

STATUS AND PRACTICE OF ETHICS IN VSP

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Since its inception, Visakhapatnam Steel Plant has focused on customer satisfaction, operational excellence, employee welfare, organizational leadership, social responsibilities and citizenship. Consistent with the thrust on these dimensions, the company had been one of the most respected companies in the country for its value based practices, trust and competitive performance. The organization explicitly seeks to improve the quality of life in the communities they serve. Through various policies, guidelines, norms etc. it is ensured that high standards of behavior is exhibited from the employees and the company. They guide each employee on the values, ethics and business principles.

5.1 POLICIES, GUIDELINES AND NORMS IN STEEL PLANT

Policies, Rules, Regulations, Instructions, Manuals And Records Used By The Employees For Discharging Its Functions

Sri Rajiv Gandhi once observed that out of every rupee meant for the anti-poverty programmes, only 15 paise reached the beneficiary. Out of the 85 paise, may be 40 paise can be accounted for as administrative overheads. The leakage of the remaining 45 paise is definitely due to corruption. Corruption is, therefore, anti-poor.

Various policies envisaged in Visakhapatnam steel Plant to lead a transparent work life are

- Vigilance Policy
- Quality, Environment And Occupational Health & Safety Policy
- Customer Policy
- Energy Policy
- HR Policy
- HRD Policy
- IT Policy
- Draft Policy on Cash Management
- Rules & Policies

Following is the list of various rules, regulations, manuals and records used by the employees of RINL for discharging their functions.

- i) Personnel Manual
- ii) Certified Standing Order
- iii) Raw Material Accounting Procedure

- iv) Production Accounting Procedure
- v) Dispatch, Contract and Works Procedure
- vi) Traffic Procedure
- vii) Purchase Procedure
- viii) Stores Procedure
- ix) Marketing Procedure
- x) Finance Procedure
- xi) Medical Procedure
- xii) Administration Procedure
- xiii) Mines Procedure
- xiv) Miscellaneous Procedure
- xv) Vigilance Manual

The Norms Set By RINL/VSP For Discharge Of Its Function

The Company has well defined procedures and guidelines for discharge of various functions. These are highlighted below:

- Delegation of Powers: The Board of Directors has delegated power to the Chairman-cum-Managing Director of the Company who in turn delegated power to the Functional Directors/Officers of the Company at various levels for discharging their functions and responsibilities within the powers delegated to them.
- Structured Policies and Guidelines: RINL is having well structured policies and guidelines governing major activities of the Company. While discharging the functions, the officers follow these laid down policies and guidelines.

- Guidelines of Department of Public Enterprises: RINL being a Public Sector Undertaking follows the guidelines of Department of Public Enterprises and directives of Government of India issued from time to time.
- Guidelines of Chief Vigilance Commission: RINL being a Public Sector Undertaking follows the guidelines of Chief Vigilance Commission.
- Compliance of provisions of Statutes, etc.: While discharging the respective functions, officers are required to comply with the provisions of all applicable Statutes and Rules and Regulations. RINL/VSP ensures that its various products meet the relevant Indian and International standards and norms details of which are available at the website vizagsteel.com RINL/VSP accords utmost priority to the customer satisfaction and delight and enunciated its customer policy in this regard which is as follows:
 - a. VSP will endeavour to adopt a customer-focused approach at all times with transparency.
 - b. VSP will strive to meet more than the customer needs and expectations pertaining to Products, Quality, Value for Money and Satisfaction.
 - c. VSP greatly values its relationship with customers and would make efforts at strengthening these relations for mutual benefit.

RINL/VSP has enunciated its Quality, Environment and Occupational Health & Safety Policy which is as under

- a. Supply quality goods and services to customers' delight.
- b. Document, implement, maintain & periodically review the management systems including the policy, objectives and targets.
- c. Use resources efficiently and reduce wastage & prevent pollution.

- d. Comply with all relevant legal, regulatory and other requirements applicable to Products, activities and processes in respect of Quality, Environment, Occupational Health & Safety and also ensure the same by contractors.
- e. Continually improve quality, environment, occupational health and safety performance with respect to products, activities, processes, premises and services.
- f. Encourage development and involvement of employees.
- g. Maintain high level of quality, environment, occupational health and safety consciousness amongst employees and contract workers by imparting education and training.

Consent letters for discharge of emission, effluents and hazards on wastes are given by the Andhra Pradesh Pollution Control Board indicating the relevant norms/stipulations.

As a commercial organization, RINL/VSP lays utmost emphasis on speedier decision making and processing. Proposals and Correspondence (both internal and external) are cleared promptly with due prioritization meeting / customers' expectations in the competitive business environment.

Guidelines On The Code Of Business Conduct And Ethics For Board Members And Senior Management Personnel Of RINL

Introduction

- This code shall be called “The Code of Business Conduct & Ethics for Board Members and Senior Management Personnel of Rashtriya Ispat Nigam Limited”.

- The purpose of this Code is to enhance ethical and transparent process in managing the affairs of the company.
- This Code for Board Members and Senior Management Personnel has been framed specially in compliance of the provisions of the guidelines issued by the DPE.
- It shall come in to force with effect from 13th November 2007.

Definitions and Interpretations

- The term “Board Members” shall mean Directors on the Board of Directors of the Company.
- The term “ Whole-time Directors” or “Functional Directors” shall be the Directors on the Board of Directors of the Company who are in whole time employment of the Company.
- The term “Part-time Directors” shall mean the Directors on the Board of Directors of the Company who are not in the whole time employment of the Company.
- The term “Relative” shall have the same meaning as defined in Section 6 of the Companies Act, 1956 (Refer Appendix – I).
- The term “Senior Management Personnel” shall mean personnel of the Company who are members of its core management team excluding Board of Directors and would comprise all executives in the grade of E-9, E-8 and HODs in the grade of E-7.
- The term “the Company” shall mean Rashtriya Ispat Nigam Limited.

Note: In this code word importing the masculine gender shall include feminine gender and word importing singular shall include the plural or vice-versa.

The Applicability

- This code shall be applicable to the following personnel :
 - a) All Whole-time Directors including the Chairman and Managing Director of the company.
 - b) All Part-time Directors including Independent Directors under the provisions of law.
 - c) Senior Management Personnel.
- The Whole-time Directors and Senior Management Personnel should continue to comply with other applicable / to be applicable policies, rules and procedures of the Company.

Contents of the Code

Part I General Moral Imperatives

Part II Specific Professional Responsibilities

Part III Specific Additional Provisions for Board Members and Senior Management Personnel

This code is intended to serve as a basis for ethical decision making in the conduct of professional work. It may also serve as a basis for judging the merit of a formal complaint pertaining to violation of professional ethical standards. It is understood that some words and phrases in the code of ethics and conduct document are subject to varying interpretations. In case of any conflict, the decision of the Board shall be final.

5.2 SERVICE RULES

An Over View Of Conduct, Discipline & Appeal Rules (CDA Rules) & Certified Standing Orders (CSO) Of RINL

Introduction:

The objective of any employer is to achieve its goal by proper utilization of its resources like men, material, money and machine which in turn is based upon the cordial industrial relations and good image. Discipline, team work and realisation of responsibility are essentially required to achieve the objectives by following set norms of conduct. Every employer, therefore, depending upon the nature of organization, product and process, formulates framework of certain rules and expects from its employees to maintain discipline, team spirit and mutual respect to help to achieve the set goals. Certain norms set by society of descent behavior, moral values, decency, honesty, morality, simplicity, good manners and concern for the fellow beings are attributes of a good conduct. Hence conduct can be defined as an act in line with the accepted standards of morality, decency, decorum and propriety of the society in conformity with principles of natural justice. The test of a good conduct or standard of good conduct expected of any employee can be judged by the fact that he has conducted honestly and in good faith and reasonably with due care.

