



## Mains Practice Question

**Q.** What do you understand by the Integrity pacts? In light of recent events, analyze their utility in ensuring transparency and efficiency in public procurement in India? (150 words)

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### Approach

- Start your answer with defining Integrity Pact and mention any recent event where they've been used.
- Discuss advantages and challenges associated with Integrity Pact.
- Conclude with how effective they've been in making public procurement efficient and transparent.

### Introduction

Integrity Pact is a tool devised by an NGO called Transparency International to prevent corruption and ensure transparency, equity and competitiveness in public procurements. It also includes a monitoring system typically led by Civil Society organizations. The primary objective of the Integrity Pact is to support companies who refrain from bribery by providing them assurance that their competitors will also not bribe.

Recently, lieutenant governor of Delhi has made it mandatory for government bodies and private contractors to sign an integrity pact for all tenders worth more than Rs 10 crore.

### Body

#### Advantages of Integrity Pact

- It demonstrates a commitment towards fighting corruption and reinforce the existing anti-corruption measures.
- It makes public procurement processes more fair, transparent and equitable.
- Increased transparency in public procurements builds trust in government and businesses.
- It empowers the civil society organisations to lend their services making public procurements fairer.
- Adopting Integrity Pact enables PSUs to become more competitive and profitable.
- It encourages institutional changes, such as simplified administrative procedures, improved regulatory norms etc.
- It increases the impact and effectiveness of resources when central or state funds are involved.
- It empowers public officials determined to fight corruption and protect their good work in complicated projects.

#### Challenges in implementation of Integrity pacts

- **Possibility of inefficiency:** Sometimes it may happen that an issue is debated in multiple fora which might result into wastage of time, energy and resources.
  - For example, someone files a complaint to the CVC and also goes to court. The CVC wants an independent person to investigate the issue and also suggests that someone from the Corporation looks into it. This means the same issue is discussed in three different places,

which is a waste of time, energy, and resources.

- Sometimes it becomes difficult to bring an overseas supplier under the Integrity Pact due to several reasons, such as cultural differences, language barriers, and unfamiliarity with the Indian legal system.
- **Double-edged sword:** If IP is not signed, then responsible authority has to face questions from the company and it forces the supplier to sign IP, then the company may lose its vendor.
- **Disincentive for government companies:** There is no level-playing field because it is an undue advantage to private companies. A government company is open to complete disclosure. A private company is not accountable to anyone.
  - In some cases where a single company supplies a certain requirement, and the supplier does not agree to sign IP.
- IP is being implemented as a complaint-based mechanism, where in most cases, the vendors do not get an opportunity to place their side of the story, which leads to their victimization.

## Conclusion

Despite having several challenges, Integrity pact in India has been a success. According to Transparency International, the majority of the IP compliant Public Sector Undertakings feel that the tool has made public procurements fairer and more competitive and has saved a significant amount of funds for the PSUs.

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