and sponsorship.

The guidelines say since facilitation payments are a form of bribery, enterprises should work to identify and eliminate them. It suggests the enterprise raise the issue at the highest level of the organisation from which demands for such payments originate.

It adds that from the supply side, enterprises operating in societies where facilitation payments are prevalent can work with other enterprises to reduce demands from public sector employees by encouraging government agencies to implement control systems, provide adequate remuneration and build employee capacities.

Transparency International says an enterprise should formulate a policy and criteria for political contribution. It suggests that if an enterprise wants to support the political process on a non-partisan basis, it could use a formula such as the relative size of the principal political parties reflected by the number of seats won in the last election.

Contributions should not be made when there is a prospect of business contracts or benefits arising in the short or medium term from the party being in the government.

Transparency International, along with the Centre of Social Markets, is exploring with leading companies in the country to determine whether the dissemination and adoption of these principles should be taken up more widely.

While the first such meeting was held in Delhi on Monday with corporates like Dabur and Oracle, another one will be organised in Mumbai with the Tatas and other big corporates.

On charitable payments and sponsorships, Transparency International says an enterprise should ensure there is no potential conflict of interest that can affect a material transaction.

For this, employees and business partners should be given training on avoiding conflicts of interest arising from contributions or sponsorships to organisations with which they have links.

Also, the enterprise should monitor and track charitable contributions and sponsorships to make sure they accrue to the intended purpose.

Business Standard Ltd.

5, Pratap Bhavan, Bahadur Shah Zafar Marg, New Delhi - 110002. INDIA

Ph: +91-11-3720202, 3739840. Fax: 011 – 3720201

Copyright & Disclaimer