Ethics is an integral part of a manager's functions. The expectations of the Company (employer) regarding the conduct of its employees are spelt out in the CDA rules/Certified Standing Orders applicable to them.

The Company expects that its employees:

- a) Maintain absolute integrity
- b) Maintain devotion to duty and
- c) Conduct himself in such a manner, which will enhance the reputation of the Company.
- d) Further the Company expects its managers (employees with supervisory powers) shall take all possible steps to ensure the integrity and devotion to duty of all employees for the time being under his control and authority.

Thus, it is the responsibility of each and every employee to keep a watchful eye by his own conduct as well as the conduct of his subordinates. Employees with supervisory powers are vested with administrative and discretionary powers (through delegation) for effective discharge of their above-mentioned responsibilities

CDA (Conduct, Discipline and Appeal) Rules :

CDA rules are a set of rules and regulations framed by the organization to regulate the conduct of its employees to maintain healthy and cordial industrial relations between employees and employer to achieve the overall objectives. The objectives of CDA rules are:

- a) To provide uniform knowledge to employees about do's and don'ts of the conduct expected of them.
- b) To serve as an instrument against waywardness of the employee and for detection of misconduct.
- c) To provide the framework of penal action in case of misconduct.
- d) To provide protection to employees against unfair treatment or harassment through review and appeal.

The violation of the provisions of the CDA rules or failure to follow certain standard of good conduct expected of an employee can be termed as misconduct or an act contrary to ideal master servant relationship between the two as a lapse on the part of employees which causes injury to trade, business or activity of employee.

Since the employees of Public Sector Undertakings (PSUs) are not civil servants they are not subjected to article 311 of the Constitution. The PSUs are formed under Factories Act and have been empowered to have their set of CDA rules as per Memorandum of Understanding (M OU) signed with the Government. As the employees of PSUs hold the statutory status being covered under Article 12, the rules and regulations so framed by these PSUs are also statutory in nature and have force of law.

The Conduct, Discipline & Appeal Rules were approved by the Board of Directors of RINL, VSP in its first meeting held on 08.04.1992 and have come into force with immediate effect. These rules are divided into 38 main clauses and many sub-clauses. Clauses 1 to 4 deal with General Information, 5 to 20A deal with the duties and obligations of the executives outlines the various misconducts and the various acts constituted as misconduct, 21 to 23 deal with Suspension, 24 deals with penalties, 25 deals with Disciplinary Authority, 34 to 35 deal with provisions of appeal and review against an order of punishment and suspension, 27 to 33 and 36 to 38 are the rules deal with discipline and disciplinary proceedings describing in detail the various penalties and procedure to impose these penalties.

Certified Standing Orders (CSO) of VSP:

The conduct rules applicable to workmen of PSUs are termed as ‘Certified Standing Orders’. The Standing Orders of VSP were certified by the Regional Labour Commissioner (Central) & Certifying Officer, Hyderabad and have come into force w.e.f. 30th June 1982. These standing orders are divided into 45 clauses and many sub-clauses. Cl. Nos. 1 to 24 deal with general information, 27.0 to 27.86 deal with the duties and obligations of workmen outline the various misconducts and the various acts constitute as misconduct, 28.0 to 28.3 punishment for misconduct, 29.0 disciplinary authority, 30 procedure for imposing punishment, 31 suspension, 32 Appeal & Appellate Authority, 33 Review of cases after appeal, 34 Grievance procedure, 35 Temporary assignment, 36 Training, 37 Tests, 38 Resignation, 39 Service certificate, 40 medical aid in case of accident, 41 Communication of address, 42 Communication to workmen, 43 Superannuation, 44 Liability of employer and 45 Saving Clause.

CONDUCT AND DISCIPLINE AT STEEL PLANT

General:

- a . Every employee shall at all times:-
 - i. Maintain absolute integrity;
 - ii. Maintain devotion to duty; and
 - iii. Conduct himself at all times in a manner which will enhance the reputation of the Company.
- b. Every employee shall take all possible steps to ensure the integrity and devotion to duty of all employees for the time being under his control and authority.

Misconduct:

Without prejudice to the generality of the term "misconduct", the following acts of omission and commission shall be treated as misconduct:-

- Theft, fraud or dishonesty in connection with the business or property of the Company or of a subsidiary or of property of another person within the premises of the Company.
- Taking or giving bribes or any illegal gratification.
- Possession of pecuniary resources or property disproportionate to the known sources of income by the employee or on his behalf by another person, which the employee cannot satisfactorily account for.
- Furnishing false information regarding name, age, father's name, qualifications, ability or previous service or any other matter germane to the employment at the time of employment or during the course of employment.
- Acting in a manner prejudicial to the interests of the Company.
- Willful insubordination or disobedience, whether or not in combination with others of any lawful and reasonable order of his superior.
- Absence without leave or over-staying the sanctioned leave for more than four consecutive days without sufficient grounds on proper or satisfactory explanation.
- Habitual late or irregular attendance or willful absence from duty.
- Neglect of work or negligence in the performance of duty including malingering or slowing down of work.
- Damage to any property of the Company.
- Interference or tampering with any safety devices installed in or about the premises of the Company.

- Drunkenness or riotous or disorderly or indecent behaviour in the premises of the Company or outside such premises where such behaviour is related to or connected with the employment.
- Gambling within the premises of the establishment.
- Smoking within the premises of the establishment where it is prohibited.
- Collection without the permission of the competent authority of any money within the premises of the Company except as sanctioned by any law of the land for the time being in force or rules of the Company.
- Sleeping while on duty.
- Commission of any act which amounts to a criminal offence involving moral turpitude.
- Absence from the employee's appointed place of work without permission or sufficient cause.
- Purchasing properties, machinery, stores etc. from or selling properties, machinery, stores etc., to the Company without express permission in writing from the competent authority.
- Commission of any act subversive of discipline or of good behavior.
- Abetment of or attempt at abetment of any act which amounts to misconduct.
- Sexual harassment of women at workplace.

Employment Of Near Relative Of The Employee In Private Undertakings

Enjoying Patronage Of The Company:

- a .No employee shall use his position or influence directly or indirectly to secure employment for any person related, whether by blood or marriage to the employee or to the employees' wife or husband, whether such a person is dependent on the employee or not.

- b. No employee shall, except with the prior sanction of the competent authority, permit any member of his family to accept employment with any private firm with which he or she has official dealings, or with any other firm having official dealings with the Company or a subsidiary Company. Provided that where the acceptance of the employment cannot await the prior permission of the competent authority, the employment may be accepted provisionally subject to the permission of the competent authority, to whom the matter shall be reported forthwith.
- c. No employee shall in the discharge of his official duties deal with any matter or give or sanction any contract to any firm or any other person if any of his relatives is employed in that firm or under that person or if he or any of his relatives is interested in such matter or contract in any other matter and the employee shall refer every such matter or contract to his official superior and the matter of the contract shall thereafter be disposed of according to the instructions of the authority to whom reference is made.

Taking Part In Politics And Elections:

Except in so far as may otherwise be specifically authorised by any law, no employee shall be a member of, or be otherwise associated with, any political party or any organisation which takes part in politics, or assist any political movement or activity, or stand for election, as a member, of a local authority or a legislative body.

Taking Part In Demonstrations:

No employee shall engage himself or participate in any demonstration which involves incitement to an offence.

Connection with Press or Radio :

- No employee shall, except with the prior sanction of the competent authority, own wholly or in part, or conduct or participate in the editing or management of, any newspaper or other periodical publication.
- No employee shall, except with the prior sanction of the competent authority, or in bonafide discharge of his duties, participate in a radio broadcast or write or publish a book or contribute an article or write a letter either in his own name or anonymously, pseudonymously or in the name of any other person to a newspaper or periodical. Provided that no such sanction shall be required if such broadcast or such contribution is of a purely literary, artistic or scientific character.

