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दृष्टिपूतं न्यसेत्यादं वस्त्रपूतं पिबेज्जलम् ।
शास्त्रपूतं वदेद्धक्यं मनःपूतं समाचरेत् ॥

- Look before you take a step,
- Filter the Water through cloth before you sip,
- Conform to scriptures while speaking up,
- For conscience's sake, obey its whip!

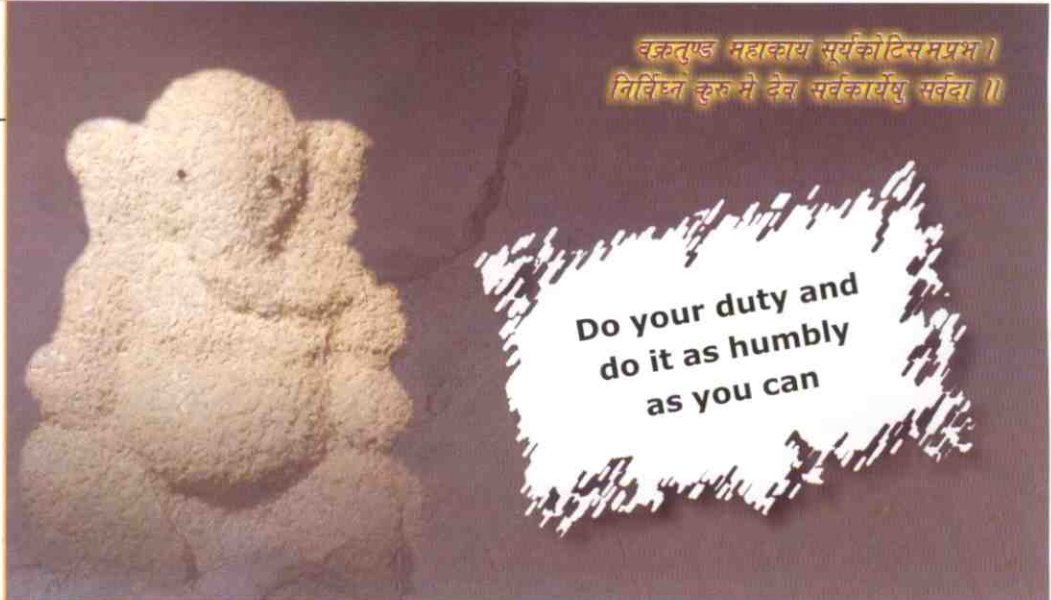
-Kautilya's Neeti Shastra

From CVO's Desk

A packaging of knowledge, experience and practice becomes wisdom. Trinkets of random thoughts and nuggets of information are strung together in this issue of Spandana. A harmonious marriage of ethical values with practical priorities is what is essential to an organisation that is forging ahead in a dynamic world. Ethics and vigilance will be totally counterproductive unless it is internalized and coalesces with the total culture of the PSU. To view it in isolation is missing the forest for the tree. Our endeavour will continue to be dissemination of knowledge and experience in improving systems so that prevention always prevails over occurrence. Let us apply our collective wisdom to the work environment and bring a melding of ethical practices with excellence in all other spheres to forge our organization ahead. All other things being equal, integrity and honesty always wins at the end of the day.

S. Srinivasan

(S Srinivasan, IAS)



Do your duty and
do it as humbly
as you can

Vision of Father of Nation and his Warning about Corruption



Four days before his assassination, Mahatma Gandhi warned the country during his prayer meeting. "The subject of corruption referred to by the correspondent is not new. Only it has become much worse than before. Restraint from without has practically gone. Corruption will go when the large number of persons, given to the unworthy practice, realize that the Nation does not exist for them but that they do for the Nation. It requires a high code of morals, extreme vigilance on the part of those who are free from the corrupt practice and who have influence over corrupt servants. Indifference in such matters is criminal. If our evening prayers are genuine, they must play no mean part in removing from our midst the demon of Corruption".

