



Q.ID 84266

Conflicts of interest diminish the public's trust in the independence and unbiased judgement of Public Servants. Discuss with Examples. What role should rules, transparency, incentives, or nudges play in controlling conflicts of interest? (10 Marks) (150 Words).

INDICATIVE ANSWER

Conflict of interest is a situation in which government officials use their authorities for private benefits. (Katz & Kahn).

"Conflict of interest" as "a situation in which a person, such as a public official, an employee, or a professional, has a private or personal interest sufficient to appear to influence the objective exercise of his or her official duties (Michael McDonald).

Conflicts of interest and the public's trust

A public Servant's decision should be based solely on what best serves the public's interests. Independence and unbiased judgment of Public Servants are the foundation on which democratic structure is build. Public at large expects an independent and unbiased behavior from the public servants while dealing with the matters of public importance. If public servants compromise their official duties for personal and private gains, a situation of trust deficit in public arises.

The real issue is a perception problem about the Public Servants's intent. The fear of misuse is exaggerated by a fundamental trust deficit between the government and the public. The deficit widens where the government's investigative agencies are involved for political motives.

Examples:

- ✚ **Public Servants having Financial Interest in Public Contracts:** May be Direct (contracting party) or Indirect (related to contracting party)
- ✚ **Public Servants having Property interests in redevelopment areas:** Acquiring benami properties or manipulating acquisition value of land.
- ✚ **Public Servants in Banking Sector** sanctioning bad loans creat deficit among public for banking industry at large.



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RULES, TRANSPARENCY, INCENTIVES, OR NUDGES AND CONTROLLING CONFLICTS OF INTEREST

Rules

Rules like Code of Conduct for public servants play an important role in controlling conflicts of interest. Declaration of Immovable Property rule is an example. Another example is rule regarding receiving benefits such as concessions, discounts, gifts or hospitality by public servants, . Rules become guiding source for ethical behavior in public life and thus help in managing conflicts of interest.

Transparency

Transparency, generally speaking, public officials must disclose their economic interest. Declaration of interests may be seen as the single most important component of a framework for tackling conflicts of interest. They are a fundamental instrument of transparency. Public officials should take decision in transparent and objective manner and maintain transparency in day to day public dealings. By maintaining transparency, situation of conflict of interest can be avoided and will draw public attention if, situation arises.

Incentives

Incentives like awards, recognizing the honest public servants; Training, Advance studies etc. play a positive role in controlling conflict of interest. Public officials remain motivated and satisfied and adopt fair process and Merit-Based Decision-Making in public life.

Nudges

The Laws regarding conflict of interest having stricter penalty in case of the abuse of office will play an important role to demonstrate that public servant that compromising official duties will have costs and one simple can't escape from laws of land and keep on accruing personal gains at the cost of public money.

Public Servants are expected to be loyal to the interests of its citizens and to discharge its duty with the interest of the citizens at heart and involve them in decision-making process. Principles given by OECD- (a) Serving public interest (b) supporting transparency and scrutiny, (c) promoting individual responsibility and personal example, (d) engendering an organizational culture which is intolerant of conflict of interest also play an important role in avoiding conflict to interest.