Criticism of Government and the Company:

No employee shall, in any radio broadcast or in any document published under his name or under any pen-name or pseudonym or in any communication to the press, or in any public utterances, make any statement:-

- a . Which has the effect of adverse criticism of any policy or action of the Government or of the Company; or
- b. Which is capable of embarrassing the relations between the Company and the public or between the Company and the Government.

Provided that nothing in this rule shall apply to any statement made or views expressed by an employee of a purely factual nature which are not considered to be of a confidential nature, in his official capacity or in due performance of the duties assigned to him. Provided further that nothing contained in this rule

shall apply to bonafide expression of views by him as an office-bearer of a recognised trade union for the purpose of safeguarding the conditions of service of such employees or for securing an improvement thereof.

Evidence before Committee or Any Other Authority:

- Save as provided in sub-rule (3), no employee shall, except with the previous sanction of the competent authority, give evidence in connection with any enquiry conducted by any person, committee or authority.
- Where any sanction has been accorded under sub-rule (1), no employee giving such evidence shall criticise the policy or any action of the Government or of the Company.
- Nothing in this rule shall apply to :
 - a) evidence given at any enquiry before an authority appointed by the Government, Parliament or a State Legislature or the Company or a Subsidiary Company;
 - b) evidence given in any judicial enquiry; or
 - c) evidence given at any departmental enquiry ordered by authorities subordinate to the Government;
 - d) evidence given at any departmental enquiry ordered by any Public Sector Undertaking.

Unauthorised Communication Of Information :

No employee shall, except in accordance with any general or special order of the Company or in the performance in good faith of the duties assigned to him, communicate, directly or indirectly any official document or any part thereof or information to any person to whom he is not authorised to communicate such document or information.

Gifts:

- a) No employee of the Company shall accept or permit any member of his family or any person acting on his behalf, to accept any gift.

Explanation:

The expression "Gift" shall include free transport, board, lodging or other service or any other pecuniary advantage when provided by any person other than a near relative or a personal friend having no official dealings with the employee.

Note:

- A casual meal, lift or other social hospitality shall not be deemed to be a gift.
 - An employee shall avoid acceptance of lavish or frequent hospitality from any individual or firm having official dealings with him.
- b) On occasions such as weddings, anniversaries, funerals or religious functions, when the taking of a gift is in conformity with the prevailing religious or social practice, an employee of the Company may accept gifts from his near relatives but he shall make report to the competent authority if the value of the gift exceeds:-
- Rs.500/- in the case of Executives, and
 - Rs.250/- in the case of Non-Executives.
- c) On such occasions as are specified in sub-rule (2) an employee of the Company may accept gifts from his personal friends having no official dealings with him, but he shall make a report to the competent authority if the value of any such gift exceeds Rs.250/-.
- d) In any other case, an employee of the Company shall not accept any gifts without the sanction of the competent authority if the value thereof exceeds Rs.250/- provided that when more than one gift has been received from the same person/firm within a period of 12 months, the matter shall be reported

to the Competent Authority if the aggregate value of the gifts exceeds Rs.250/-.

Giving Or Taking Dowry :

No employee shall —

- i. give or take or abet giving or taking of dowry; or
- ii. demand, directly or indirectly from the parents or guardian of a bride or bridegroom, as the case may be, any dowry.

Explanation:

For the purpose of this rule, "dowry" has the same meaning as in the Dowry Prohibition Act, 1961 (28 of 1961).

Prohibition Of Sexual Harassment Of Women Employees:

- i. No employees shall indulge in any act of sexual harassment of any woman at workplace.
- ii. Every employee who is in charge of a workplace shall take appropriate steps to prevent sexual harassment to any woman at such workplace.

Explanation:

For the purpose of this rule, sexual harassment includes such unwelcome sexually determined behaviour, whether directly or otherwise, as:

- a) physical contact and advances;
- b) demand or request for sexual favours;
- c) sexually coloured remarks;
- d) showing any pornography; or
- e) any other unwelcome physical, verbal or non-verbal conduct of a sexual nature.

Provided that where there is a complaint of sexual harassment within the meaning of Clause 13A, the Complaints Committee established in the company for inquiring into such complaints, shall be deemed to be the inquiring authority appointed by the disciplinary authority for the purpose of these rules and the Complaints Committee shall hold, if separate procedure has not been prescribed for the Complaints Committee for holding the inquiry into the complaints of sexual harassment, the inquiry as far as practicable in accordance with the procedure laid down in these rules.

Private Trade Or Employment:

- a) No employee shall except with the prior sanction of the competent authority, engage directly or indirectly in any trade or business or undertake any other employment or negotiate for taking an employment. Provided that an employee may, without such sanction undertake honorary work of a social or a charitable nature or occasional work of a literary, artistic or scientific character, subject to the condition that his official duties do not thereby suffer.
- b) Every employee shall, report to the competent authority if any member of his family is engaged in any trade or business or owns or manages an insurance agency or commission agency.
- c) No employee shall, without the prior sanction of the competent authority, except in the discharge of his official duties, take part in the registration, promotion or management of any bank or other company which is required to be registered under the Companies Act, 1956 (1 of 1956) or any other law for the time being in force or any cooperative society for commercial purposes.

Provided that an employee may take part in the registration, promotion or management of a consumer/House Building Cooperative Society substantially for the benefit of employees of the Company or a subsidiary Company, registered under the Cooperative Societies Act, 1912 (2 of 1912) or any other law for the time being in force, or of a literary, scientific or charitable society registered under the societies Registration Act, 1860 (21 of 1860) or any corresponding law in force.

- d) No employee may accept any fee or any remuneration or any pecuniary advantage for any work done by him for any public body or any private person without the sanction of the competent authority.
- e) No Functional Director of the Company including the Chief Executive, who has retired from the service of the Company, after such retirement, shall accept any appointment or post, whether advisory or administrative, in any firm or company, whether Indian or foreign, with which the company has or had business relations, within two years from the date of his retirement without prior approval of the Government.

Investment, Lending And Borrowing :

No employee shall, save in the ordinary course of business with a bank, the Life Insurance Corporation or a firm of standing, borrow money from or lend money to or otherwise place himself under pecuniary obligation to any person with whom he has or is likely to have official dealings or permit any such borrowing, lending or pecuniary obligation in his name or for his benefit or for the benefit of any member of his family.

Insolvency And Habitual Indebtedness:

- a) An employee shall avoid habitual indebtedness unless he proves that such indebtedness or insolvency is the result of circumstances beyond his control and does not proceed from extravagance or dissipation.
- b) An employee who applies to be, or is adjudged or declared insolvent shall forthwith report the fact to the competent authority.

Movable, Immovable and Valuable Property:

- a. No employee shall, except with the prior knowledge of the competent authority, acquire or dispose off any immovable property by lease, mortgage, purchase, sale, gift or otherwise, either in his own name or in the name of any member of his family.
- b. No employee shall, except with the previous sanction of the competent authority, enter into any transaction concerning any immovable or movable property with a person or a firm having official dealings with the employee or his subordinate.

