

## Indian steel set to get stainless

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NEW DELHI: Bribing a public sector steel company to bag a contract will lead to a supplier being blacklisted internationally. The steel ministry will soon make it mandatory for all its PSUs to make internationally acceptable 'integrity pact' a part of all future contracts with suppliers.

The integrity pact (IP) is a tool developed by Transparency International to help governments, businesses and civil society fight corruption in public contracting. The model, being followed by several enterprises globally, binds a company and its suppliers to a ethical conduct contract. An independent body evaluates the entire process and the company as well as the bidder could be blacklisted for any slip-ups.

"All PSUs under the ministry of steel, including Steel Authority of India (SAIL) and Rashtriya Ispat Nigam (RINL) would apply IP norms in all their procurement contracts starting next fiscal (FY08). While the move would ensure transparency in procurement, it would also enable steel companies to source state-of-the-art equipment from European countries," an official source said.

European suppliers are reluctant to enter into contacts with Indian companies as they fear that deals would not be secured without bribing officials. While IP rules are not followed by Indian companies, several European companies observe the rules in their deals, the source added.

It is understood that SAIL and RINL would first integrate their procurement processes on the basis of IP rules. Other steel PSUs will do so later in a phased manner. SAIL and RINL together propose to spend over Rs 100,000 crore for expansion and it is feared that without a strict vigilance system, the deals could get mired in corruption.

The proposal for integrating IP in deals of Indian PSUs follows directions in this regard from the Central Vigilance Commission (CVC). Despite CVC directions till date only ONGC follows IP regulations.

Application of IP involves setting up an external independent monitoring mechanism, which in case of Indian companies would be done in consultation with CVC. Transparency International's Indian Chapter would also advise companies. The government would also decide the threshold limit of contracts that would have to observe IP systems.

Application of IP in India is slow as the pact has its roots in the OECD convention against bribery. The proposal is considered another tactic of the West to erect barriers against Third World countries.



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