Delhi Diary, 1948





POSSESSION OF DISPROPORTIONATE ASSETS

-A Glimpse of 2 cases in RINL, VSP

- ❖ 'X', an executive of RINL has been found guilty of misconduct in possession of assets grossly disproportionate to his known sources of income showing that he has been amassing his wealth using illegal and unlawful means misusing his official position. Therefore, the CBI Court has sentenced 'X' to undergo Rigorous Imprisonment for a period of 03 years and to pay a fine of Rs. 50,000-00, in default of payment of fine, to undergo further Rigorous Imprisonment for three months under different sections of Prevention of Corruption Act 1988. The Court also directed that Rs.93,00,000/- in the forms of cash, Fixed Deposits etc., found in possession of 'X' shall stand confiscated to the State.
- ❖ 'Y', an executive of RINL has been found guilty of misconduct in possession of disproportionate assets, a sum of Rs. 76 lakhs which he could not satisfactorily account, has been convicted under different sections of Prevention of Corruption Act 1988; and was
 - i. Sentenced to undergo imprisonment for a period of two years and imposed a fine of Rs.50,000/- and in default of payment of fine, to undergo imprisonment for a period of 3 months;
 - ii. Sentenced to undergo Rigorous imprisonment for a period of one year and imposed fine of Rs.50,000/- and in default of payment of fine, to undergo imprisonment for a period of 3 months;
 - iii. Sentenced to undergo Rigorous Imprisonment for a period of one year and imposed fine of Rs.50,000/- and in default of payment of fine to undergo imprisonment for a period of 3 months. Thus, the total amount of fine is Rs.1,50,000/-. All the sentences to run concurrently. The Court also directed that an amount of Rs.76,00,000/- being the disproportionate assets in the possession of 'Y' is confiscated to Government.



PAYMENT OF HRA TO A NON-ENTITLED EMPLOYEE

-An Investigation

- ❖ A source complaint has been received in Vigilance Department, RINL regarding "Payment of HRA to a non-entitled employee".
- ❖ **Vigilance Investigation – Modus Operandi:**
- ❖ X and Y working in VSP, at Headquarters. X and Y got married and they have submitted a Joint Declaration to Personnel Department that X will claim all facilities (LTC/LLTC, Medical etc.,) for self and family members during 1988. X was allotted a quarter in Steel Township in the year 1992 which was in his occupation till end of the year 1994. However, consequent upon surrendering his quarter to Estate Section, his wife (Y) was allotted a Company Quarter during Nov. 1994 (as per quarter allotment rules) in Steel Township, which is under her occupation. After surrendering his quarter, X was paid HRA in his pay (from Nov. 1994 to Dec. 2006) without any application from him, as per the Quarter Allotment Rules existing at that time.
- ❖ **Background to the above investigation:**
- ❖ The above investigation has been made in line with our earlier inquiry which took place a few years back, wherein 14 similar cases were identified and the matter has been put up to the Board. Board has approved the same w.e.f. 10.5.2003 which stipulates that HRA is not admissible when either of the employees (wife or husband) is allotted Company's Accommodation working at the same place/station.
- ❖ Subsequently, HRA Rules of the Company are modified w.e.f. 10/05/2003 as per which;

"the employees **shall not be entitled to HRA**, if his wife/her husband has been allotted accommodation at the same station by the Company, whether he/she resides in that accommodation or he/she resides separately in accommodation rented by him/her."
- ❖ As per the above rule, X is not eligible for House Rent Allowance from 10/05/2003 onwards.
- ❖ In the subject case, even though X was drawing HRA from Nov. 1994 to May 2003, the date of effecting recovery has been taken as 10/05/2003 only (as stipulated in the HRA amendment circular). Vigilance has taken up with Information Technology Department and obtained the data pertaining to HRA payment to X since 10/05/2003 till Dec. 2006. As per the data obtained from IT Department, it was arrived that X was paid an amount of Rs.60,000-00 (approx.) towards House Rent Allowance, which is not admissible.
- ❖ **Findings, Action taken :**
- ❖ An ADVISORY letter has been issued to the employee in line with the suppression of information towards undue receipt of HRA. The Head of the Department (of 'X') has advised Finance Department-Pay Section **to effect recovery** of excess House Rent Allowance paid to the employee.
- ❖ **Preventive Action & Vigilance suggestions:**
- ❖ Suggested Personnel Department to maintain up-to-date DATABASE of all employees and their spouses working in the organization, to avoid recurrence of such irregularities.
- ❖ To advice all employees to inform the Personnel Department if their spouses are working in the Company.
- ❖ Personnel Department to advice Finance Department regarding payment of HRA, LTC/LLTC etc., in all cases of employees whose spouses are also working in the Company.