Explanation:

For the purpose of these sub-rules, the expression "movable property" includes inter-alia the following:-

- a. Jewellery, insurance policies, the annual premium of which exceeds Rs.10,000/ or one sixth of the total emoluments received from the Company whichever is less, shares, securities and debentures;
- b. Loans advanced by such employee whether secured or not;
- c . Motor cars, motor cycles, horses or any other means of conveyance;

GENERAL DOS AND DON'TS :

Visakhapatnam Steel Plant has documented some dos and don'ts, in general and circulated to all its officers for discharge of their moral duty. They are

General Dos:

- One's actions and decisions in official matters should be such, as a person of ordinary prudence would take in his own personal business affairs. In matters requiring technical expertise of the discipline to which the officer belongs, the actions and decisions should be able to stand the test of the required expertise/ technical knowledge. In fact, this is the test of integrity. If you take a decision in a normal official matter parallel to decision you would have taken in a similar situation in your home affairs, you pass the test of integrity.
- Keep the image, both in public and among staff, as that of an honest, just but firm officer. It will pay rich dividends.
- Observe normal courtesies in dealings with the public, subordinates and colleagues. Many complaints have their genesis in the discourtesies and misbehavior with employees, contractors and others who come in contact with you.
- Always take prompt action to redress the complaints or grievances of the people, wherever possible. If you have to say 'no' to somebody, say the same very politely and firmly. You should not only try to buildup the confidence of the people in management, but also avoid unnecessary vigilance cases.
- Every executive having supervisory functions is a vigilance officer in respect of persons under his charge and all conduct rules enjoin upon him

to take all possible steps to ensure the integrity and devotion to duty of the employees under his control and authority. A man of integrity is accepted, believed, trusted and befriended by all.

- Do respect the laws of the land and observe them both in letter and spirit. Laws are not masters but servants, and he rules them who obey them. Remember that you are not only an example for others, but are more vulnerable by virtue of your position.
- Infringement or any violation of any law for the time being in force could result in departmental action apart from the proceedings under the law violated, e.g. laws relating to prohibition, bigamous marriages, intoxication of drugs, giving or taking bribes etc.
- Please verify whether any rules, regulations, policies, guidelines, procedures, practices and functions exist in the organization about the modalities in which the work of your unit is to be carried out. Some instructions might have been issued from time to time; some of them might have become defunct or obsolete. It would be advantageous to consolidate them so that clear and unambiguous guidelines are available to the employees of your unit. These guidelines will only help you in your work and thus make everyone's task in the unit easy.
- If there are no written instructions or procedural guidelines about the work in your unit and the work is being carried out as per the needs and circumstances, it would be desirable to make a humble beginning by laying down the existing procedures which are being followed. It would definitely help the new entrants to your unit and once it is put on paper, improvements would come automatically. This will also help in sharing of responsibility on individual decisions. Remember you cannot escape the responsibility of tomorrow by evading it today.
- The schedule of Delegation of Powers confers a large amount of

discretion on the executives at various levels and the company expects the executives to use the discretion judiciously. Proper caution should be taken in the exercise of discretionary powers and as far as practicable, reasoning for the use of discretion in a particular case in a particular manner should be recorded. Vigilance would not question the use of such discretionary powers unless there is clear evidence of abuse of such powers.

- In respect of a power vested in you under the delegation, a committee might have been constituted to negotiate, purchase etc. The committee is to assist you in taking a decision and appointment of a committee does not amount to abdicating one's responsibility. Whereas each member of such a committee is jointly and severally responsible, the responsibility for the final decision rests on you.
- In a commercial organization like RINL, it might not be possible to keep detailed records as executives have to deliver the goods on the spot or at the site. Whenever you are departing from the existing instructions or taking recourse to emergency measures or situations, kindly record the reasons for deviations logically and systematically in your own interest. Existence of such contemporary record is your safest insurance against Vigilance, CBI or other investigating agency and you should always keep your insurance valid.
- Please make surprise or periodical visits to check stores, etc. On the spot recording of inconsistencies, if any, keeps the employees under you not only on their toes but is an insurance against irregularities and pilferage. Element of "Surprise" is as essential as advance planning of visits on 'periodical' basis.
- Always make it a point to record the minutes of a meeting at the earliest possible, not later than 48 hours of the conduct of such meetings and

minutes must be circulated to all concerned positively within five days of holding such meetings. Delay in writing minutes of the negotiating committee, purchase committee, tender committee etc., tends to give scope for suspicion that some manipulations might be taking place. Wherever practicable, the minutes of such committee meetings should be recorded immediately at the conclusion of the meeting and signed by all the members so that in case there is any point of ambiguity, the same could be clarified by the concerned members at the time of signing.

- Always date your initials or signatures. It might save you sometimes from possible future embarrassments.
- The Conduct, Discipline and Appeal Rules (commonly referred to as Conduct Rules) are in the nature of guidelines and are not only for keeping the management informed about the personal acquisitions, disposals etc., of the employees but are also meant for their protection against allegations made by unscrupulous persons. The disclosures made or permission obtained at appropriate time as required under the Conduct Rules would provide you protection against unnecessary allegations at a later date. Even if you have taken advance for the purchase of Car, House etc., from the Company, this does not dispense with the permission or information under the Conduct Rules.
- Every employee is required to maintain absolute integrity at all times under the Conduct Rules. A man of integrity will never listen to any plea against conscience and is always accepted, believed, trusted and befriended by all. This maintenance of absolute integrity has to be at all times. The management can take action of any blatant misconduct in your capacity as a trustee of the provident fund, office bearer of a cooperative society etc., even though the alleged misconduct may not have any bearing on your official work.

- Clause 12.2 of RINL CDA Rules stipulates that "On occasions such as weddings, anniversaries, funerals or religious functions, when the taking of a gift is in conformity with the prevailing religious or social practice, an employee of the Company may accept gifts from his near relatives but he shall make report to the competent authority if the value of the gift exceeds:-
 - Rs. 500/- in the case of Executives, and
 - Rs. 250/- in the case of Non-Executives
- Gifts on the occasions listed above from personal friends having no official dealings can be accepted up to a value of Rs. 250/- gifts beyond the value of Rs.250/- require reporting to the competent authority.
- On any other occasion, gifts up to a value of Rs. 250/- can be accepted by the executives. Any gifts of value beyond this amount require prior sanction of the competent authority.
- Deposits with the Banks, Life Insurance Corporation, or a firm of standing doing banking business don't require any prior sanction or information under the Conduct Rules, except where specifically called for.
- All transactions of movable property beyond the value of Rs.20,000/- have to be reported to competent authority within one month of the transaction. If such transaction is with a person or firm having official dealings with the employees or his subordinate, the same requires prior sanction of the competent authority.
- Every executive is required to submit a statement of his immovable and movable property on his first appointment. Please make sure that your statement has reached the competent authority and you have obtained the acknowledgment for the same and keep this acknowledgment safely and securely with' you. Please remember that possession of assets

disproportionate to the known sources of income is an offence and your property rectum is going to help you tremendously if you are faced with any wild allegations of corruption.

- Please submit the Annual Return on Movable and Immovable Property as on 1st January of that year, notwithstanding the fact that the return may be a 'Nil' one, i.e. there was no acquisition of movable/immovable properties during the year under report.
- Keep a good conscience and stick to it. It is constant friend and will never desert you. Hence decide on what you think is right and stick to it. Please record your reasoning's for a particular advice or decision in the file as logically and as clearly as possible. In the ultimate analysis, that will stand by you in case you pass through any moment of distress, when others might desert you. Please remember that success has many fathers, but failure is an orphan.
- Think well before acting, but when the time of action comes, stop thinking and start acting, for action is the expression of your thoughts.
- Behavior is an important tool of success, so behave clearly, gently, amply, kindly, friendly, cheerfully and boldly. Behave with others the way you expect others to behave with you.
- Encourage subordinates to do their best. The deepest principle in human nature is the craving to be appreciated. If you want to change people, encouragement is the best tool.
- Sometimes one may commit errors. But if one does, please admit the same gracefully instead of trying to pass on the responsibility for the same to others. After all, to err is human. The greatest error you can make in life is to be in fear of committing error. Remember, the fellow who never makes a mistake takes his orders from one who does.

General Do nots:

- Don't be arbitrary and illogical in your decisions. The decisions should be justifiable on all accounts.
- Don't delay the decisions and/ or movement of files. Delay creates doubt and breeds corruption. Even innocent delays create suspicion in the minds of the people. Please remember that the percentage of mistakes in quick decision is no greater than in long drawn ones.
- Don't mix with the contractors and suppliers having dealings with you or the Company, except to the extent it is necessary for the business of the company. Having club and social parties with contractors and businessmen creates doubts in the minds of public attracting avoidable complaints.
- Don't use official influence directly or indirectly in securing employment for any blood relation of self or wife.
- Avoid dealing with any case concerning any of your relations. These cases should be passed on to your seniors with the declaration of your interest therein.
- Don't mix up personal and official business as far as possible. If it is inevitable, particularly while on tour, you can take casual leave and don't claim Daily Allowance.
- Don't delay submission of TA Bills. These should be submitted carefully and any excuse that wrong Daily Allowance has been claimed as the bill was prepared by the Private Secretary is not acceptable.
- Don't sign the minutes or any other documents backdated. This may or may not achieve the desired objective, but can certainly land you in difficulties on interrogation in the concerned matter, if any, which can definitely be avoided.
- Avoid dealing with firms who don't give full and complete address or

detailed particulars. Do go into antecedents of such firms wherever required. Do verify bonafides of the firm which furnished addresses like "C/O Post Box No "

- An employee even when he is permitted by his personal law to marry if his / her spouse is living would be violating the Conduct Rules by his / her marriage unless the employee has taken written permission of the competent authority.
- Please avoid giving any statements to the Press, unless you are authorized to do so. If you have something to convey to the Press, use the good offices of the Corporate Communications Department.
- Be fully conversant with the powers delegated to you under Delegation of Powers approved by the Board of Directors. Don't unjustifiably put up proposals to your higher authorities if the case can be disposed off under the delegation given to you. Neither will it be appreciated nor will it absolve you of your basic responsibility. By so doing, you would be regarded as unworthy of your post. Remember, the ability to accept responsibility is the measure of the man and you can't escape the responsibility of tomorrow by evading it today.
- Don't be negligent or lack in devotion to duty at any time. Barring bonafide mistakes or errors of judgment, if any employee shows lack of devotion to duty or negligence, he attracts provisions of Conduct Rules.
- Don't forget to conduct oneself in a manner which enhances the reputation of the company. This covers not only your actions in your official capacity and position, but also your private life and dealings. For example if you are found in an intoxicated or inebriated state in a public place, you are liable to be proceeded against for serious breach of Conduct Rules.
- Don't forget to take sanction of the competent authority, if a member of

your family is to get employment in a firm having its official dealings with the company or any of its units. Normally, this permission is granted unless the executive concerned has used his official position or status in securing employment for a member of his family. However, if there is great urgency, the employment can be accepted provisionally but the executive concerned should immediately obtain the permission of the competent authority.

- If the case of any person or firm comes up, in which you do have direct or indirect interest, don't hesitate to put up the case to your higher authority pointing out what interest you have with the person or the firm.
- Don't engage or participate in demonstration involving incitement to an offence.
- Don't accept any gift, except in certain circumstances and from certain specified relatives or friends, more than the specified value. A duty is cast on you to see that no member of your family or any other person acting on your behalf accepts any gift, especially from persons having official dealings with the company.
- Don't accept frequent or lavish hospitality from any individual or firm having official dealings with you. You may face criticisms of unholy alliances with such people.
- Since the service in the company is whole time, you are prohibited from engaging directly or indirectly in any trade or business or undertaking any other employment. Even negotiating for taking an employment is also prohibited.
- Executives should avoid monetary transactions either directly or through members of their family, which places them under pecuniary obligation to any person with whom he has or is likely to have official dealings.
- Don't forget to report acquisitions or disposal of immovable property to

the competent authority in advance. However, previous sanction would be required if the transaction is with a person or a firm having official dealings with the executive concerned or his subordinates.

- Don't forget to give prior intimation to the competent authority about the construction, including additions and modifications, etc., in immovable property. On completion, a "Valuation Certificate" together with the sources out of which the cost of construction has been met, should be submitted to the competent authority within one month of the completion.
- Don't give evidence in connection with any inquiry other than judicial or departmental inquiry or inquiry before an authority appointed by Government, Parliament, State Legislature or the Company without previous sanction or where permitted to give evidence, don't criticize policy or action of Government or the Company.
- Don't communicate information to anybody unauthorisedly either during service or after leaving service. Don't own or edit any news paper or periodical without previous sanction of competent authority.
- Don't make statements criticizing policies or action of Government or the Company except the statements made or views expressed of factual, but not confidential nature, in official capacity or in performance of assigned duties or views expressed by recognized trade union office bearers for purposes of safeguarding or improving the conditions of service of the employees.
- Don't give or take or abet giving or taking of dowry.
- Don't take part in the registration, promotion or management of any bank or any other company which is required to be registered under the Companies Act or a Cooperative Society for commercial purposes subject to exceptions, if any, provided in the rules.

- Don't be brash in telling 'no' to anybody for any request made by him. Try to learn the art of saying 'no' politely, but firmly. A soft answer always turns away the wrath.
- Don't forget to do duty as efficiently as you can. Every duty is holy and devotion to duty is the highest form of worship of God.

5.3 INTEGRITY AND SOCIAL RESPONSIBILITY

Corporate Social Responsibility

- a) Long before the concept of CSR (Corporate Social Responsibility) came into being, VSP has been in the forefront in Social Engineering. Since 1993 emphasis upon Peripheral development was put and projects were implemented for the same under the Town Administration department. With the experience of Peripheral development, VSP embarked on the path of CSR after allotment of requisite budget and fulfilling legal obligations under the Companies Act. The SCOPE CSR Guidelines for CPSEs envisage budgeting of up to 2% of Profit after Tax from the previous year for CSR activities during the current year, which VSP has done since creation of CSR department in 2006-07, when CSR Foundation Trust was registered under the Companies Act, 1956 and IT Exemption obtained for CSR.
- b) VizagSteel's endeavour upon Corporate Social Responsibility primarily aims at Socio-Economic development of the poor, downtrodden and marginalized sections of society and address the necessity to conserve the Environment. Till date, Rs.100 Crore have been provided for CSR activities by VSP.
- c) The existing CSR practices in VSP are in line with the CSR Guidelines issued by SCOPE.

- d) VSP is a Member of “United Nations Global Compact” and adheres to the universally accepted ten principles of human rights, labour, environment and anti-corruption.
- e) CSR in RINL-VSP is integrated into the Company’s Vision, Mission and Objectives.

The company had committed an amount of Rs 1275 lakhs towards CSR during 2009-10. CSR Projects executed during this year were

- Environmental Care :
(Value: Rs.18.80 Lakhs & beneficiaries : 1300 approx.)
- Education :
(Value: Rs.82.55 Lakhs & beneficiaries : 6090 approx.)
- Health Care :
(Value: Rs.18.46 Lakhs & beneficiaries : 5320 approx.)
- People Care :
(Value: Rs.53.17 Lakhs & beneficiaries : 26020 approx.)
- Cultural Efflorescence :
(Value: Rs.6.30 Lakhs & beneficiaries : 1200 approx.)
- Peripheral Development :
(Value: Rs.16.50 Lakhs & beneficiaries : 350 approx.)
- Help during Natural Calamities :
(Value: Rs.500.00 Lakhs & beneficiaries : 7,00,000 approx.)

THINK AGAIN AND AGAIN

Visakhapatnam Steel Plant urges its employees to go through the following points and spare some thinking about them.

- Bribe is like a bee that has honey in her mouth and a sting at her tail.