E-COMMERCE - A MODERN TOOL FOR EFFICIENT AND TRANSPARENT BUSINESS

-Dr.SN Rao, DGM(ERP) & Shri K.Satyanarayana, AGM(ERP)

To remain competitive, firms in the industrial sector have to face challenges in order to reduce development time, improve product quality and reduce production costs and lead-times in procurement and shipments. Therefore, strategies that account for flexibility, integration, quality and efficiency need to be considered and implemented.

E-Commerce is found to be one such tool best suited for the business to achieve the above goals with transparency and efficiency. With the advent of technological revolution in computers, communication equipments, networking solutions and software development, "e-commerce or Electronic Commerce" emerged as the boundary-less trade medium in the era of globalization

To encourage e-commerce in India, Central Vigilance Commission (CVC) advised all public sector organizations to adopt e-commerce like reverse auction, e-auction, e-procurement etc. At RINL, e-commerce was introduced with the in-built e-auction site for selling of raisings in steel making. Complying the CVC guidelines, Enterprise Resource Planning (ERP) being an instrumental agency used to manage RINL's resources and integrate all business management functions. Following are the advantages while implementation of ERP along with e-commerce solutions in RINL.

- ❖ Validate all users to avoid deliberate subversion/accidental corruption.
- ❖ Tamper proof hardware is used for cryptographic functions.
- ❖ Networking with hard and soft firewall to avoid intrusion.
- ❖ Use of Software certified by standard agencies.
- ❖ Transactions can be hidden, changes can be detected and source can be confirmed by using cryptography. Encryption and digital signatures ensure the security of these functions.
- ❖ End User agreements and education to customers and vendors would help secured operations.
- ❖ Customized Client software also helps in identifying security risks.
- ❖ Legal and regulatory issues can be addressed by monitor, anticipate and implement necessary changes in the software and systems.
- ❖ Providing security awareness to vendors, customers, employees and other stake holders.



In order to ensure faster and transparent business, Vizag Steel has proposed the following in its requirement of ERP solution:

- ❖ Ability to provide access to customers/vendors for entering and monitoring the orders online with provision of in-built security rules based on the type of customer/vendor so that they can access only the required information from the application.
- ❖ Ensure that those with access to the ERP System have access only to the data which is relevant to them; and Access to the relevant data is further restricted to either inquiry or update depending on the responsibility.
- ❖ Appropriate security architecture is recommended considering authentication and authorization services, appropriate connectivity e.g. VPN / Dial-up / Internet, Proxy / Firewall services, application and system recovery etc.,
- ❖ Security rules to be built in so that the customers / vendors access only the relevant information and enter their bid online.

e-Commerce through ERP solution in VSP/RINL :

Following are the major areas where e-Commerce is expected to be implemented and integrated with ERP at VSP/RINL.

- ❖ Ensure integration with VSP portal for customers and vendors for secured on-line interaction in their business dealings with VSP.
- ❖ Facilitate payment/service gateways for ease and fastness in transactions.
- ❖ **Facilitate E- Procurement through :**

Online vendor registration; Place NITs online and Receive bids online; Communicate PO and receive acknowledgement; Advance Shipment notice; Communicate status of receipt, inspection & payment; Other automated purchase activities like RPN, follow-up, amendments etc., Centralizing contract oversight activities that could act as a conduit for information and analysis that can be valuable for strategic planning, cost control, and projections of enterprise wide needs; Link for e-tender and e-bids with e-procurement; E-Procurement for service contracts; E-Tendering / E-Procurement process and standardized formats; Workflow based automated flow of documents and approval based on DOP and agreed norms of cycle time; Workflow enabled approval and escalation; Centralized and streamlined contract management.