- Watch your thoughts, they become your words
- Watch your words, they become your actions
- Watch your actions, they become your habits
- Watch your habits, they become your character
- Watch your character, it becomes your destiny.
- People do not lack strength to fight against corruption – they lack “will”
- Knowledge without integrity is dangerous and dreadful
- Eyes that ‘look’ are common but the eyes that ‘see’ are rare
- If money is lost, nothing is lost
- If courage is lost, much is lost
- If honour is lost, most is lost
- If soul is lost, all is lost
- To see what is right and not doing it, is for want of courage or principle.
- Burn your corruption practices before they burn you out.
- Managers who think they can go to the top and stay there without being strictly honest are cheating both their organization and themselves.
- The smell of flowers goes only with the wind but the fame of a upright man goes even against the wind.
- The honest man takes pains and then enjoys pleasures, the corrupt man takes pleasure and then suffers pain.
- The shocking saga of corruption in public life is obviously the result of a misplaced importance on acquisition of wealth “by any means”.
- The nature of men is always the same, it is their habits that separate them.
- It is cruelty to the innocent not to punish the guilty.
- Efficiency is a bundle of sticks of personal values, the thicket of which is the stick of ‘integrity’.
- Do not accuse others to conceal your own guilt.
- Only the ‘just’ man enjoys peace of mind.

- The war against corruption is the mother of all wars.
- Corruption is the enemy within us and around.
- Men are often more bribed by their loyalties and ambitions than money.
- Behind every corrupt man there is a 'greedy family'.
- No legacy is as rich as honesty.
- The proof of honesty lies in its practices.
- The honest need no props, the corrupt need accomplices.
- The corrupt have many masters, the honest serve none.
- The litmus test of honesty is whether you can resist temptation when everything is at stake.
- The honest have value, the corrupt have a price.
- Do not do what you would undo, if caught.
- Bright future awaits the honest, the shady past haunts the corrupt.
- The wealth earned through pious means flourishes. Those who earned through dishonest means are destroyed.

RINL Enters into MOU with Transparency International (India) for the introduction of Integrity Pact in RINL Tenders

Rashtriya Ispat Nigam Limited (RINL) is the first organization under the Ministry of Steel and second Public Sector Undertaking in India to enter into a Memorandum of Understanding with Transparency International (India) on 29.3.2007. The MOU was signed on an historic occasion organized at Visakhapatnam Steel Plant premises by Chairman-cum-Managing Director, Sri Y. Siva Sagar Rao and Chairman of Transparency International (India) Admiral (Retd.) R.H. Tahiliani.

Transparency International (TI) works at the national and international levels to suitably change laws, regulations and practices in order to stamp out

corruption and prevent its recurrence. It is a non-governmental organization. Since its foundation in 1993, TI has earned widespread recognition for its achievement in placing the fight against corruption on the global agenda. TI is having worldwide presence and having more than 90 national chapters.

Integrity Pact is a tool developed during 1990s by TI and helps to safeguard public procurement from corruption. Integrity Pact model has been implemented in several Countries both developed and developing and has benefited the users from the feedback received from individuals and organizations. Integrity Pact consists of a process that includes an agreement between the Government or Governmental Department and all bidders for a public contract. It contains rights and obligations to the effect that neither side will pay, offer, demand or accept bribes or collude with competitors to obtain the contract, or while carrying it out. As per IP, all bidders have to disclose all commissions and similar expenses paid by them to anybody in connection with the contract; and that sanctions will apply when violations occur. These sanctions range from loss or denial of contract, forfeiture of the bid or performance bond and liability for damages, to blacklisting for future contracts on the side of the bidders, and criminal or disciplinary action against employees of the Government.

On this important occasion, a presentation was given by Chairman of Transparency International (India) on corruption scenario prevalent in India and on different aspects and objectives of Integrity Pact. The presentation Ceremony was attended by CMD – RINL, Directors, CVO, Steel Executive Association Members, Trade Union Representatives, SP - CBI, Visakhapatnam and dignitaries from other Public Sector Organizations. A number of Vendors, Customers and Contractors also have participated in the programme. The concept of Integrity Pact has been well received by all the participants.

On this occasion CMD-RINL has conveyed that RINL is for total transparency and will take all measures to see that Integrity Pact is implemented in letter and spirit. Entering into Integrity pact is made a mandatory clause with effect from 01.04.2007 in the tenders & contracts equal to and above the threshold values fixed by RINL.

5.4 COMPLAINTS AND WHISTLE BLOWING

Complaint Handling Policy

- a) The Central Vigilance Commission (hereinafter referred to as the Commission) is constituted under the provisions of the Central Vigilance Commission Act of 2003 to exercise superintendence over vigilance matters and implementation of anti-corruption measures in the Central Government Departments and in their attached/subordinate offices, Government Company, Society and any local authority owned or controlled by the Central Government. The Commission has also been assigned superintendence over the functioning of the Central Bureau of Investigation in so far as it relates to offences alleged to have been committed under the Prevention of Corruption Act, 1988. It shall act as the designated agency for receipt of written complaints in allegation of corruption or misuse of office and recommend appropriate action under GOI Resolution “Public Interest Disclosure and Protection of Informer”.
- b) The prime objective of the Commission is to advise the different departments and the organisations/institutions mentioned in the foregoing paragraph on vigilance related issues in respect of specific levels of officers falling within the jurisdiction of the Commission with regard to type of punishments etc. depending on the misconduct.

c) Complaint from public, various administrative authorities, NGOs etc. is generally one of the important sources of information for identification of vigilance related issues in the above mentioned organisations. Complaints to the Commission are thus meant to result in punitive action against the erring public servant(s). Relief as such in the matter to the complaint is only incidental to the vigilance action. Redressal of grievances vis-à-vis Government organisations or public sector enterprises should not be the focus of complaints to the Commission.

“As regards complaints against tenders, it may be clarified that while the Commission would get the matter investigated through the concerned CVO, it would not interfere in the tender processes. The intention is not to stop the work in the organisation and, therefore, the processing of tender would continue. However, based on the report of the CVO, the Commission would take appropriate action in the matter.”

Procedure for Lodging Complaints with the Vigilance:

Visakhapatnam Steel Plant urges its employees to follow the guidelines and act strictly according to the procedure.

a) Complaint can be lodged only against employees belonging to our organization namely: -

- Offices and plant situated at Visakhapatnam.
- Various Marketing Units and Liaison Offices of VSP.
- Various Mines of VSP.

b) Complaint can be lodged by any of the following means to CVO RINL:

- Directly meeting CVO in person.
- Directly informing to CVO by telephone or fax (0891-2518398) / e-mail
(dir.vig@vizagsteel.com)

- Written complaint to CVO in the following procedure.
 - Through Online Complaint Registration system on the web site at
www.vizagsteel.com
- c) The vigilance has no jurisdiction over private individuals and Governments. Therefore please do not lodge complaints against officials of these organizations to the vigilance.
- d) The vigilance does not entertain anonymous/pseudonymous complaints. So, please give your proper name and address. Name and Address of the complainant will be kept totally confidential.
- e) Complaints must be brief and should contain factual details, verifiable facts and related matters. They should not be vague or contain absurd allegations and sweeping statements.
- f) The body of the letter should be drafted in such a way that it should not give any clue of the complainant.
- g) Please ensure that the complaint is addressed directly to the Chief Vigilance Officer of RINL.

GOI Resolution on Public Interest Disclosure and Protection of Informer

The Government of India has authorized the Central Vigilance Commission (CVC) as the 'Designated Agency' to receive written complaints for disclosure on any allegation of corruption or misuse of office and recommend appropriate action.

The jurisdiction of the Commission in this regard would be restricted to any employee of the Central Government or of any corporation established by or under any Central Act, government companies, societies or local authorities owned or controlled by the Central Government. Personnel employed by the

State Governments and activities of the State Governments or its Corporations etc. will not come under the purview of the Commission.

In this regard, the Commission, which will accept such complaints, has the responsibility of keeping the identity of the complainant secret. Hence, it is informed to the general public that any complaint, which is to be made under this resolution, should comply with the following aspects.

- i) The complaint should be in a closed / secured envelope.
- ii) The envelope should be addressed to Secretary, Central Vigilance Commission and should be super scribed "Complaint under The Public Interest Disclosure". If the envelope is not super scribed and closed, it will not be possible for the Commission to protect the complainant under the above resolution and the complaint will be dealt with as per the normal complaint policy of the Commission. The complainant should give his/her name and address in the beginning or end of complaint or in an attached letter.
- iii) Commission will not entertain anonymous/pseudonymous complaints.
- iv) The text of the complaint should be carefully drafted so as not to give any details or clue as to his/her identity. However, the details of the complaint should be specific and verifiable.
- v) In order to protect identity of the person, the Commission will not issue any acknowledgement and the whistle-blowers are advised not to enter into any further correspondence with the Commission in their own interest. The Commission assures that, subject to the facts of the case being verifiable, it will take the necessary action, as provided under the Government of India Resolution mentioned above. If any further clarification is required, the Commission will get in touch with the complainant.

vi)The Commission can also take action against complainants making motivated/vexatious complaints under this Resolution.

vii)A copy of detailed notification is available on the web-site of the Commission - <http://www.cvc.nic.in>.

Whistle Blowers Resolution (Against Corruption)

- The Central Vigilance Commission shall as the Designated Agency, receive written complaints or disclosure on any allegation of corruption or of misuse of office by any employee of the Central Govt. or of any corporation established under any Central Act, Government companies, societies or local authorities owned or controlled by the Central Government.
- The designated agency will ascertain the identity of the complainant; if the complainant is anonymous, it shall not take any action in the matter.
- The identity of the complainant will not be revealed unless the complainant himself has made either the details of the complaint public or disclosed his identity to any other office or authority.
- While calling for further report / investigation, the Commission shall not disclose the identity of the informant and also shall request the concerned head of the organization to keep the identity of the informant a secret, if for any reason the identity is revealed.
- The Commission shall be authorized to call upon the CBI or the police authorities, as considered necessary, to render all assistance to complete the investigation pursuant to the complaint received.
- If any person is aggrieved by any action on the ground that he is being victimized due to the fact that he had filed a complaint or disclosure, he may file an application before the Commission seeking redress in the matter, wherever the Commission may give suitable directions to the concerned person or the authority.

- If the Commission is of the opinion that either the complainant or the witness needs protection, it shall issue appropriate directions to the concerned government authorities.
- In case the Commission finds the complaint to be motivated or vexatious, it shall be at liberty to take appropriate steps.
- The Commission shall not entertain or inquire into any disclosure in respect of which a formal and public inquiry has been ordered under the Public Servants Inquiries Act, 1850, or a matter that has been referred for inquiry under the Commission of Inquiry Act, 1952.
- In the event of the identity of the informant being disclosed of the Commission's directions to the contrary, it is authorized to initiate appropriate action as per extant regulations against the person or agency making such disclosure.

5.5 USAGE OF INFORMATION TECHNOLOGY FOR TRANSPARENCY

RINL adopted technological revolution to improve transparency and good governance. Information available on RINL website www.vizagsteel.com is

- Tender notices
- Contracts awarded above certain threshold values
- Details of bill payments to the contractors (updated on monthly basis)
- Customer Query – to raise any query to marketing department
- Customer feedback – to facilitate customers to give their feedback about VSP's operations
- Customer Quality Complaint System – to facilitate customers to lodge quality related complaints
- Price dairy and rolling plan of VSP's products
- Company policies and financial performance
- General conditions of contract and other related forms

- Web based online application registration for the recruitment of trainees
- Vendor registration applications for new vendor registration
- Online complaint handling system to facilitate public for lodging vigilance related complaints online. Every complaint is given a unique ID and the status can be viewed online by the complainant.

Progress of e – commerce

- E – auctions
 Certain quantities of primary and secondary iron and steel products and by-products are marketed through e – auctions to obtain better prices.
- E – reverse auctions
 Marketing department replaced the normal tendering process with e – reverse auction for finalizing of All India Road Transport Contracts, for transportation of finished products from plant to various destinations all over India. RINL has started obtaining price through e-reverse auctions during 2008-09 for purchase of certain spares through electronic mode.
 Surplus / scrap items are being disposed off by Central Store through e-auctions.
- E – payments
 Around 75% of payments in RINL are being made through electronic mode. Salaries to the employees are paid through e – payment. Statutory payments like excise, service tax income-tax are made through internet banking.
 Freight payments to East Coast railways and East Central Railways for all outward traffic and inward traffic are made through e-payment under tripartite agreement. Payment details to contractors / suppliers / employees / statutory authorities are intimated through e-mail immediately on release of payment.

Systems improvements, process innovations and streamlining of work processes

- Works contracts management system module was introduced to facilitate online billing. Particulars of tender proposals, allocation of budget, particulars of work orders after finalization of the order etc. are processed online.
- E-mail communication with agencies for faster processing of proposals.
- Pricing module was developed and implemented in marketing department. As per this, the prices of all the stockyards are generated centrally as and when changes are made. The price extract is uploaded at head quarters.
- For finance accounting work, all payment / receipt / journal vouchers are raised only in computer system. Financial statements at the year end are computerized.
- The invoices for the materials supplied are processed on the computers for raising suitable payment vouchers, which is integrated with cash system, which make online payments to the suppliers / contractors.
- Daily 'dak' tracking system was introduced in Central Dispatch to track and monitor the status of internal 'dak' distribution.
- Online annual property return system for submission of Annual property returns by the officers in the grade of E-7 and above.
- All receipts and issue of material in stores is done through IT enabled system.

Other Initiatives

- CMD Online : Through this, employees can raise their queries, give suggestions for the consideration of CMD and the same are replied online by CMD. The issues and replies can be viewed by all the employees.
- Employee information system was introduced, which enables the employees of RINL / VSP view their personal information, pay information, PF balance and other payments.
- Administrative budget monitoring system was introduced to monitor the expenditure against the approved administrative budget and to control the expenditure for critical items.
- Cost reports, MIS reports, monthly working results and variance analysis reports etc. are done in a computerized system.
- E-filing of tax returns - income tax / fringe benefit tax, wealth tax and other TDS returns.
- GNANA – KM Portal: GNANA is the knowledge management portal for sharing knowledge among the employees. The knowledge chips submitted by the employees are evaluated by K – evaluators and if found useful, are made available through the portal as K – Chips.
- SWASTH (Software Application for Simplification in Treatment at Hospital) – Employee Health Management System: This package is used by Doctors for recording, tracking the previous diagnosis, prescribing medicines with the help of online stock position, prescribing medical tests for the patients etc. Access has been given to employees also for viewing the medical reports pertaining to them and their family members.
- Online ‘Srujan Vikas’ Scheme: Through this the employees can give their suggestions for bringing about improvements in the organization through online and can view the status also.

- Enterprise Resource Planning (ERP) department was also set up in RINL / VSP for implementation of ERP for seamless integration of all business activities of RINL.

In addition to the above, RINL has taken many other initiatives in different areas using information technology as a tool to promote a culture of openness, fairness and equality.

5.6 VSP'S COMPLIANCE TO CODE OF ETHICS

Visakhapatnam Steel Plant like any central public enterprise uses only ethical and right 'means' for generating profits. Profits are important, so also the responsibility to the people. Lakhs of crores of public money is involved in PSEs. It is in this context that greater accountability and transparency became important and adoption of corporate governance guidelines reinforces these virtues. The government attaches great significance to adoption of the Corporate Governance Guidelines in every PSE- listed or unlisted and should compete with the best companies in the corporate world. PSEs are to internalize the corporate governance ethics into every day practice and implement the same earnestly and continue to do the good job that the public sector has been doing (Santosh Mohandev, Former Minister for Heavy Industries and PSEs).