- ❖ **Facilitate E-Auction through:**

Ability to allow branch managers to issue e-auctions with quantity of each product; Ability to capture reserve price against each product offered for the auction; Ability to route the reserve price through an approval process as per VSP DOP. Audit Trails of the entire approval process should be available; Ability to enable cross country bidding for e-auction issued by a particular branch; Ability to register prospective customers for bidding; Ability to send notifications to the registered customers once the E-Auctions are floated by VSP; Ability to record receipt of EMD & LOI from the customer and details thereof; Ability to receive EMD at any branch location in addition to the branch issuing the e-auction; Ability to enable re-auctioning if required; Ability to send notifications to the registered customers once the e-auction notification is floated by VSP; Ability for customers to enter their bid online. There should be security rules built in so that the customers access only the relevant information; Ability to generate sales orders automatically from the approved bids; Ability to generate all India E-Auctions report, product wise & Location wise.

Since the future business is "Every thing through Electronic", adoption of E-Commerce in the organizations is going to be a "Must be Situation". The organizations require to bring in some change management initiatives and acceptance of the same is a major challenge in the process of E-Commerce implementation. However, in the long run, organizations can plan and implement their strategic and business decisions in a streamlined and effective way.

LEVERAGING TECHNOLOGY - C.V.C. GUIDELINES

Central Vigilance Commission had directed all the organizations / departments / agencies over which the Commission has jurisdiction for extensive use of technology for improving Vigilance Administration in order to prevent the possibilities of corruption.

In line with the above, the Central Vigilance Commission in exercise of the powers conferred on it under section 8(i)(h) of CVC Act 2003 issued several instructions for compliance. Mainly to improve the systems, to achieve desired transparency, fairness and equity thereby help to reduce corruption. The following CVC circulars are relevant in this regard:

Sl. No	Circular Number	Circular Date	Sl. No	Circular Number	Circular Date
1	98/ORD/1	18.12.2003	5	57/9/05	20.9.2005
2	10/2/04	11.2.2004	6	31/9/06	1.9.2006
3	13/3/05	16.3.2005	7	40/11/06	22.11.2006
4	46/7/05	28.7.2005	8	13/4/07	18.4.2007

The following check list may help all concerned to comply with the CVC guidelines referred above in connection with leveraging of technology for increasing transparency, fairness, equity etc.

- ❖ All NITs/ITTs are to be placed on the website of the Company as well as in the website of Govt. tenders in addition to publishing in the newspapers as the case may be in a concised manner.
- ❖ To provide complete information on the website regarding rules and procedures governing tenders, sales, recruitment, vendor registration, empanelment of contractors etc.
- ❖ All application forms, tender forms etc. should be made available on website in a downloadable form.
- ❖ If the organization wishes to charge for the application forms downloaded from the computer, the same may be done at the time of submission of them.
- ❖ All the documents to be enclosed or information to be provided by tenderers / applicants shall be clearly explained on the website and should also form part of such application / tender.
- ❖ The tenderers / applicants shall be informed of the deficiencies in their submissions.
- ❖ Raising repeated queries in a piece-meal manner should be viewed as a misconduct having Vigilance angle.
- ❖ To give adequate publicity in newspaper about the facilities and information available in website by giving the website address of the organizations in all such advertisements.
- ❖ Status of individual applications/tenders shall be made available in the website and shall be updated from time to time.
- ❖ Wherever feasible, accept 'on-line' applications.
- ❖ All possible efforts may be made to switch over to e-governance mode and integrate all business processes.
- ❖ Details of awarded contracts / purchases made etc. to be placed on website in the format prescribed covering atleast 60% of the transactions.
- ❖ All bill payments to contractors / suppliers etc. should be made through e-payment mechanism wherever such facilities exist.
- ❖ Payment details to be placed on website on monthly basis indicating the date of receipt of the bill and the date of release of payment.
- ❖ Provide enabling environment so that customers / businessmen can make the payment to the organization electronically.

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Note: Now Spandana can be viewed at <http://www1.vspsite.org/vigilance/spandana/tabid/70/default.aspx>

Feedback for improvement is welcome to spandana@vizagsteel.com

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