India's initiative in releasing guidelines on corporate governance for the public sector is unparalleled in the world. While the whole world is still debating whether to apply corporate governance guidelines to unlisted companies or not, by making guidelines for both listed and unlisted PSEs, India has reinforced that the public sector is owned by the public and that it does not only concern the shareholders but all the other stakeholders in the

entire economy and society (Prof. Y. R. K. Reddy, Founder, Academy for Corporate Governance).

Organizations should enhance their value not only in terms of bottom line, stock market value and the dividend they are giving to shareholders, but more than that what they are giving to society. Expectations of the society from public sector are far more than they are from the contemporary private sector (Dr. S. M. Dewan, Director General, SCOPE – Standing Committee On Public Sector Enterprises).

Code of Ethics for Public Sector Enterprises :

The objective of the code is to prescribe standards of integrity and conduct that are to apply to all the executives in the public sector enterprises (PSEs). The principles stated below underlie and supplement the rules and laws regulating the public and private conduct of the executives in the PSEs. Visakhapatnam Steel Plant admits its adherence to this code.

Obligation to the public sector enterprise:

- a) The role of the executives is to assist the PSE to achieve its objectives as spelt out in the charter constituting the setting up of the enterprise.
- b) It is the obligation of every employee of the public sector to uphold the Rule of Law and respect for human rights solely in the public interest while making recommendations or exercising administrative authority. He or she must maintain the highest standards of probity and integrity.
- c) In relation to the general public, the employees in the PSEs should conduct themselves in such a manner that the public feels that the decisions taken on the recommendations made by them are objective and

transparent, and are not calculated to promote improper gains for the political party in power or for themselves or for any third party. This would be particularly significant so far as the customers of the public service are concerned.

- d) Employees of the PSEs should not seek to frustrate or undermine the policies, decisions and actions taken in the public interest by the management by declining or abstaining from action which flows from the management decision. Where following the instructions of the superior authority would appear to conflict with the exercise of impartial professional judgment or affect the efficient working of the enterprise, he / she should set out points of disagreement clearly in writing to the superior authority or seek explicit written instructions.
- e) Where an employee of the PSE has reasonable grounds to believe that he or she is being required by the superior authority to act in a manner which is illegal or against the prescribed rules and regulations, or if any legal infringement comes to his or her notice, he or she should decline to implement the instruction, and would also have a right to bring the facts to the notice of the Chairman / Managing Director of the enterprise or the Secretary of the administrative Ministry / the Cabinet Secretary / the Minister concerned. It shall be incumbent on the Cabinet Secretary to examine the issue carefully and advise the Prime Minister appropriately.

Conflict of interest and peer pressure:

- a) Employees in the PSEs should refrain from decisions in respect of which they have reason to believe that it is calculated to benefit any particular person or party at the expense of the public interest.

- b) Every employee in the PSE shall disclose any clash of interest when there is conflict between public and private interest, or he / she is likely to benefit from any act of omission or commission while discharging his / her functions.
- c) Employees in the PSE should be alert to any actual or potential conflict of interest, financial or otherwise, and should disclose this to their superiors, whether the conflict covers them or their family members.
- d) Employees in the PSE should maintain their independence , dignity and impartiality by not approaching politicians and outsiders in respect of service matters or private benefit, and exercise peer pressure to dissuade those who do so within the organization and to set in motion disciplinary proceedings against such persons.

Concern for value of public assets and funds:

The employees in the PSE should avoid wastage and extravagance and ensure effective and efficient use of the public money within their control.

Non abuse of official position:

Employees of PSEs have a responsibility to make decisions on merits. They are in a position of trust. They must not use their official position to influence any person to enter into financial or other arrangements with them or with anyone else. They must not abuse their official position to obtain a benefit for themselves or for someone else, in financial or some other forms.

Continuous improvement through professionalism and teamwork:

It shall be the duty of every employee of the PSE to continuously upgrade his/her skills and knowledge, strive for creativity and innovation and nurture the values of team working and harmony . He / she should promote and exhibit public and private conduct in keeping with the appropriate behaviour and standards of excellence and integrity. He/She should support the juniors in the latter's efforts to resist wrong or illegal directives and in abiding by the code of Ethics. At the same time, they should reward good work and punish any dereliction of duty and obligations based on objective and transparent criteria (by Shri N. Vittal, former Chairman, Public Enterprises Selection Board) .

5.7 SAMPLE CASES ABOUT UNETHICAL BEHAVIOR

Case 1 (Possession of disproportionate assets)

'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 three years and to pay a fine of Rs.50,000 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 form of cash, fixed deposits etc. found in possession of 'X' shall stand confiscated to the State.

Case 2 (Ambiguity in tendering)

A proposal for annual repair / reclamation and technological assistance work related to plant maintenance was initiated by the department giving the estimated cost of the work and categories of jobs / works for tendering matching with the description of work in the BOQ (bill of quantities) i.e. BOQ items envisages one category under repair / reclamation and other category under technological assistance for inviting short open tender and bidding by two bid system. Based on the requirement of the department, eligibility / experience requirements were mentioned in the NIT as “Registration certificate under category – X and / or Y of Class A or B”. XXX number of bidders participated in the subject tender. After opening of 1st envelop, the tendering department found all the bidders as qualified bidders where as the proposer department disqualified the same bidder on the ground that the said bidder was not having relevant job / work experience what was required as per major BOQ items even though the said bidder was having registration certificate under one of the category mentioned in the NIT. Case was investigated and found that the eligibility / experience requirements mentioned in the NIT were ambiguous and full details were not mentioned in the NIT as directed earlier by Vigilance department. The concerned department was advised to cancel the tender, clearly define the similar work and scope of work in the NIT, unambiguous drafting w.r.t. to eligibility / experience to avoid more than one interpretation and inferences and deletion of clause which prohibits / restricts technical discussions with the bidder in the two / three bid system.

Case 3 (Payment of HRA to a non-entitled employee)

X and Y are working in VSP, at head quarters. 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 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. An advisory letter was issued to the employee in line with the suppression of information towards undue receipt of HRA. The head of the department has advised the finance department to affect recovery of excess house rent allowance paid to the employee.

Case 4 (Outside business while employed)

Based on a complaint, Vigilance department carried out an investigation in to the allegations that an employee of RINL was carrying out business in connection with RINL's works, while being in employment of RINL. Vigilance investigation revealed that the employee was executing the work awarded to a private contractor by RINL by taking subcontract. Major penalty proceeding against the employee is being initiated.

Case 5 (Quality Check)

Surprise check of quality of materials used by an Agency in execution of work was carried out by Vigilance department. During the surprise check, sampling and testing of material was done involving the Contractor and the Department. The test conducted in the presence of the Contractor and the Department

showed that the material used by the Contractor was not confirming to the specification. It was found that some of the materials from the existing lots were already used for the work. Vigilance department advised, the department concerned to recover Rs. 20,160/- from the Agency's bill for using material not confirming to specification which however, was technically acceptable. In addition to the advice for recovery, a suggestion was given to examine the existing contract provision for inclusion of suitable clause about penal action to be taken against the agency to meet such eventualities.

Case 6 (Unauthorized tapping of power)

A complaint was received regarding misuse of electrical power by the occupant of a quarter in the township. Vigilance investigation revealed that the occupant has been drawing electrical power from common points like stair case lighting and garage, for outdoor lighting and commercial use. Disciplinary action has been advised against the employee.

Case 7 (Fake Manufacturer's certificate)

RINL awarded a contract involving supply, erection, testing and commissioning. The contractor supplied certain items and offered for inspection at site. The inspecting authority of RINL accepted the materials based on photo copy of manufacturer's test certificates submitted by the contractor. On a scrutiny by Vigilance department, it was revealed that some of the manufacturer's test certificates submitted by the contractor, were fake and in case of some others, they were doctored ones, by altering the quantities. The contract was terminated and the firm was debarred from doing any business with RINL for a period of 5 years.